

## dates and reminders

	filing date	payment date
SA return – individuals <sup>^</sup>	31/10/08	31/01/09 <sup>#</sup>
CTSA return <sup>†</sup>	12 months after AP	9 months after AP
Monthly payment of PAYE/NIC	19th following month-end	
P35	19 May	—
P60	31 May	—
P11D	6 July	—
Payment of class 1A NIC	—	19 July
PAYE settlement agreement	—	19 October
VAT	End of month following return period	
Stamp Duty land tax return	30 days from effective date	
Annual return for share schemes	6 July	—

<sup>^</sup>For returns submitted online for the tax year 2007/08, the deadline for filing will remain 31 January 2009.

<sup>#</sup>Payments on account for individuals:

- > 31 January during fiscal year
- > 31 July following fiscal year
- > 31 January following fiscal year ('sweep-up' payment)

<sup>†</sup>Payment dates for companies subject to quarterly payments:

- > 6 months + 14 days into accounting period
- > 9 months + 14 days into accounting period
- > 14 days after accounting period end
- > 3 months + 14 days after accounting period end

Four equal instalments of 25% of final liability to corporation tax.

## Tenon tax

To view our online budget coverage visit our website at [www.tenongroup.com/budget](http://www.tenongroup.com/budget)

## succession planning

### inheritance tax

	2007/08	2006/07
Nil rate band to	£300,000*	£285,000
Rate of tax on balance:		
Chargeable lifetime transfers	20%	20%
Transfers on death	40%	40%

\*To be increased to £312,000 (2008/09), £325,000 (2009/10), and then £350,000 (2010/11).

All lifetime transfers not covered by exemptions and made within seven years of death will become chargeable for the purpose of calculating the tax payable. Any tax due on the lifetime transfer may then be reduced by taper relief.

	2007/08	2006/07
Annual exemption	£3,000	£3,000
Small gifts exemption	£250	£250

### trusts and estates

Income Tax	2007/08	2006/07
Standard rate band	£1,000	£1,000
Rates of tax*		
Rate applicable to trusts	40%	40%
Dividends	32.5%	32.5%

### Capital Gains Tax

Rates of tax		
Discretionary or accumulation & maintenance trusts	40%	40%
Interest in possession trusts	40%	40%
Personal representatives	40%	40%

### Exemptions

Most trusts (maximum)**	£4,600	£4,400
Certain trusts and most estates <sup>†</sup>	£9,200	£8,800

\*Trusts for the vulnerable will be taxed on the basis of the individual's circumstances for both income tax and capital gains tax.

\*\*Exemption divided by number of qualifying settlements created after 6 June 1978 by one settlor, subject to a minimum of £920.

<sup>†</sup>Trustees of settlements for the disabled and personal representatives of the estate of a deceased person.

Exemption is available for personal representatives in year of death and in the following two years.

## indirect taxation

### vat

	1 April 2007	from	1 April 2006
Standard rate	17.5%		17.5%
VAT fraction	7/47		7/47
<b>Taxable turnover limits</b>			
Registration*	£64,000		£61,000
Deregistration next year under	£62,000		£59,000
Cash accounting scheme	£1.35m		£660,000
Annual accounting scheme	£1.35m		£1.35m

\*Registration is required if turnover exceeded the limit in the previous 12 months or is predicted to exceed the limit in the next 30 days.

For accounting periods beginning on or after 1 May 2007, VAT fuel scale charges will be calculated on the basis of carbon dioxide emissions.

### stamp duty/stamp duty land tax

Stamp duty is payable at 0.5% on transfers of shares and securities.

On the transfer of residential land, SDLT is payable at the following rates:

Value up to £125,000	nil
Value £125,001 – £250,000	1%
Value £250,001 – £500,000	3%
Value over £500,000	4%

On the transfer of non-residential land, SDLT is payable at the following rates:

Value up to £150,000	nil
Value £150,001 – £250,000	1%
Value £250,001 – £500,000	3%
Value over £500,000	4%

