

tax

card

2009/10

B i r d *S* i m p s o n
Incorporating McNaughton & McAra

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Registered to carry on audit work by The Institute of Chartered Accountants of Scotland and authorised and regulated by the Financial Services Authority for investment business.

EMPLOYEE SHARE SCHEMES LIMITS

08-10

Share incentive plans	Employer contributions	£3,000
	Employer matching (2:1)	£3,000
	Employee	£1,500
Enterprise management incentive option value		£120,000
Approved share option schemes option value		£30,000
Savings-related share options per month		£250

CAR BENEFIT FOR EMPLOYEES

Taxable amount based on car's list price when new up to £80,000

Charge varies according to CO₂ emissions in grams per kilometre

CO ₂ g/km	% of price 08-10	CO ₂ g/km	% of price 08-10	CO ₂ g/km	% of price 08-10
120 or less	10	170-4	22	210-4	30
121-139	15	175-9	23	215-9	31
140-4	16	180-4	24	220-4	32
145-9	17	185-9	25	225-9	33
150-4	18	190-4	26	230-4	34
155-9	19	195-9	27	235 & over	35
160-4	20	200-4	28		
165-9	21	205-9	29		

Further reductions may apply for LPG, bi-fuel, E85 hybrid and electric cars

Diesels not meeting Euro IV or registered after 31 December 2005:

add 3% subject to maximum charge of 35%

Vans – for private use	09-10	08-09
Chargeable amount	£3,000	£3,000

No charge if private use is limited to journeys between home and work

FUEL BENEFIT

	09-10	08-09
Multiply the CO ₂ % used for the car benefit by	£16,900	£16,900
Vans – flat charge	£500	£500

COMPANY CARS – ADVISORY FUEL RATES from 1/1/09

Engine size	Petrol	Diesel	LPG
1,400cc or less	10p	11p	7p
1,401cc to 2,000cc	12p	11p	9p
Over 2,000cc	17p	14p	12p

TAX-FREE MILEAGE ALLOWANCE – OWN VEHICLE 08-10

Cars Up to 10,000 business miles: 40p	Motorcycles 24p per business mile
Over 10,000 business miles: 25p	Bicycles 20p per business mile

NATIONAL INSURANCE CONTRIBUTIONS

Class 1 Employee Not Contracted-Out of State Second Pension (S2P)

	09-10		08-09	
	Employee	Employer	Employee	Employer
NIC rate	11%	12.8%	11%	12.8%
No NICs on the first	£110 pw	£110 pw	£105 pw	£105 pw
NICs charged up to	£844 pw	No limit	£770 pw	No limit
1% NIC on earnings over	£844 pw	N/A	£770 pw	N/A
Certain married women	4.85%	12.8%	4.85%	12.8%

Contracted-Out Rebate

Rebate on	£95.01–£770 pw		£90.01–£770 pw	
Salary-related scheme	1.6%	3.7%	1.6%	3.7%
Money-purchase scheme	1.6%	1.4%	1.6%	1.4%
Personal Pension	No reduction		No reduction	

Class 1A Employer 08-10 on car fuel benefits & most other taxable benefits: 12.8%

Limits and Thresholds	09-10			08-09		
	Weekly	Monthly	Annual	Weekly	Monthly	Annual
Lower earnings limit	£95	£412	£4,940	£90	£390	£4,680
Earnings threshold	£110	£476	£5,715	£105	£453	£5,435
Upper accrual point	£770	£3,337	£40,040	N/A	N/A	N/A
Upper earnings limit	£844	£3,656	£43,875	£770	£3,337	£40,040

Self-Employed

	09-10		08-09	
Class 2 Flat rate	£2.40 pw	£124.80 pa	£2.30 pw	£119.60 pa
Small earnings exception	£5,075 pa		£4,825 pa	
Class 4*				
On profits:	£5,715–£43,875 pa: 8%		£5,435–£40,040 pa: 8%	
	Over £43,875 pa: 1%		Over £40,040 pa: 1%	

Voluntary

Class 3 Flat rate	£12.05 pw	£626.60 pa	£8.10 pw	£421.20 pa
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* Unless over state pension age on 6 April

BASIC STATE PENSION

	09-10		08-09	
	Weekly	Annual	Weekly	Annual
Single person	£95.25	£4,953.00	£90.70	£4,716.40
Dependant's addition	£57.05	£2,966.60	£54.35	£2,826.20
Total married pension	£152.30	£7,919.60	£145.05	£7,542.60

Pension Credit – Standard Income Guarantee (09-10)

Single: £130.00 pw	Married: £198.45 pw
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CHILD TRUST FUND

