

Capital Allowances

| | First year/ initial allowance | Writing-down allowance |
|--|----------------------------------|---------------------------|
| Plant & machinery - long life | nil | 10% |
| Plant & machinery - 'green technology' | 100% | nil |
| Plant & machinery | 40%* | 20% |
| Integral features | - | 10% |
| Low emission cars ≤110g/km | 100% | nil |
| Industrial buildings | nil | 2% |
| Agricultural buildings | nil | 2% |
| Research & Development | 100% | nil |

Annual Investment Allowance (AIA) £50,000 max**

*Temporary measure: companies y/e 31 March 2010 (other y/e 5 April 2010)

**AIA of £50,000 is available to singleton companies. If a business is 'related' to another business the AIA is shared (e.g. in a group of companies where the businesses have similar activities or shared premises) or under the control of the same person. Transitional rules also apply.

VAT

| | From 1.1.2010 | From 1.12.2008 |
|--|------------------|-------------------|
| Standard rate | 17.5% | 15% |
| Fuel and power rate | 5% | 5% |
| Installation of energy saving material | 5% | 5% |
| VAT on fraction of gross price | 7/47 | 3/23 |
| Certain housing refurbishment work | 5% | 5% |
| Annual turnover limits (based on previous 12 months or expected within next 30 days) | From 1.5.2009 | From 1.4.2008 |
| - registration | 68,000 | £67,000 |
| - deregistration | 66,000 | £65,000 |

HMRC Interest Rates

| | |
|--|---------|
| Income tax/Capital Gains Tax | |
| - late paid tax | 2.5%* |
| - over paid tax | 0%* |
| Corporation tax - periods ended post 30.6.99 | |
| - late paid tax | 2.5%* |
| - over paid tax | 0%* |
| Corporation tax quarterly instalment payments | |
| - under paid instalments | 1.5%** |
| - over paid instalments | 0.25%** |
| Inheritance tax | 0%* |
| VAT | |
| - on under declaration | 2.5%* |
| - on official errors | 0%* |

*effective from 24 March 2009
**effective from 16 March 2009

Individual Savings Accounts (ISAs)

The ISA annual contribution limit is £7,200. There is a limit of £3,600 for the cash element. The annual limit for savers aged 50 or more increases to £10,200 (up to £5,100 cash) on 6 October 2009. ISA savings are exempt from income and Capital Gains Tax.

Stamp Duty Land Tax (SDLT)

| Value of property | Residential | | Non-residential |
|-------------------|-----------------|--------------------|-----------------|
| | pre 1.1.2010 | post 31.12.2009 | |
| £ | % | % | % |
| 1 - 125,000 | nil | nil | nil |
| 125,001 - 150,000 | nil | 1* | nil |
| 150,001 - 175,000 | nil | 1 | 1 |
| 175,001 - 250,000 | 1 | 1 | 1 |
| 250,001 - 500,000 | 3 | 3 | 3 |
| over 500,000 | 4 | 4 | 4 |

*nil in disadvantaged areas

Charitable Giving

There is no minimum amount for a Gift Aid donation and all cash donations, of whatever size, made by a UK taxpayer are eligible for Gift Aid relief. Gift Aid declarations can be made in writing, on the telephone or over the internet and must contain the name and address of the donor, the name of the charity and a statement that the donor pays sufficient income or Capital Gains Tax to cover the tax reclaimed by the charity.

Company donations to charity are made gross. The company claims tax relief in its computation and the charity receives no additional tax reclaim.

Higher rate taxpayers can carry back their portion of Gift Aid relief to the previous year. Taxpayers can nominate a charity to receive all or part of a tax repayment due to them. Income and Capital Gains Tax relief applies for gifts to charity of listed shares and securities, AIM shares, units in authorised unit trusts, shares in OEICs as well as land and buildings.

| | £ |
|---|-----------------|
| Example (2009/2010) | |
| Tax relief to individual (40% taxpayer) | |
| Net donation paid | 800.00 |
| Higher rate tax relief on grossed up donation (20% x £1,000) | (200.00) |
| Net cost to individual | <u>600.00</u> |
| Charity's position | |
| Net donation | 800.00 |
| Grossed up at 22%* | <u>225.64</u> |
| Gross receipt | <u>1,025.64</u> |

*Transitional relief continues the 22% tax recovery until 5 April 2011.

