

THE BUDGET 22 APRIL 2009

PERSONAL TAX

	2009-10	Value of restricted Allowance	2008-09	Value of restricted Allowance
	£	£	£	£
PERSONAL ALLOWANCES				
Personal allowance	6,475		6,035	
Blind person	1,890		1,800	
AGE ALLOWANCES: 65 to 74				
Personal allowance	9,490		9,030	
Married couple (born before 6/4/35)	N/A	N/A	6,535	653.50
Upper income limit	22,900		21,800	
AGE ALLOWANCES: 75 and over				
Personal allowance	9,640		9,180	
Married couple	6,965	696.50	6,625	662.50
Upper income limit	22,900		21,800	
INCOME TAX RATES				
20%		0 - 37,400		0 - 34,800
40%		37,401 and over		34,801 and over

Savings income falling into the first £2,440 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 £2,440 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.

From 2010-11 the personal allowance is reduced £1 for every £2 of income over £100,000 up to a maximum of the full personal allowance. This means that no personal allowance will be given to those earning over £113,000, based on this years personal allowance amount.

From 2011-12 a new 50% rate of tax will be applied on income of over £150,000. As a consequence, taxable dividend income above £150,000 will be charged at a new 42.5% tax rate.

ISA's

The annual maxi ISA limit has increased to £10,200, previously £7,200. The mini ISA has also increased to £5,100, previously £3,600. These increases will apply for those over 50 in 2009-10 and for everyone else in 2010-11. No tax is payable on any interest, dividends or capital gains on ISA investments.

NATIONAL MINIMUM WAGE

The current rate is £5.73 an hour for workers aged 22 and over effective from 1 October 2008

This is reduced to £4.77 an hour for workers aged between 18 and 21 effective from 1 October 2008

16 to 17 year old workers are entitled to minimum wage of £3.53 an hour effective from 1 October 2008.

New rates effective from 1 October 2009 will be announced on 1 May 2009. From April 2009, employers who do not pay the correct minimum wage will be issued with an automatic penalty of up to £5,000.



SOCIAL SECURITY BENEFITS

		2009-10	2008-09
		£ per week	£ per week
Pension	Single	95.25	90.70
	Married	152.30	145.05
Jobseekers allowance	over 25's	64.30	60.50
Child benefit	first child	20.00	18.80
	subsequent	13.20	12.55
Incapacity benefit		89.80	84.50

NATIONAL INSURANCE**CLASS 1 2009-10****Employee - contracted in****Employer - contracted in**

Up to £110 p.w. (£5,715 pa)	Nil	Up to £110 p.w.	Nil
£110.01 to £844.00 p.w.	11%		
Above £844 p.w. (£43,875 pa)	1%	Above £110 p.w.	12.8%

For 2009-10, the monthly earnings limit before national insurance is due is £476 per month.

From 2011-12, employees' NIC will increase from 11% to 11.5% and the 1% over the upper earnings limit will increase to 1.5%. In addition, employers NIC will increase from 12.8% to 13.3%.

CLASS 2 Self employed**2009-10**

2008-09

On earnings over £5,075 (£4,825)**£ per week**

£ per week

2.40

2.30

CLASS 3 Voluntary - flat rate**12.05**

8.10

CLASS 4 Self employed

2009-10

8% of profits between £5,715 and £43,875

1% of profits above £43,875

STATUTORY SICK PAY (SSP)**2009-10**

2008-09

£ per week

£ per week

Flat rate

79.15

75.40

STATUTORY MATERNITY PAY (SMP)

First 6 weeks

90%

90%

Remaining weeks - max 33

123.06

117.18

STATUTORY PATERNITY PAY (SPP)

Two weeks

123.06

117.18

STATUTORY REDUNDANCY PAY

The statutory redundancy pay amount has increased to £380 per week, from £350.

INHERITANCE TAX

	2010-11	2009-10	2008-09
Rate	£	£	£
Nil	0 – 350,000	0 – 325,000	0 - 312,000
40%	350,000 +	325,000 +	312,000+

The nil rate bands are transferred on death, from 9th October 2007, giving a combined nil rate band for 2009-10 of £650,000. This will rise to £700,000 in 2010-11.

You can also make gifts amounting to £3,000 in any tax year, which can be carried forward to the following tax year if previously unused, giving a maximum allowance of £6,000.

CORPORATION TAX**2009-10 Profit**
£000's**2009-10**2008-09
Profit £000's

2008-09

Small companies' rate

0 - 300**21%**

0 - 300

21%

Upper marginal rate

300-1,500**29.75%**

300-1,500

29.75%

Standard rate

over 1,500**28%**

over 1,500

28%

The proposed increase of the small companies rate to 22% has been postponed until 1 April 2010.

