

# TAX RATES 2007/08



## Sterling Accountants Ltd

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Sterling Accountants Limited registered in England and Wales. Registration number 03830006.

## INCOME TAX RATES

2007/08		2006/07	
Band £	Rate %	Band £	Rate %
0 - 2,230	10	0 - 2,150	10
2,231 - 34,600	22*	2,151 - 33,300	22*
Over 34,600	40**	Over 33,300	40**

\* Except dividends (10%) and savings income (20%).

\*\* Except dividends (32.5%).

Other income taxed first, then savings income and finally dividends.

## INCOME TAX RELIEFS

		2007/08 £	2006/07 £
Personal allowance	- under 65	5,225	5,035
	- 65 - 74*	7,550	7,280
	- 75 and over*	7,690	7,420
Married couple's allowance (relief at 10%)	- aged less than 75 and born before 6.4.35*	6,285	6,065
	- 75 and over*	6,365	6,135
	- min. amount	2,440	2,350
*Age allowance income limit		20,900	20,100
(Reduce age allowance by £1 for every £2 of excess income over £20,900.)			
Blind person's allowance		1,730	1,660

## TAX CREDITS

	2007/08 £	2006/07 £
<b>Working Tax Credit</b>		
Basic element - max.	1,730	1,665
Childcare element		
80% of eligible costs up to £175 per week (£300 if two or more children).		
<b>Child Tax Credit (CTC)</b>		
Child element		
per child - max.	1,845	1,765
Family element	545	545
Baby addition	545	545

### Reductions in maximum rates

37% of income above £5,220\* p.a.

\*If only CTC is claimed, the threshold is £14,495 p.a. (£14,155). The family element of CTC is not reduced unless income is more than £50,000 p.a. when it is reduced by £1 for every £15 of additional income.

## PENSION PREMIUMS

### 2007/08 and 2006/07

- Tax relief available for personal contributions: higher of £3,600 (gross) or 100% of relevant earnings.
- Employers will obtain tax relief on employer contributions if they are paid and made 'wholly and exclusively'. Tax relief for large contributions may be spread over several years.
- Any contributions in excess of £225,000 (£215,000), whether personal or by the employer, may be subject to income tax on the individual at 40%.
- No carry back of pension contributions.

# CAR, VAN AND FUEL BENEFITS

2007/08 and 2006/07

CO <sub>2</sub> emissions (gm/km) (round down to nearest 5gm/km)	% of car's list price taxed	Fuel benefit (£14,400 x %) £
up to 140	15	2,160
145	16	2,304
150	17	2,448
155	18	2,592
160	19	2,736
165	20	2,880
170	21	3,024
175	22	3,168
180	23	3,312
185	24	3,456
190	25	3,600
195	26	3,744
200	27	3,888
205	28	4,032
210	29	4,176
215	30	4,320
220	31	4,464
225	32	4,608
230	33	4,752
235	34	4,896
240 and above	35	5,040

## Company cars

- For diesel cars add a 3% supplement but maximum still 35%. This was waived for Euro IV diesels. From 2006/07, no waiver for diesels registered on/after 1 January 2006.
- Discounts apply to certain environmentally friendly cars.
- For cars registered before 1 January 1998 the charge is based on engine size.
- The list price includes accessories and is subject to an upper limit of £80,000.
- The list price is reduced for capital contributions made by the employee up to £5,000.

## Fuel benefit

- The fuel benefit charge is proportionately reduced if provision of private fuel ceases part way through the year.
- The fuel benefit is reduced to nil only if the employee pays for all private fuel.

Van benefit per vehicle	
2007/08	2006/07
Van benefit £3,000	Under 4 years old £500*
Fuel benefit £500	Over 4 years old £350*

The charges will not apply if a 'restricted private use condition' is met throughout the tax year.  
\*Van benefits include fuel for private use.

# MILEAGE ALLOWANCE PAYMENTS

2007/08 and 2006/07

## Cars and vans

Up to 10,000 miles

Over 10,000 miles

## Bicycles

## Motorcycles

## Rate per mile

40p

25p

20p

24p

These rates represent the maximum tax free mileage allowances for employees using their own vehicles for business. Any excess is taxable. If the employee receives less than the statutory rate, tax relief can be claimed on the difference.

# INDIVIDUAL SAVINGS ACCOUNTS (ISAs)

2007/08 and 2006/07

Overall investment limit - maxi ISA

- mini ISA - stocks, shares and life insurance

- cash

£

7,000

4,000

3,000

## CORPORATION TAX

	Year to 31.3.08		Year to 31.3.07	
	Profits band £	Rate %	Profits band £	Rate %
Small companies rate	0-300,000	20	0-300,000	19
Marginal (small companies) rate	300,001-1,500,000	32.50	300,001-1,500,000	32.75
Full rate	Over 1,500,000	30	Over 1,500,000	30
Small companies fraction		1/40		11/400

The profits limits are reduced for accounting periods of less than 12 months and for a company with associated companies.