N.B. References to 'marriage', 'married' and 'spouse' include 'civil partnerships', 'civil partners' etc.

The details in this leaflet are based on the latest available information. We have made every effort to ensure the accuracy of this publication but you should always obtain professional guidance before acting or refraining from any action as a result of its contents. © April 2009

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Income Tax Rates

| Bands £ | Rate % | Tax on band £ |
|------------------|-----------|------------------|
| 2009/2010 | | |
| 1 - 37,400 | 20 | 7,480 |
| over 37,400 | 40 | |
| 2008/2009 | | |
| 1 - 34,800 | 20 | 6,960 |
| over 34,800 | 40 | |

Dividends receive a 10% tax credit. Higher rate taxpayers pay further tax of 22.5% (or 25% of the actual dividend). There is a 10% starting rate of up to £2,440 (£2,320 for 2008/09) only for savings income. Savings income in excess of this band is taxable at the rates above (i.e. £2,441 to £37,400 at 20% and over £37,400 at 40%). However non-savings income takes priority over savings income when using the £2,440 band.

Allowances and Reliefs

| | 2009/2010 £ | 2008/2009 £ |
|---|----------------|----------------|
| Personal allowance | 6,475 | 6,035 |
| Married couple's allowance (basic) | 2,670* | 2,540* |
| Age allowance | | |
| Single person | | |
| - aged 65-74 | 9,490 | 9,030 |
| - aged 75 and over | 9,640 | 9,180 |
| Married couple's allowance | | |
| - aged 65-74 | - | 6,535* |
| - aged 75 and over | 6,965* | 6,625* |
| Age allowance reduced by 1/2 of income over | 22,900 | 21,800 |
| Blind person's allowance | 1,890 | 1,800 |
| Rent a Room | 4,250 | 4,250 |

*Relief restricted to 10% and available only where at least one spouse or civil partner was born before 6 April 1935

Enterprise Investment Scheme (EIS)

| | 2009/2010 £ | 2008/2009 £ |
|-------------------------------|----------------|----------------|
| Maximum qualifying investment | 500,000 | 500,000 |
| Income tax relief | 20% | 20% |

Any capital gain may be exempt once shares are held for three years (longer in some cases) and special rules exist whereby Capital Gains Tax on other assets can be deferred.

Venture Capital Trusts (VCTs)

| | 2009/2010 £ | 2008/2009 £ |
|-------------------------------|----------------|----------------|
| Maximum qualifying investment | 200,000 | 200,000 |
| Income tax relief | 30% | 30% |

Relief available if VCT held for five years post 6 April 2006 (previously three years). The income from a VCT, and any capital gain, is exempt from tax.

Car Scale 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 CO₂ emissions. This applies to cars first registered on or after 1 January 1998. There are different rules for older cars and those with no CO₂ figure.

Discounts apply for cars which run on alternative fuels such as electric, hybrid, E85 fuel and liquefied petroleum gas. A 3% increase applies to most diesel cars subject to maximum of 35%.

| CO ₂ emissions g/km | % of car price | CO ₂ emissions g/km | % of car price |
|-----------------------------------|-------------------|-----------------------------------|-------------------|
| ≤120 | 10 | 185 | 25 |
| 135 | 15 | 190 | 26 |
| 140 | 16 | 195 | 27 |
| 145 | 17 | 200 | 28 |
| 150 | 18 | 205 | 29 |
| 155 | 19 | 210 | 30 |
| 160 | 20 | 215 | 31 |
| 165 | 21 | 220 | 32 |
| 170 | 22 | 225 | 33 |
| 175 | 23 | 230 | 34 |
| 180 | 24 | 235 | 35 |

Business mileage is no longer relevant for car benefits, nor is the age for cars registered from 1 January 1998 onwards.

Car Fuel Benefit

Car fuel benefit is based on a percentage of a set figure, which for 2009/2010 is £16,900. The same percentage figure as for car scale benefit (detailed above) will be used.

Vans

| | 2009/2010 £ | 2008/2009 £ |
|----------------|----------------|----------------|
| Annual benefit | 3,000 | 3,000 |
| Fuel benefit | 500 | 500 |

Neither benefit applies if there is 'insignificant private use' (vans can still be used for 'normal commuting').

