

# TAX RATES

## 2007/8 and 2008/9

### INCOME TAX RELIEFS

	2008/09	2007/08
Personal allowances		
- Basic	£6,035	£5,225
- Age allowance 65-74	£9,030	£7,550
- Age allowance 75 & over	£9,180	£7,690
Income limit for age-related allowances*	£21,800	£20,900
Blind persons allowance	£1,800	£1,730

\*Allowances reduced by £1 for every £2 over this limit.

### MAIN INCOME TAX RATES 2008/09

(taxable income after personal allowances)	
20% on first	£34,800
40% on income over	£34,801
Dividends for basic rate Taxpayers	10%
Dividends for higher rate Taxpayers	32.5%
Foreign dividends taxable on remittance basis	40%
Other investment income for basic rate Taxpayers *	20%
Other investment income for higher rate Taxpayers	40%
Trusts	
- General	40%
- Discretionary - Dividends	32.5%

\*10% starting rate limit for savings income £2,320. Only applicable if taxable non-savings income is below this limit.

### INCOME TAX RATES 2007/08

(taxable income after personal allowances)	
10% on first	£2,230
22% on next	£32,370
40% on income over	£34,600
Dividends for basic rate Taxpayers	10%
Dividends for higher rate Taxpayers	32.5%
Other investment income for lower rate Taxpayers	10%
Other investment income for basic rate Taxpayers	20%
Other investment income for higher rate Taxpayers	40%
Trusts	
- General	40%
- Discretionary - Dividends	32.5%

### CAPITAL GAINS TAX

	2008/09	2007/08
Rates of Tax		
- Individuals	18%	10/20/40%
- Trusts	18%	40%
Annual Exemptions		
- Individuals	£9,600	£9,200
- Trustees	£4,800	£4,600

### UK CORPORATION TAX

	2008/09	2007/08
Small Companies Rate (£0 - £300,000)	21%	20%
Marginal Limit (£300,001 - £1,500,000)	29.75%	32.5%
Main Rate, above £1,500,000	28%	30%

### NATIONAL INSURANCE (Figures in brackets are for 2007/08)

	2008/09		2007/08	
	Employee	Employer	Employee	Employer
Class 1				
Not Contracted out				
£0 - £105 (£100) weekly	Nil	Nil	Nil	Nil
£105.01 - £770 (£670) weekly	11%	12.8%	11%	12.8%
Over £770 (£670) weekly	1%	12.8%	1%	12.8%

Class 1	Employee		Employer		Employee		Employer	
		SR	MP		SR	MP		SR
Contracted out								
£0 - £105 (£100) weekly	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
£105.01 - £770 (£670) weekly	9.4%	9.1%	11.4%	9.4%	9.1%	11.4%	9.4%	9.1%
Over £770 (£670) weekly	1%	12.8%	12.8%	1%	12.8%	12.8%	1%	12.8%

SR - Salary related scheme MP - Money purchase scheme

	2008/09	2007/08
Class 1A and Class 1B	12.8%	12.8%
Class 2 - Per week on annual earnings over £4,825 (£4,635)	£2.30	£2.20
Class 3 - Voluntary per week	£8.10	£7.80
Class 4 - Self employed individuals		
- £0 - £5,435 (£5,225)	Nil	Nil
- £5,435 - £40,040 (£34,840)	8%	8%
- Over £40,040 (£34,840)	1%	1%

### INHERITANCE TAX

	2008/09	2007/08
Threshold	£312,000	£300,000
Annual Exemption	£3,000	£3,000
Death Rate	40%	40%
Lifetime Rate	20%	20%

### VAT

	2008/09	2007/08
Standard Rate	17.5%	17.5%
Registration Threshold	£67,000	£64,000
Flat Rate Scheme Taxable Turnover Limit	£150,000	£150,000