

THE BUDGET 12 MARCH 2008

PERSONAL TAX	Value of restricted Allowance		Value of restricted Allowance	
	2008-09	2007-08	2007-08	2007-08
	£	£	£	£
PERSONAL ALLOWANCES				
Personal allowance	5,435		5,225	
Blind person	1,800		1,730	
AGE ALLOWANCES: 65 to 74				
Personal allowance	9,030		7,550	
Married couple (born before 6/4/35)	6,535	653.50	6,285	628.50
Upper income limit	21,800		20,900	
AGE ALLOWANCES: 75 and over				
Personal allowance	9,180		7,690	
Married couple	6,625	662.50	6,365	636.50
Upper income limit	21,800		20,900	
INCOME TAX RATES				
10%		N/A	0 - 2,230	
20% (22%)		0 - 36,000	2,151 - 34,600	
40%		36,001 and over	34,601 and over	

Savings income falling into the first £2,320 of taxable income will be taxed at 10%.. This is only available if your only source of taxable income is from savings income. Any non savings income above the £2,320 will mean that all income will be taxed at 20% . Dividends will continue to be taxed at 10% up to the basic rate tax band and 32.5% thereafter. The 40% income tax threshold will rise to £43,000 from 6 April 2009.

WINTER FUEL ALLOWANCE

The winter fuel allowance will increase from £200 to £250 for the over 60's and from £300 to £400 for those over 80.

ISA's

The annual maxi ISA limit has increased to £7,200, previously £7,000. The mini ISA has also increased to £3,600, previously £3,000. No tax is payable on any interest, dividends or capital gains on ISA investments. Individuals who withdrew cash from their Northern Rock ISAs between 13th and 19th September 2007 will be able to reinvest them in a new ISA up to 5th April 2008.

NATIONAL MINIMUM WAGE

This will rise to £5.73 an hour, from £5.52, for workers aged 22 and over from October 2008

This will rise to £4.77 an hour, from £4.60, for workers aged between 18 and 21 from October 2008

16 and 17 year old workers will be entitled to minimum wage of £3.53 an hour , from .£3.40, from October 2008.



SOCIAL SECURITY BENEFITS		2008-09	2007-08
		£ per week	£ per week
Pension	Single	90.70	87.30
	Married	145.05	139.60
Jobseekers allowance	over 25's	60.50	59.15
Child benefit	first child	18.80	18.10
	subsequent	12.55	12.10
Incapacity benefit		84.50	81.35

NATIONAL INSURANCE

CLASS 1 2008-09

Employee - contracted in

Up to £105 p.w.	Nil
£105.01 to £770.00 p.w.	11%
Above £770 p.w.	1%

Employer - contracted in

Up to £105 p.w.	Nil
Above £105 p.w.	12.8%

The limit of Class 1 NI will increase to £826.92 p.w. from 6 April 2009 in line with the increased 40% tax band of £43,000

CLASS 2 Self employed

	2008-09	2007-08
	£ per week	£ per week
On earnings over £4,825 (£4,635)	2.30	2.20

CLASS 3 Voluntary - flat rate

8.10	7.80
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CLASS 4 Self employed

2008-09	8% of profits between £5,435 and £40,040
	1% of profits above £40,040

STATUTORY SICK PAY (SSP)

	2008-09	2007-08
	£ per week	£ per week
Flat rate	75.40	72.55

STATUTORY MATERNITY PAY (SMP)

First 6 weeks	90%	90%
Remaining weeks - max 33	117.18	112.75

STATUTORY PATERNITY PAY (SPP)

Two weeks	117.18	112.75
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INHERITANCE TAX	2010-11	2009-10	2008-09	2007-08
Rate	£	£	£	£
Nil	0 - 350,000	0 - 325,000	0 - 312,000	0 - 300,000
40%	350,000 +	325,000 +	312,000+	300,000+

The new regulations imposed by the Chancellor will enable the nil rate bands to be transferred on death, giving a combined nil rate band for 2008-09 of £624,000. This will rise to £700,000 in 2010-11.

You can also give a annual gift of £3,000 in any tax year, which can be carried forward to the following tax year if previously unused, giving an allowance of £6,000.