Children born after 31 August 2002

Endowment: Initial and at age 7	£250	Low income families	£500
Annual contributions from family and friends up to			£1,200

INDIVIDUAL SAVINGS ACCOUNTS (ISAs)

Maximum Investment Component	09-10	08-09
Cash	£3,600 (£5,100*)	£3,600
Stocks & Shares (balance to)	£7,200 (£10,200*)	£7,200

* From 6 October 2009, higher limits apply only if born before 6 April 1960

INHERITANCE TAX

	09-10	08-09
Nil-rate band*	£325,000	£312,000
Rate of tax on excess	40%	40%
Lifetime transfers to and from certain trusts	20%	20%
Overseas domiciled spouse/civil partner exemption	£55,000	£55,000
100% relief: businesses, unlisted/AIM companies, certain farmland/buildings		
50% relief: certain other business assets		

Reduced tax charge on gifts within 7 years of death

Years before death	0-3	3-4	4-5	5-6	6-7
% of death tax charge	100	80	60	40	20
Annual exempt gifts	£3,000 per donor		£250 per donee		

* Up to 100% of the unused proportion of a deceased spouse's/civil partner's nil-rate band can be claimed on the surviving spouse's/civil partner's death after 8 Oct 2007

CAPITAL GAINS TAX

Exemptions	09-10	08-09
Individuals, estates, etc	£10,100	£9,600
Trusts generally	£5,050	£4,800
Chattels proceeds ($\frac{5}{3}$ excess gain is taxable)	£6,000	£6,000
Rates		
Individuals	18%	18%
Trusts and estates	18%	18%

Entrepreneurs' Relief 08-10

$\frac{4}{9}$ ths of gain (effective tax rate of 10%). Lifetime limit: £1,000,000

For trading businesses & companies (min. 5% employee shareholding) held for 1 yr+

STAMP DUTY LAND TAX based on consideration

Residential	Commercial	Rate
£175,000* or less	£150,000 or less	Nil
Over £175,000* up to £250,000	Over £150,000 up to £250,000	1%
Over £250,000 up to £500,000	Over £250,000 up to £500,000	3%
Over £500,000	Over £500,000	4%

* From 1/1/10: £125,000 (or £150,000 for property in disadvantaged areas)

Stamp Duty (including SDRT): stocks and marketable securities 0.5%

No charge unless the duty exceeds £5

CORPORATION TAX

Profits £	Effective rate to 31/3/10	Effective rate to 31/3/09
0–300,000	21%	21%
300,001–1,500,000	29.75%	29.75%
1,500,001 and over	28%	28%

MAIN CAPITAL AND OTHER ALLOWANCES

09-10

Plant & machinery 100% annual investment allowance (first year)		£50,000	
Plant & machinery expenditure in excess of £50,000 (first year)		40%	
Plant & machinery, patent rights, know-how (reducing balance) pa		20%	
Certain long-life assets, integral features of buildings (reducing balance) pa		10%	
Industrial & agricultural buildings (straight line)		2%	
Energy & water-efficient investments		100%	
Qualifying flat conversions & business premises renovations		100%	
Motor cars: Expenditure on or after 1/4/09 (Corporation Tax) or 6/4/09 (Income Tax)			
CO ₂ emissions of g/km:	110 or less	111–160	161 or more
Capital allowance:	100%	20%	10%
	first year	reducing balance	reducing balance
Research & Development: Capital expenditure			100%
Revenue expenditure: small/medium companies	175%	large companies	130%

VALUE ADDED TAX

Registration level from 1/5/09	£68,000	Standard rate from 1/12/08–31/12/09:	15%
Standard rate from 1/1/10:	17.5%	Reduced rate, eg on domestic fuel:	5%
Flat rate scheme turnover limit			£150,000
Cash and annual accounting turnover limit			£1,350,000

MAIN DUE DATES FOR TAX PAYMENT

Income Tax and Capital Gains Tax – Self-assessment

31 January in tax year	}	• Normally 50% of previous year's income tax, less tax deducted at source
Following 31 July		
Following 31 January		• Balance of income tax and all CGT

Inheritance Tax On death:	normally 6 months after month of death
Lifetime transfer 6 April–30 September:	30 April in following year
Lifetime transfer 1 October–5 April:	6 months after month of transfer

Corporation Tax

Self-Assessment: 9 months after end of accounting period

- Payable by instalments where profits are £1.5m or over. Normally payable in 7th, 10th, 13th and 16th months after start of accounting period.
- Growing companies: no instalments where profits are £10m or less and the company was not a large company for the previous year