HMRC Mileage Rates

| Approved HMRC tax-free mileage rates | 2009/2010 | 2008/2009 |
|--------------------------------------|-----------|-----------|
| Mileage | | |
| Up to 10,000 miles | 40p | 40p |
| Over 10,000 miles | 25p | 25p |

Employment Benefits

Applies to most directors and all employees earning at a rate of £8,500 p.a. or more.

Beneficial loans

Official rate of interest for 2009/2010 is 4.75% (2008/2009: 6.25% reduced to 4.75% from 1 March 2009).

Use of assets

Benefit is 20% of market value or cost to employer (if greater) plus relevant expenses. Special rules apply for property.

Capital Gains Tax (CGT)

| | 2009/2010 £ | 2008/2009 £ |
|------------------|----------------|----------------|
| Annual exemption | | |
| - individuals | 10,100 | 9,600 |
| - settlements | 5,050 | 4,800 |

For assets held prior to 31 March 1982 there is a mandatory re-basing of cost to their March 1982 value. CGT is charged at 18%.

'Entrepreneurs' relief' may apply on the disposal of trading businesses, certain shareholdings in trading companies/groups and the disposal of other capital assets associated with the disposal of the business/shares. This provides a lifetime allowance whereby the first £1m of qualifying lifetime capital gains arising after 5 April 2008 is reduced by 4/9 i.e. an effective CGT rate of 10% (ignoring losses and the annual exempt amount).

Taper relief applied for disposals between 6 April 1998 and 5 April 2008.

Inheritance Tax (IHT)

Transfers made on or after 6 April 2009

| £1 - £325,000* | Rate |
|----------------|--------------|
| £1 - £325,000* | nil |
| Over £325,000 | 40% on death |

*The unused percentage of the nil rate band following the death of the first spouse can be claimed by the executors of the surviving spouse to give them up to a maximum of two nil rate bands to use on the second death.

Lifetime gifts

Most lifetime gifts are exempt from IHT if donor survives seven years. Some gifts including those into and out of most trusts will be taxed at half the death rates.

Tax charge on gifts within seven years of death as set out below:

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

Other exemptions

Small gifts: £250 per donee. Annual gifts: £3,000 per donor.

In consideration of marriage: parent £5,000; grandparent, remoter ancestor or party to marriage £2,500; other £1,000.

National Insurance Contributions (NICs)

From 6 April 2009

Class 1 Employed:

| £ pw earnings | Contracted in | Contracted out (salary related) | Contracted out (money purchase) |
|-------------------------|---------------|------------------------------------|------------------------------------|
| Employee | | | |
| Earnings bracket | | | |
| Up to £110.00 | nil | nil | nil |
| £110.00 - £844.00 | 11% | 9.4% | 9.4% |
| over £844.00 | 1% | 1% | 1% |
| Employer | | | |
| Earnings bracket | | | |
| Up to £110.00 | nil | nil | nil |
| £110.00 - £844.00 | 12.8% | 9.1% | 11.4% |
| over £844.00 | 12.8% | 12.8% | 12.8% |

Class 2 Self-employed:

Weekly rate £2.40 (small earnings exception: £5,075 p.a.)

Class 3 Voluntary:

Weekly rate £12.05

Class 4 Self-employed:

8% on annual profits between £5,715 - £43,875
1% on annual profits above £43,875

Contributions to Registered Pension Schemes

| | 2009/2010 £ |
|---|----------------|
| Individual – 100% of relevant UK earnings to a maximum | 245,000* |
| Employer – final salary scheme (maximum includes employee contributions) - 40% charge on excess | unlimited** |
| Employer – money purchase scheme - 40% charge on excess | 245,000*** |
| Individual's lifetime allowance | 1.75m |

Unless transitional protection was applied for, an effective tax rate of 55% applies to benefits withdrawn from a fund exceeding the lifetime allowance.
*tax relief may be partially withdrawn where the individual's income exceeds £150,000
**subject to special calculation rules
***subject to the wholly and exclusively test

These limits will increase to £255,000 and £1.8m in 2010/2011 and will then apply until April 2016.

Pensions rules allow individuals to contribute up to £3,600 gross p.a. irrespective of earnings.

Corporation Tax Rates

| | Year to 31 March | |
|---------------------------|------------------|--------|
| Taxable profits | 2010 | 2009 |
| £1 - £300,000 | 21% | 21% |
| £300,001 - £1,500,000* | 29.75% | 29.75% |
| over £1,500,000 | 28% | 28% |
| *Marginal relief fraction | 7/400 | 7/400 |