

# UK Tax Tables 2009/2010

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## Income tax reliefs

	£
<b>Personal allowance</b>	
Individuals under age 65	6,475
Individuals aged 65 to 74	9,490
Individuals aged 75 and over	9,640
<b>Married couple's allowance<sup>a</sup></b>	
Individuals aged 75 and over	6,965
<b>Income limit for age allowance</b>	22,900
<b>Other reliefs</b>	
Blind person's allowance	1,890

a Relief given at 10%. Also available for civil partnerships.

N.B. Personal allowances will be reduced for high earners from 2010/11.

## Income tax rates

Tax on band			
Taxable income bands		%	£
Basic	£0 - 37,400	20	7,480
Higher	Excess	40	

The first slice of income includes earnings, pensions, trading profits and income from property. The next slice is savings income and the top slice is dividend income. There is a new 10% starting rate for savings income only, with a limit of £2,440. If an individual's taxable non-savings is above this limit, the 10% starting rate will not be applicable. Savings that fall within the basic tax rate band will be taxable at 20%. The remainder of savings income is taxed at 40%. Dividend income is taxed at 10% for income falling within the basic rate band and 32.5% for the remainder. A 40% charge applies on foreign dividends for remittance basis users.

N.B. A 50% band will be introduced for high earners from 2010/11.

## Pensions

	Annual allowance <sup>b</sup>	Lifetime allowance <sup>c</sup>
	£	£
2009/10	245,000	1.75m

b UK taxpayers are eligible for tax relief on contributions of the higher of £3,600 and up to 100% of relevant UK earnings. If the increase in the value of the pension rights or the value of contributions exceeds the annual allowance, the excess will be subject to a 40% tax charge.

c The lifetime allowance acts to restrict the amount of pension savings that are eligible for tax relief on payment. Where, on retirement, the deemed value of the fund exceeds the allowance, an effective tax rate of 55% will apply to the excess.

N.B. Important changes to tax relief on pension contributions apply from 6 April 2011 and may impact tax relief from 22 April 2009 for whose income exceeds £150,000 in 2009/10, 2010/11 or either of the preceding two years.

## Car and fuel benefits

### Car benefit

Car benefit is based on a percentage of the car's list price (subject to a ceiling of £80,000) graduated according to the level of the car's CO<sub>2</sub> emissions. This applies to cars first registered on or after 1 January 1998. There are special rules for older cars and those with no CO<sub>2</sub> emissions figure.

Discounts apply for cars which run on alternative fuels and technologies such as battery electric and liquefied petroleum gas (LPG).

CO <sub>2</sub> emissions g/km <sup>d</sup>	% of car's price taxable	CO <sub>2</sub> emissions g/km <sup>d</sup>	% of car's price taxable
120 or below	10	185	25
121 to 134	15	190	26
135	15	195	27
140	16	200	28
145	17	205	29
150	18	210	30
155	19	215	31
160	20	220	32
165	21	225	33
170	22	230	34
175	23	235 or more	35
180	24		

**d** A supplement applies if the car runs solely on diesel. The supplement is 3% on the percentage for petrol, capped at 35%. The diesel supplement waiver for diesel cars that meet Euro IV standards has been withdrawn for cars registered on or after 1 January 2006.

If the car's CO<sub>2</sub> emissions figure is between two levels, it is rounded down to the nearest 5g/km level, eg 199g/km is rounded down to 195g/km to give 27% for a petrol car. Rounding does not apply to emission figures under 135g/km.

From 6 April 2008, a 2% reduction applies for cars able to run on E85 fuel.

From 6 April 2010, the 135g/km threshold will be reduced to 130g/km.

### Fuel benefit

For company car drivers, the tax due on free fuel provided by employers for private journeys is calculated by applying the above percentage for the car's CO<sub>2</sub> emissions to a set figure for the year. For 2009/10, the set figure is £16,900.

- ▶ Fuel benefit is nil if the employee makes good the cost of all fuel used for private journeys before the end of the tax year.
- ▶ A system of apportionment applies where the employee opts out of free fuel during the year (but not where the employee opts back in later on in the year).