## CAPITAL ALLOWANCES

### Writing Down Allowance

Plant and Machinery*	25%# (reducing balance)
Motor Cars**	25% (reducing balance) - £3,000 max.
Industrial and Agricultural Buildings and Hotels	4% (straight line)

\* **For small businesses:** first year allowances (FYAs) of 50% for 24 months from 6.4.06 (1.4.06 for companies), 40% otherwise. **For medium-sized businesses:** FYAs of 40%.

**For all businesses:** 100% FYAs on expenditure on energy saving plant and machinery.

\*\* 100% FYAs on new cars with CO<sub>2</sub> emissions not exceeding 120 gm/km until 31.3.08.

# 6% on certain long life assets.

## VALUE ADDED TAX

Standard rate	17.5%
Reduced rate	5%
Annual Registration Limit - from 1.4.07 (1.4.06 - 31.3.07 £61,000)	£64,000
Annual Deregistration Limit - from 1.4.07 (1.4.06 - 31.3.07 £59,000)	£62,000

**Flat Rate Scheme - allows businesses to calculate their VAT payment as a percentage of their VAT inclusive turnover.**

Limits - annual VAT exclusive taxable turnover does not exceed £150,000 and total VAT exclusive annual turnover does not exceed £187,500. Leave on anniversary of scheme where total VAT inclusive annual turnover exceeds £225,000.

**Cash Accounting - allows businesses to account for input and output VAT on a paid and received basis.**

Limits from 1 April 2007 - where annual VAT exclusive taxable turnover does not exceed £1,350,000. Leave at end of a VAT period where annual VAT exclusive taxable turnover exceeds £1,600,000.

**Annual Accounting - allows businesses to smooth out cash flow by paying a set amount, either monthly or quarterly. Only one VAT return due a year.**

Limits - where annual VAT exclusive taxable turnover does not exceed £1,350,000. Leave on anniversary of scheme where annual VAT exclusive taxable turnover exceeds £1,600,000.

## CAPITAL GAINS TAX

	2007/08	2006/07
<b>Individuals</b>	£	£
Exemption	9,200	8,800
Balance of gains (reduced by taper relief) charged as top slice of income (at savings rates - ie 10%, 20% or 40%)		
<b>Trusts</b>		
Exemption	4,600	4,400
Balance of gains (reduced by taper relief)	40%	40%

### Taper relief 2007/08 and 2006/07 disposals

Percentage relief depends on number of complete years asset owned after 5.4.98.

Years of ownership	1	2	3	4	5	6	7	8	9	10
Business assets (% relief)	50	75	75	75	75	75	75	75	75	75
Non-business assets* (% relief)	0	0	5	10	15	20	25	30	35	40

\*Add one extra year if asset owned before 17.3.98 (subject to overriding max. of 40%).

## INHERITANCE TAX

Death rate	Lifetime rate	Chargeable transfers	
		2007/08	2006/07
%	%	£'000	£'000
Nil	Nil	0 - 300	0 - 285
40	20	Over 300	Over 285
<b>Reliefs</b>			
Annual exemption	£3,000	Marriage - parent	£5,000
Small gifts	£250	- grandparent	£2,500
		- bride/groom	£2,500
		- other	£1,000

### Reduced charge on gifts within seven years of death

Years before death	0-3	3-4	4-5	5-6	6-7
% of death charge	100	80	60	40	20

## STAMP DUTY & STAMP DUTY LAND TAX

Land and buildings (on full consideration paid)			
Rate	Residential property		Non-residential
	Disadvantaged areas	Other	
	£	£	£
Nil	0 - 150,000	0 - 125,000	0 - 150,000
1%	150,001 - 250,000	125,001 - 250,000	150,001 - 250,000
3%	250,001 - 500,000	250,001 - 500,000	250,001 - 500,000
4%	Over 500,000	Over 500,000	Over 500,000

Shares and securities - rate 0.5%.

# NATIONAL INSURANCE

## Class 1 (employed) contracted in

## 2007/08 Rates

### Weekly earnings

### Employer

### Employee

Up to £100

Nil\*

Nil\*

£100.01 - £670

12.8%\*\*

11%\*\*

Over £670

12.8%\*\*

£62.70 + 1%<sup>‡</sup>

\* Entitlement to contribution-based benefits retained for earnings between £87.01 and £100 per week.

\*\*On earnings above £100. ‡On earnings above £670.