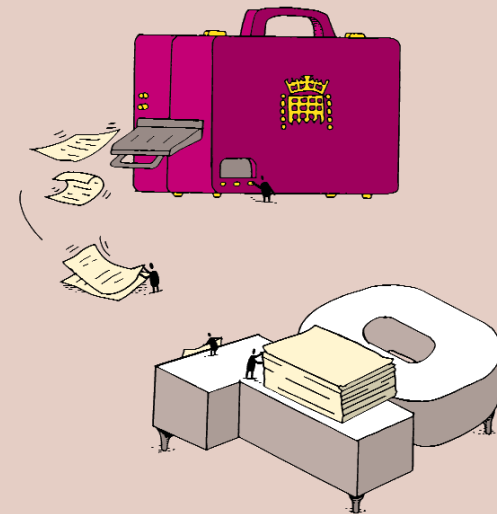
- > 0% stamp duty for transactions in disadvantaged areas on all residential property unless consideration is greater than £150,000.
- > Disadvantaged areas are based upon electoral ward and postcode; more details at [www.hmrc.gov.uk/so/disadvantaged.htm](http://www.hmrc.gov.uk/so/disadvantaged.htm)

With effect from 1 October 2007 there will be the removal of SDLT for new 'zero carbon' homes up to £500,000 and a credit of £15,000 for homes over £500,000.

Lease duty is payable on new leases and is calculated by reference to the NPV (Net Present Value) of all rental payments due under the terms of the lease.

Non-residential properties	up to £150,000	0%
	over £150,000	1%
Residential properties	up to £125,000	0%
	over £125,000	1%

# Tenon The Budget



Tax data 2007/08

## personal taxation

### income tax

	2007/08	2006/07
Starting rate band – to	£2,230	£2,150
Tax rate (note 1)	10%	10%
Basic rate band – next	£32,370	£31,150
Non-savings tax rate (note 2)	22%	22%
Savings tax rate	20%	20%
UK dividend tax rate	10%	10%
Higher rate – income over	£34,600	£33,300
Non dividend tax rate	40%	40%
UK dividend tax rate	32.5%	32.5%

### Allowances that reduce taxable income

Personal allowance (PA) – under 65	£5,225	£5,035
– 65 to 74	£7,550	£7,280
– 75 and over	£7,690	£7,420

### Allowances that reduce tax

Married couple's allowance (MCA)		
Tax reduction – 65 to 74	£628.50	£606.50
– 75 and over	£636.50	£613.50

### 'Rent a Room' relief – annual exemption

	£4,250	£4,250
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- The starting rate will be removed for earned income and pensions from 2008/09 but will continue to be available for savings income and capital gains.
- The basic rate of income tax will be reduced to 20% from 2008/09.
- Ages are as at the end of the tax year. Ages for MCA relate to the elder spouse. MCA is available only to couples where at least one spouse was aged 65 or over on 5 April 2000.
- The age-related allowances are progressively withdrawn if income exceeds £20,900 (2006/07 £20,100), reducing first PA and then MCA (for MCA the husband's income only is considered). PA cannot fall below £5,225 (2006/07 £5,035) and MCA tax reduction cannot fall below £244 (2006/07 £235).

## national insurance

Class 1 (not contracted out)	2007/08	
	Employer	Employee
Payable on weekly earnings of		
First £100	0%	0%
Next £100– £670	12.8%	11%
Over £670	12.8%	1%
Men 65+, women 60+	as above	Nil
<b>Class 1A</b>	On relevant benefits	12.8%
<b>Class 2</b>	Self employed	£2.20 per week
	Limit of net earnings for exception	£4,635 p.a.
<b>Class 3</b>	Voluntary	£7.80 per week
<b>Class 4*</b>	Self employed on profits	
	£5,225 – £34,840	8%
	Over £34,840	1%
	*Exemption applies if state retirement age is reached by 6 April 2007.	

## company taxation

### Tax rates

	Financial year to	
	31 March 2008	31 March 2007
Taxable profits		
First £300,000 (note 1)	20%	19%
Next £1,200,000	32.5%	32.75%
Over £1,500,000 (note 2)	30%	30%

### Main capital allowances

IBA and ABA	4%	Straight line based upon cost (note 3)
Plant & Machinery	25%	Reducing Balance
Plant & Machinery	40%	Medium businesses only*
Plant & Machinery	50%	Small businesses only**
Motor cars	25%	Restrict to £3k if list price > £12k
Low emission cars	100%	New cars with emissions with less than 120g/km CO <sub>2</sub>
		Details at <a href="http://www.eca.gov.uk">www.eca.gov.uk</a>
Energy Efficient Plant	100%	Assets used solely for qualifying R&D
Research & Development	100%	

- The small companies rate will increase to 21% in 2008/09 and 22% in 2009/10.
- The main rate of corporation tax will be reduced to 28% with effect from 1 April 2008.
- Major changes are due to take place to the capital allowances regime with effect from 2008/09. IBAs subject to abolition of relief over four years.