## Approved Mileage Allowance Payments (AMAP)

The following rates will apply where employees use their own car, motorcycle or bicycle for business trips. If the employer pays less than the statutory amount shown below (other than for passengers), the employee can claim tax relief on the difference.

Employees are no longer able to claim actual business motoring or cycling costs instead of these allowances.

	Rate per mile
<b>Cars and vans</b>	
Annual business mileage up to 10,000 miles in the tax year <sup>e</sup>	40p
Each additional mile over 10,000 miles in the tax year	25p
Each passenger making the same business trip (These passenger payments can also be made for journeys in company vehicles)	5p
<b>Motor cycles</b>	24p
<b>Bicycles</b>	20p

<sup>e</sup> For NIC purposes the rate of 40p per mile applies to all miles.

## National insurance contributions

Class 1

Not contracted-out	Employee	Employer
Total weekly earnings		
First £110.00	nil	nil
£110.01 - £844.00	11%	12.8%
Over £844.00	1%	12.8%

Contracted-out	Employee	Employer	COMP <sup>g</sup>
Total weekly earnings		COSR <sup>f</sup> Schemes	Schemes
First £110.00	nil	nil	nil
£110.01 - £770.00	9.4% <sup>h</sup>	11.4% <sup>i</sup>	9.1% <sup>i</sup>
£770.01 - £844.00	11%	12.8%	12.8%
Over £844.00	1%	12.8%	12.8%

<sup>f</sup> COSR = Contracted-Out Salary Related.

<sup>g</sup> COMP = Contracted-Out Money Purchase.

<sup>h</sup> Additional employee NIC rebate due of 1.6%.

<sup>i</sup> Additional employer NIC rebate of 3.7% for employers with COSR schemes and 1.4% for employers with COMP schemes.

Class 1A	Employer contribution of 12.8% - On amount of liable taxable benefits in kind
Class 1B	Employer contribution of 12.8% - On PAYE settlement agreements
Class 2	Self-employed earnings - £5,075 or more per annum Flat rate £2.40 per week
Class 3	Voluntary - Flat rate £12.05 per week
Class 4	Self-employed - 8% of profits or gains between £5,715 and £43,875 - 1% of profits or gains over £43,875

## Capital gains tax

From 6 April 2008, an 18% flat rate of capital gains tax applies to all chargeable disposals other than those that qualify for entrepreneurs' relief. Indexation allowance and taper relief have both been abolished.

On submission of a claim, entrepreneurs' relief allows qualifying gains, up to a lifetime limit of £1m, to be taxed at an effective rate of 10%. Gains in excess of the £1m limit are taxable at 18%.

Annual exemptions	£
Individuals	10,100
Trusts	5,050

## Reliefs

Enterprise Investment Scheme	500,000 <sup>j</sup>
Venture Capital Trusts	200,000 <sup>k</sup>

*j* Income tax relief restricted to 20% / full deferral available for capital gains tax

*k* Income tax relief restricted to 30% / no deferral for capital gains tax

## Stamp taxes

Shares	0.5%	
Stamp duty land tax	Residential property	Non-residential or mixed use property
Up to £125,000	nil	nil
£125,001 - £150,000	1%	nil
£150,001 - £250,000	1%	1%
£250,001 - £500,000	3%	3%
More than £500,000	4%	4%

The nil rate band for residential property is extended to £175,000 until 31 December 2009.

Duty on lease premiums is the same as for transfers of land (subject to special rules for non-residential properties where rent is £1,000 or more annually). Duty on rent is charged on the net present value (NPV). The rate applies to the NPV of the slice not to the whole value.

Rate	Net present value of rent	
	Residential	Non-residential
Zero	£0 - £125,000	£0 - £150,000
1%	Over £125,000	Over £150,000

## Inheritance tax

Rates on cumulative transfers	%
First £325,000	nil
Excess	40

Any unused nil-rate band may be transferred to the deceased's spouse or civil partner.