### Class 1A (employers)

12.8% on employee taxable benefits

### Class 1B (employers)

12.8% on PAYE Settlement Agreements

### Class 2 (self-employed)

flat rate per week £2.20

small earnings exception p.a. £4,635

### Class 3 (voluntary)

flat rate per week £7.80

### Class 4 (self-employed)

8% on profits between £5,225 and £34,840  
plus 1% on profits over £34,840

## MAIN SOCIAL SECURITY BENEFITS

### Weekly benefit

### 2007/08

### 2006/07

**Basic retirement pension** - single person

£87.30

£84.25

- married couple

£139.60

£134.75

**Statutory pay rates** - average weekly earnings £87 (£84) or over

Statutory Sick Pay

£72.55

£70.05

Statutory Maternity Pay

First six weeks

90% of weekly earnings

Next 33 weeks\*\*

£112.75\*

£108.85\*

Statutory Paternity Pay - two weeks

£112.75\*

£108.85\*

Statutory Adoption Pay - 39 weeks\*\*

£112.75\*

£108.85\*

\* Or 90% of weekly earnings if lower.

\*\* For children due/placed from 1 April 2007.

## SELF ASSESSMENT: KEY DATES 2007/08

**31 July 2007** - Second payment on account for 2006/07.

**30 September 2007** - Deadline for submission of 2006/07 paper tax returns for HMRC calculation; and where the taxpayer wants a balancing payment (below £2,000) collected through their 2008/09 PAYE code.

**5 October 2007** - Deadline for notifying HMRC of new sources of income if no tax return has been issued for 2006/07.

**30 December 2007** - Deadline for submission of 2006/07 tax returns over the internet; and where the taxpayer wants a balancing payment (below £2,000) collected through their 2008/09 PAYE code.

**31 January 2008** - Deadline for filing tax returns for 2006/07.

Balancing payment due for 2006/07. First payment due for 2007/08.

The information in this tax card is based upon the 2007 Budget and other earlier announcements and may be subject to amendment by the Finance Act.

## 2007

	January	February	March	April
<b>Mon</b>	1 8 15 22 29	5 12 19 26	5 12 19 26	30 2 9 16 23
<b>Tue</b>	2 9 16 23 30	6 13 20 27	6 13 20 27	3 10 17 24
<b>Wed</b>	3 10 17 24 31	7 14 21 28	7 14 21 28	4 11 18 25
<b>Thu</b>	4 11 18 25	1 8 15 22	1 8 15 22 29	5 12 19 26
<b>Fri</b>	5 12 19 26	2 9 16 23	2 9 16 23 30	6 13 20 27
<b>Sat</b>	6 13 20 27	3 10 17 24	3 10 17 24 31	7 14 21 28
<b>Sun</b>	7 14 21 28	4 11 18 25	4 11 18 25	1 8 15 22 29

	May	June	July	August
<b>Mon</b>	7 14 21 28	4 11 18 25	30 2 9 16 23	6 13 20 27
<b>Tue</b>	1 8 15 22 29	5 12 19 26	31 3 10 17 24	7 14 21 28
<b>Wed</b>	2 9 16 23 30	6 13 20 27	4 11 18 25	1 8 15 22 29
<b>Thu</b>	3 10 17 24 31	7 14 21 28	5 12 19 26	2 9 16 23 30
<b>Fri</b>	4 11 18 25	1 8 15 22 29	6 13 20 27	3 10 17 24 31
<b>Sat</b>	5 12 19 26	2 9 16 23 30	7 14 21 28	4 11 18 25
<b>Sun</b>	6 13 20 27	3 10 17 24	1 8 15 22 29	5 12 19 26

	September	October	November	December
<b>Mon</b>	3 10 17 24	1 8 15 22 29	5 12 19 26	31 3 10 17 24
<b>Tue</b>	4 11 18 25	2 9 16 23 30	6 13 20 27	4 11 18 25
<b>Wed</b>	5 12 19 26	3 10 17 24 31	7 14 21 28	5 12 19 26
<b>Thu</b>	6 13 20 27	4 11 18 25	1 8 15 22 29	6 13 20 27
<b>Fri</b>	7 14 21 28	5 12 19 26	2 9 16 23 30	7 14 21 28
<b>Sat</b>	1 8 15 22 29	6 13 20 27	3 10 17 24	1 8 15 22 29
<b>Sun</b>	2 9 16 23 30	7 14 21 28	4 11 18 25	2 9 16 23 30

## 2008

	January	February	March	April
<b>Mon</b>	7 14 21 28	4 11 18 25	31 3 10 17 24	7 14 21 28
<b>Tue</b>	1 8 15 22 29	5 12 19 26	4 11 18 25	1 8 15 22 29
<b>Wed</b>	2 9 16 23 30	6 13 20 27	5 12 19 26	2 9 16 23 30
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<b>Sun</b>	6 13 20 27	3 10 17 24	2 9 16 23 30	6 13 20 27