\*New definition of Small and Medium Sized companies effective for accounting periods ending after 30 January 2004. Companies must satisfy 2 of the following 3 conditions:

	Small	Medium
Employees	50	250
Gross asset value	£2.8m	£11.2m
Turnover	£5.6m	£22.8m

\*The 50% rate for first year allowances for small business will continue to be available up to 31 March 2008 only (up to 5 April 2008 for unincorporated businesses).

### Loans to and from individuals

Overdraw current or loan accounts of participants – tax based upon 25% of loan balance at accounting period end, unless repaid within 9 months of accounts date.

Loans to companies from individuals – company must deduct income tax at 20% of gross interest and account to HM Revenue & Customs on quarterly basis using CT61 returns.

### Enhanced tax relief

Research & Development: Enhanced deduction of up to 150% for qualifying costs incurred on qualifying R&D. This will increase up to 175% with effect from 2008/09. In addition the definition of SMEs is to be extended to companies with fewer than 500 employees, currently this is 250.

Contaminated Land Relief: 150% deduction for qualifying costs incurred on remediation of land and buildings.

## benefits in kind

Chargeable on employees earning **£8,500** or over (including benefits) and directors.

### Company car benefit

The charge is a percentage of the list price. The percentage depends on the level of carbon dioxide emissions. The minimum charge is 15%; the maximum charge is 35%. CO<sub>2</sub> emission details are available at [www.smmr.co.uk](http://www.smmr.co.uk)

From 6 April 2008 there will be a 2% discount from the appropriate percentage rate for cars that have been made to run on E85 fuel.

There are no reductions for business mileage or for older cars. The list price relates to the day before first registration and includes accessories. The price is subject to an upper limit of £80,000.

The list price is reduced by the employee's capital contribution when the car is first made available, subject to a maximum deduction of **£5,000**. Payments by employees for private use may reduce the above benefits.

### Van benefit

From 6 April the company van benefit for all types of vans is £3,000 when used for significant private use.

If free or subsidised fuel is provided for private use there is an additional chargeable fuel benefit of £500.

### Car fuel benefit

The charge is calculated using the same CO<sub>2</sub> emission basis as used for the car benefit. The appropriate percentage will be multiplied by a set figure announced every year – currently £14,400 (2006/07 £14,400).

### Advisory fuel rates – company cars

The tax-free limits per mile are as follows:

Engine size	Petrol	Diesel	LPG
1,400cc or less	9p	9p	6p
1,401cc – 2000cc	11p	9p	7p
Over 2,000cc	16p	12p	10p

### Statutory mileage allowances – own cars

The tax-free limits per mile are as follows:

	First 10,000 miles in tax year	Miles over 10,000
Cars	40p	25p
Motorcycles	24p	24p
Cycles	20p	20p
Passengers	5p	5p

For car allowances, payments in excess of these limits are taxable. Where payment is less than authorised mileage rate employees can claim tax relief on the shortfall.

## investments

### capital gains tax

	2007/08 (savings rates)	2006/07 (savings rates)
Taxed as top slice of income		
Annual exemption		
– individual	£9,200	£8,800
– settlement	£4,600	£4,400

Transfers between husband and wife living together are exempt.

### Taper relief

Business assets: disposals after 5 April 2007.

Period of ownership	Percentage of gain chargeable
Two years or more	25%
Between 1-2 years	50%
Less than one year	100%

Non-business assets: disposals after 5 April 2007.

Taper relief is given on a sliding scale. After 10 years maximum relief is reached with only 60% of the gain chargeable.

There are special rules where an asset is eligible for business asset taper relief for only part of the period of ownership.

## personal pension contributions

Under the pension regime introduced on 6 April 2006, the following rules apply:

- > A break between earnings and the ability to contribute to a pension scheme.
- > An annual contribution allowance of up to £225,000 with any excess contributions being subject to an income tax charge through the self assessment system. There will be certain exemptions in the year when all benefits are taken from an arrangement.
- > Individuals have a single, lifetime allowance of £1.6 million on the amount of pension rights which will enjoy favourable tax treatment.
- > A 'recovery' charge of 55% will arise on an individual's total pension rights in excess of £1.6m.
- > Both the £225,000 and £1.6 million allowances will be increased until 2010 and then reviewed.

A three year window for individuals to 'protect' any value of existing rights in excess of the £1.6m limit from the 55% recovery charge exists – but action should have been considered before 6 April 2006. Given the above changes, please speak to your local Tenor Tax or Tenor Financial Services contact for details.