Exemptions	£
Annual gifts per donor	3,000
Small gifts per donee	250
For marriage/civil partnership	
- parent	5,000
- grandparent	2,500
- other	1,000
Gifts to individuals and certain trusts made more than seven years before death.	exempt

### Charge on gifts within seven years of death

Intervening years	0-3	3-4	4-5	5-6	6-7
% of full charge	100	80	60	40	20

## Corporation tax

	Profits <sup>1</sup>	
	£	%
Full rate	Over 1,500,000	28
Upper marginal rate	300,001 - 1,500,000	29.75
Small companies' rate	0 - 300,000	21

Close investment-holding companies are subject to the full rate of corporation tax on all profits. Ring fence profits are taxed at 30% (nil rate) and 19% (small companies rate), with a marginal rate of 32.75%.

<sup>1</sup> Limits are reduced proportionately for the number of associated companies.

## Capital allowances

	First year/ initial allowance	Writing down allowance
Plant and machinery	40/100% <sup>m</sup>	20% reducing balance <sup>n</sup>
Long-life assets and integral features		10% reducing balance
Motor cars	100% <sup>o</sup>	20% reducing balance <sup>p</sup>
Industrial buildings, hotels, agricultural buildings		2% straight line <sup>q</sup>
Research and development	100%	
Energy saving assets	100% <sup>r</sup>	
Renovation of business premises	100% <sup>s</sup>	

- m The 100% allowance applies to only the first £50,000 of expenditure for a business or group of companies. Expenditure (other than cars, long-life assets and integral features) will attract a 40% first year allowance from 1 April 2009 to 31 March 2010.
- n Before 6 April 2008 the rate was 25% and a transitional rate applies for pre-existing expenditure.
- o The 100% first year allowance applies to cars with CO<sub>2</sub> emissions not exceeding 110g/km.
- p Writing down allowance for cars with CO<sub>2</sub> emissions exceeding 160g/km will be allocated to the special rate pool and attract a rate of 10%. Cars with emissions between 110g/km – 160g/km will attract a rate of 20%.
- q These allowances are being phased out over the period to end March 2011.
- r The 100% allowance applies to the purchase of natural gas and hydrogen refuelling infrastructure, water technologies and energy saving technologies.
- s The 100% allowance is available for capital expenditure on renovating or converting vacant business properties in designated disadvantaged areas.

## Value Added Tax

**Standard rate** 15% (<sup>3</sup>/<sub>23</sub> VAT inclusive price)<sup>†</sup> until 31 December 2009 at which point the rate will revert to 17.5% (<sup>7</sup>/<sub>47</sub> VAT inclusive price) **Reduced rate** 5% (<sup>1</sup>/<sub>21</sub> VAT inclusive price)

**Registration limit** from 1 May 2009: £68,000 pa **Deregistration limit** £66,000

The registration limit for acquisitions made from other EU Member States is £68,000 from 1 May 2009 and for distance sales into the UK remains £70,000.

Partial exemption de minimis limit is £625 per month (£7,500 per annum) and 50% of total VAT on purchases.

Private fuel supplied to employees free or below cost - output tax scale charge for quarterly VAT periods beginning after 1 May 2009. (HMRC also publishes details for monthly and annual returns).

CO2 emissions g/km	VAT inclusive scale charge £	Liability @15% £	CO2 emissions g/km	VAT inclusive scale charge £	Liability @15% £
120 or less	126.00	16.43	180	302.00	39.39
125	189.00	24.65	185	314.00	40.96
130	189.00	24.65	190	327.00	42.65
135	189.00	24.65	195	339.00	44.22
140	201.00	26.22	200	352.00	45.91
145	214.00	27.91	205	365.00	47.61
150	226.00	29.48	210	378.00	49.30
155	239.00	31.17	215	390.00	50.87
160	251.00	32.74	220	403.00	52.57
165	264.00	34.43	225	416.00	54.26
170	276.00	36.00	230	428.00	55.83
175	289.00	37.70	235 or more	441.00	57.52

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