CAPITAL ALLOWANCES

The Annual Investment Allowance (AIA) will still apply giving 100% relief for the first £50,000 of expenditure on plant and machinery in the general pool. Writing Down Allowances (WDA) will remain at 20% for 2009-10. For expenditure over the £50,000 AIA limit, a temporary First Year Allowance of 40% can be claimed instead of the WDA for 2009-10. New rules have been imposed on the capital allowances on cars. Cars with CO2 emissions over 160g/km will be eligible for a restricted WDA of 10% with those under 160g/km eligible for the standard 20% WDA. Industrial Buildings Allowance (IBA) will be reduced from the current 3% to 2% in 2009-10, 1% in 2010-11 before being abolished from 6 April 2011.

CARRY BACK TRADE LOSSES

The carry back of trading losses has been extended to allow losses to be carried back to a period of 3 years, increased from 1 year. The extended carry back will only apply where losses are made for companies, in accounting periods ending between 24 November 2008 and 23 November 2010, and for unincorporated business in tax years 2008-09 and 2009-10. The loss relieved is subject to a limit of £50,000 for the first two years.

VALUE ADDED TAX

	New	Previous
REGISTRATION LIMIT		
Annual turnover (effective 1 May 2009)	£68,000	£67,000
DEREGISTRATION LIMIT		
Annual turnover (effective 1 May 2009)	£66,000	£65,000
Cash and annual accounting registration limit	£1,350,000	£1,350,000
Cash and annual accounting deregistration limit	£1,600,000	£1,600,000
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.		
The standard rate of VAT will return to 17.5% (currently 15%) on 1 January 2010.		

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

(VAT quarters effective from 1 May 2009)

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

CAPITAL GAINS TAX

	2009-10	2008-09
Personal annual exemption (trustees)	£10,100 (5,050)	£9,600(4,800)

The single 18% Capital Gains Tax rate is still applied to all gains. Entrepreneurs relief is 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.

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 will remain at £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.

STAMP DUTY AND LEASES

Property	Up to £175,000	Nil
	£175,001 - £250,000	1%
	£250,001 - £500,000	3%
	£500,000+	4%
Shares		0.5% (No duty on amounts <£1,000)

The freeze on stamp duty for homes worth under £175,000 will continue until 31 December 2009 when it will return to £125,000.

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.

EXCISE DUTY CHANGES

Alcohol and tobacco

Cigarettes	7p on packet of 20
Beer	1p
Wine	4p

Vehicles and fuel (from September 2009)

Main fuel	+2p per litre
Road fuel gases	+2.90 per kg
Rebated gas oil (red diesel)	+0.38p per litre
Heavy fuel oil	+0.37p per litre

Road Fund Licence

CO2 Band	Change	Petrol & Diesel (£)	CO2 Band	Change	Petrol & Diesel (£)
<100g	(no change)	0	151-165g	+\$5 petrol, +\$5 Diesel	150
101-120g	(no change)	35	166-185g	+\$5 petrol, +\$5 Diesel	175
121-140g	(no change)	120	186-225g	+\$5 petrol, +\$5 Diesel	215
141-150g	+\$5 petrol, +\$5 Diesel	125	>225g	+\$5 petrol, +\$5 Diesel	405

PENSION SCHEME

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

PENSIONS RESTRICT TAX RELIEF

From 6 April 2011, those with income above £150,000 will see higher rate relief on their pension payments made each year restricted to the basic rate of 20%. In addition, the amount of higher relief that can be obtained from 2009-10 is also restricted to basic rate for those with income above £150,000 and with contributions in excess of the special annual allowance of £20,000. This will only apply where the contributions are in excess of what is seen as normal ongoing contributions.

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 behavioural penalties, which will be between 30% and 100% of the potential lost revenue.

TAX CREDITS

Tax credits are for lower paid workers and families with children. Claims can only be back dated for 3 months so it is important to claim early. The child tax credit can benefit families with income up to £58,170. Claims can be made on HM Revenue & Customs (HMRC) website.

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). From 2011-12, the cap on the maximum list price of £80,000 will be abolished. For more information on your specific car benefit visit www.smm2.co.uk

CAR FUEL BENEFIT

The additional scale charge for the provision of private fuel will remain at £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 varies 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 2009)

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 2009	Forms P14 and P35 to be submitted to HM Revenue & Customs by employers
31 May 2009	Forms P60 to be given to employees by employers
6 July 2009	Forms P9D/P11D to be given to employees to HM Revenue & Customs. Pay by 19 July.
31 July 2009	Second interim payment of tax due for 2008-09
31 Oct 2009	Deadline for paper submission of tax return if self assessed
31 Jan 2010	Deadline for electronic submission of tax return if self assessed
	Final payment of tax due for 2008-09. First interim payment of tax due for 2009-10