

tax *card*

2007/2008 << <

The
KELVIN
Partnership

CHARTERED ACCOUNTANTS

BUSINESS



Income tax reliefs

	2007/08 (£)	2006/07 (£)
Personal allowance	5,225	5,035
Blind person's allowance	1,730	1,660
Age <i>single 65-74</i>	7,550	7,280
<i>single 75 or over</i>	7,690	7,420
<i>married couples born before 6.4.35</i>	(1)(5) 6,285	(1)(5) 6,065
<i>married couples 75 or over</i>	(1)(5) 6,365	(1)(5) 6,135
Age allowance earnings limit	(2) 20,900	(2) 20,100
Enterprise Investment Scheme	(2)(3) 400,000	(2)(3) 400,000
Venture Capital Trusts	(2)(4) 200,000	(2)(4) 200,000

(1) relief restricted to 10%

(2) per spouse

(3) income tax relief at 20% and deferral gains reinvested

(4) income tax relief at up to 30%

(5) for the age related married couples' allowance, the minimum allowance is £2,440 in 2007/08 and £2,350 in 2006/07

Income tax rates

Taxable Income	2007/08 (£)	2006/07 (£)
10%	0 - 2,230	0 - 2,150
22%	2,231 - 34,600	2,151 - 33,300
40% on excess		

Note 1: savings income taxed at 20% to the extent it falls between the upper limits of the starting rate and the basic rate.

Note 2: Dividend income is taxed at either 10% or 32.5%.

This tax card covers important changes and developments.

Corporation tax

Financial Year	to 31.3.08	to 31.3.07
Main rate	30%	30%
Small companies rate	20%	19%
Effective marginal rate	32.5%	32.75%
Small company limit	£300,000	£300,000
Large company limit	£1,500,000	£1,500,000
Small companies fraction	1/40	¹¹ /400

Stamp taxes

Ad valorem stamp duty land tax (SDLT) on property transfers

consideration	rate
up to £125,000 (residential) *	nil
up to £150,000 (non-residential)	nil
£125,001 (£150,001) to £250,000	1%
£250,001 to £500,000	3%
over £ 500,000	4%

* up to £150,000 in a disadvantaged area.

SDLT applies to land and certain interests in partnerships. Shares are subject to stamp duty or stamp duty reserve tax at 0.5%.

new zero carbon homes (from 1/10/07)

Up to £500,000	nil
over £500,000 (subject to a reduction of a £15,000 on the duty payable)	4%

Inheritance tax

Transfer after 5 April 2007 (2006)

On death	Rate %
First £300,000 (£285,000)	nil
Excess	40% (40%)
Lifetime transfers	1/2 death rates

Reduced charge on gifts within 7 years of death

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

Main exceptions

	£
Annual gifts per donor	3,000
Small gifts per donee	250
Gifts on marriage	
<i>Parent</i>	5,000
<i>Grandparent</i>	2,500
<i>Other</i>	1,000

Registered pension schemes

2007/2008

Earners' contribution limit	100% UK earnings up to a maximum of £225,000
Non-earner's contribution limit	£2,808 (made up to £3,600 with basic rate tax relief)
Maximum lifetime allowance	£1.6 million

Note 1: Limits apply to the total of ALL an individual's registered pension schemes

Note 2: Members of an occupational scheme can top up that scheme within the overall limits, with contributions to stakeholder, personal pension and AVC schemes.

National insurance contributions

Class 1 (employed)

Weekly earnings (£)	Contracted in		Contracted out		
	Employee	Employer	Employee	COMP	Employer COSR
0-100.00	nil	nil	nil	nil	nil
100.01-670.00	11%	12.8%	9.4%	11.4%	9.1%
over 670.00	1%	12.8%	1%	12.8%	12.8%

COMP: Contracted Out Money Purchase

COSR: Contracted Out Salary Scheme

Class 1A	on car benefits	12.8%
Class 1B	on PAYE settlements	12.8%
Class 2 (self-employed)	small earnings exception	£2.20 pw £4,635
Class 3 (voluntary)		£7.80 pw
Class 4 (self-employed)	earnings < £5,225	nil
	earnings £5,225 - 34,840	8%
	earnings > £34,840	1%

SAs

	Mini ISA *	Maxi ISA †
	2006/07 and 2007/08 (£)	2006/07 and 2007/08 (£)
Stocks & Shares } Life Insurance }	4,000	7,000 ⁽¹⁾
Cash	3,000	3,000

* different providers

† single provider

⁽¹⁾ The stock & shares element is reduced by any cash or insurance component

Car and car fuel benefits

Taxable car benefit is calculated on a percentage of the list price, which for the most part will vary according to the level of the carbon dioxide (CO₂) emissions, measured in grams per kilometre (g/km).

The minimum/maximum percentage levels and the emission levels at which they apply for 2007/08 are:

	Taxable benefit as % of car list price	CO ₂ emission level
Minimum	15% *	140 g/km
Maximum	35% *	240 g/km

The benefit increases by 1% for each complete 5 g/km

- * Diesel cars are subject to an additional 3%, but still subject to an overall maximum benefit of 35% of the list price. This additional charge is waived for diesel cars which meet Euro IV emission standards and which were registered pre 1 Jan 2006.*

Discounts are available for battery electric cars, hybrid electric cars and cars converted to LPG

Taxable car fuel benefit for 2007/08 is based on the same scale as for car benefit. The percentage tax is applied to a set figure of £14,400 instead of the car list price.

Authorised mileage rates

Mileage allowance 2007/08

Mileage	Up to 10,000	Over 10,000
All engine sizes	40p	25p

Vat

Standard Rate	17,5%
Registration mandatory if annual turnover (from 1/4/07)	£64,000
De-registration limit (from 1/4/07)	£62,000
Optional flat rate scheme limit	£150,000

Capital gains tax

		2007/08 (£)	2006/07 (£)
Exemption	Individuals - per spouse	9,200	8,800
	Trusts	4,600	4,400
Rates	at top slice of income	10, 20 & 40%	10, 20 & 40%

Taper Relief

no of complete years for which asset held	% gain chargeable - Business Assets	% gain chargeable - Non-Business Assets
0	100	100
1	50	100
2	25	100
3	25	95
4	25	90
5	25	85
6	25	80
7	25	75
8	25	70
9	25	65
10 or more	25	60

Note: A non business asset acquired before 17.3.98 will qualify for an additional year. Indexation still applies to companies.

Dates for tax payment

Income tax & capital gains tax

31 Jan in tax year	} Normally 50% of previous year's net income tax
31 July following	
31 Jan following	Balance of income tax and all capital gains tax

Corporation Tax 9 months after accounting period

Note: quarterly if a large company (generally profits exceed £1.5m)

Please contact us for advice on how they apply to your personal circumstances.

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