CORPORATION TAX	2008-09 Profit	2008-09	2007-08	2007-08
	£000's		Profit £000's	
Small companies' rate	0 - 300	21%	0 - 300	20%
Upper marginal rate	300-1,500	29.75%	300-1,500	32.50%
Standard rate	over 1,500	28%	over 1,500	30%

The small companies' rate will continue to increase from 21% in 2008-09, rising to 22% in 2009-10. Associate company rules are to be simplified effective from 1 April 2008.

CAPITAL ALLOWANCES

The First Year Allowance (FYA) will be replaced from 2008-09 by a new 100% relief for annual investment allowance for the first £50,000 of expenditure on plant and machinery in the general pool. Unrelieved expenditure can be written off when pools reach a de minimis value of £1,000. Writing Down Allowances (WDA) will be reduced from 2008-09, from 25% to 20%. Industrial Buildings Allowance (IBA) will also be reduced from the current 4% to 3% in 2008-09, 2% in 2009-10, 1% in 2010-11 before being abolished from 6 April 2011.

VALUE ADDED TAX

REGISTRATION LIMIT

Annual turnover (effective 1 April 2008)

New	Previous
£67,000	£64,000

DEREGISTRATION LIMIT

Annual turnover (effective 1 April 2008)

£65,000	£62,000
£1,350,000	£1,350,000

Cash and annual accounting registration limit

Cash and annual accounting deregistration limit

£1,600,000	£1,600,000
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Prior period VAT errors can be adjusted for on the next VAT return up to an increased limit of £10,000, effective from 1 July 2008. Any errors above this limit will need to be separately notified to H.M Revenue & Customs. Claims can be made for errors dating back from 1973 to 1997 only until 31 March 2009.

VAT is now payable on all salaries charged out by employment agencies.

A VAT review will be carried out on refurbishing and renovating vacant housing that is of poor quality.

CAPITAL GAINS TAX

2008-09 2007-08

Personal annual exemption (trustees)

£9,600 (4,800)	£9,200(4,600)
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From 6 April 2008, taper relief and indexation allowance will no longer exist for individuals and trustees. A single 18% Capital Gains Tax rate will be applied to all gains. In turn, a new entrepreneurs relief will be made available for the disposal of a trading business or shares in a trading company, providing the seller is an officer or employee of the company and has a minimum of 5% stake in the business. This entrepreneurs relief will reduce the effective rate to 10% on the first £1 million gains made over a lifetime.

INCOME SHIFTING

The government intended to bring into effect from April 2008 legislation to prevent a tax advantage being gained from income shifting between husband and wife. This has now been postponed until next years budget.

NON-DOMICILED INDIVIDUALS

From 2008, adults using the remittance basis of tax, who have been resident in the UK for longer than 7 out of the past 10 tax years, will be subject to an annual tax charge of £30,000 a year as regards the foreign income and gains they leave outside the UK, unless the unremitted foreign income and gains are less than £2,000. People using the remittance basis of taxation will no longer be entitled to personal allowances, unless they have unremitted income and gains of less than £2,000 a year.

ENTERPRISE INVESTMENT SCHEME (EIS) AND VENTURE CAPITAL TRUSTS (VCT)

The annual investment limit for income tax relief for EIS has increased from £400,000 to £500,000. The rate of income tax relief for investors in VCTs will remain at 30%, with the minimum holding period for investors of 5 years. Companies raising money under these schemes must, from 6 April 2007, have fewer than 50 full time employees. For an investment to qualify for relief under EIS or be treated as a qualifying holding of a VCT, the company must have raised no more than £2 million under any or all of the schemes in the 12 months ending on the date of investment.

SHARE OPTIONS UNDER THE ENTERPRISE MANAGEMENT INCENTIVE SCHEME (EMI)

The individual option grant limit under EMI will increase from £100,000 to £120,000.

STAMP DUTY AND LEASES

Property

Up to £125,000
£125,001 - £250,000
£250,001 - £500,000
£500,000+

Nil
1%
3%
4%

Shares

0.5% (No duty on amounts <£1,000)

Leases

From 1 December 2003 stamp duty became payable on business leases valued at more than £150,000.
From 13 March 2008 there is an exemption to stamp duty for transfers that would have previously attracted stamp duty of no more than £5.

PENSION SCHEME

You can pay the higher of £3,600 p.a. or 100% of your UK earnings into a private pension.

LEASE DUTY CHANGES

Alcohol and tobacco		Vehicles and fuel (changes from 1 Oct 2008)	
Cigarettes	11p on packet of 20	Main fuel	+2p per litre
Beer	4p	Road fuel gases	+2.89 per kg
Wine	14p	Rebated gas oil (red diesel)	+0.38p per litre
Spirits	55p	Heavy fuel oil	+0.37p per litre

Road Fund Licence

CO2 Band	Change	Petrol & Diesel (£)	CO2 Band	Change	Petrol & Diesel (£)
<100g	(no change)	0	166-185g	+£5 petrol, +£5 Diesel	170
101-120g	(no change)	35	185-225g	+£5 petrol, +£5 Diesel	210
121-150g	+£5 petrol, +£5 Diesel	120	>226g	+£100 petrol, +£100 Diesel	400
151-165g	+£5 petrol, +£5 Diesel	145			

VAT FUEL SCALE RATES FOR PRIVATE MOTORING ON PETROL AND DIESEL VEHICLES

(VAT quarters effective from 1 May 2008)

Please refer to our website www.cehill.co.uk for full details of the VAT fuel scale charges.

TAX CREDITS

Tax credits are for lower paid workers and families with children. They are an important part of the tax system. Rather than increasing personal allowances further, tax credits have been increased. This has the effect of benefiting the lower paid. Claims can only be back dated for 3 months so it is important to claim early. Claims can be made on HM Revenue & Customs (HMRC) website. People are eligible to make a claim on joint income up to £58,175 (£66,350 in the year of a child's birth).

APPROPRIATION OF TRADING STOCK FOR PRIVATE USAGE

Business that dispose of goods from trading stock for non trade purposes, will need to adjust the way they account for stock. In such circumstances, profits of the trade for tax purposes will need to be adjusted to replace the cost or proceeds of stock with their market value. This measure will effect all transactions on or after 12 March 2008.

SELF EMPLOYED NATIONAL INSURANCE CONTRIBUTIONS REGISTRATION PENALTIES

New self employments should register with H.M. Revenue & Customs within three months of the start of the business. Failure to do this will result in new behavioural penalties replacing the existing £100 fixed penalty. The new penalties for non registration will be based on each individual case and the reasons behind the failure to disclose.

COMPANY CAR BENEFIT

The taxable benefit in respect of a car provided by an employer is calculated by reference to the car's carbon dioxide emission rating, with a scale charge varying between 15% and 35% of the list price. There will be a supplementary charge for diesel cars of around 3% (except those which meet the EU standard for cleaner cars registered before 1 January 2006). For more information on your specific car benefit visit www.smmmt.co.uk

CAR FUEL BENEFIT

The additional scale charge for the provision of private fuel has been increased for 2008-09 from £14,400 to £16,900. The figure is multiplied by the appropriate car tax percentage to determine the taxable benefit. This is calculated by reference to the car's carbon dioxide emission rating and vary between 15% and 35% of £16,900.

COMPANY VAN BENEFIT

Taxable benefits will remain at £3,000. There will be an additional charge of £500 if fuel is provided for private use by the employer.

APPROVED MILEAGE RATES (from 6 April 2008)

All cars	Up to 10,000 miles	Over 10,000 miles
	40p	25p

Employees may be paid an additional 5p per mile per passenger for carrying fellow employees on the same business trip.

KEY DATES IN TAX CALENDER

19 May 2008	Forms P14 and P35 to be submitted to the Inland Revenue by employers
31 May 2008	Forms P60 to be given to employees by employers
6 July 2008	Forms P9D/P11D to be given to employees and to be sent to the Inland Revenue
31 July 2008	Second interim payment of tax due for 2007-08
30 Sept 2008	Deadline for submission of tax return if the Inland Revenue are to calculate tax payment
31 Oct 2008	Deadline for paper submission of tax return if self assessed
31 Jan 2009	Deadline for electronic submission of tax return if self assessed
	Final payment of tax due for 2007-08. First interim payment of tax due for 2008-09