

# Larsen & Co

## Chartered Accountants

### Income Tax

#### Earnings related income

		2009/10	2008/9
Basic rate	20%	<b>£37,400</b>	£34,800
Higher rate	40%	<b>Over £37,400</b>	Over £34,800

#### Savings & Dividend Income

There is a rate of 10% for savings income only with a limit of £2,320 in 2008/9 and £2,440 in 2009/10; taxpayers will be able to reclaim the additional 10% paid at source. If non savings income is above this limit then the 10% rate is not applicable. Higher rate tax payers pay a further 20%

Dividends are taxed at 10% and 32.5% for higher rate taxpayers. Non tax payers cannot reclaim the tax credit on dividends.

#### Allowances

	Restriction	2009/10	2008/9
Personal allowance			
Age Under 65		<b>£6,475</b>	£6,035
Age 65 – 74	£1 per £2	<b>£9,490</b>	£9,030
Age 75 and Over	£1 per £2	<b>£9,640</b>	£9,180
Married Couples Allowance	£1 per £2		
Age less than 75 and born pre 6/4/35		-	£6,535
Age 75 and over		<b>£6,965</b>	£6,625
Minimum Allowance		<b>£2,670</b>	£2,540
Income limit age allowance		<b>£22,900</b>	£21,800
Blind Person		<b>£1,890</b>	£1,800
Payment on loss of office		<b>£30,000</b>	£30,000
Maintenance payments if born pre 6/4/35		<b>£2,540</b>	£2,540
Rent a room relief		<b>£4,250</b>	£4,250
ISA's maximum investment		<b>£7,200</b>	£7,200
ISA's max investment aged over 50		<b>£10,200</b>	£7,200

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### Working and child tax credits

	Restriction	2009/10	2008/9
Working tax credit			
Basic element		<b>£1,890</b>	£1,800
Couple/one parent element		<b>£1,860</b>	£1,770
Disability		<b>£2,530</b>	£2,405
Severe disability		<b>£1,075</b>	£1,020
30 hours		<b>£775</b>	£735
Age 50 plus		<b>£1,300</b>	£1,235
Age 50 plus over 30 hours		<b>£1,935</b>	£1,840
Childcare 1 child	80%	<b>£175</b>	£175
Childcare 2 or more children	80%	<b>£300</b>	£300
Earnings threshold		<b>£6,420</b>	£6,420
Child tax credit			
Family element		<b>£545</b>	£545
Child element		<b>£2,235</b>	£2,085
Disabled child		<b>£2,670</b>	£2,540
Severely disabled child		<b>£1,075</b>	£1,020
Earnings threshold		<b>£16,040</b>	£15,575

### Education maintenance allowance

Parents/guardians annual income	Weekly allowance
Up to £20,817	£30
£20,818-£25,521	£20
£25,522-£30,810	£10

### Capital gains tax

Annual exemption	<b>2009/10</b>	2008/9
Individuals	<b>£10,100</b>	£9,600
Trusts (generally)	<b>£5,050</b>	£4,800
Chattels exemption	<b>£6,000</b>	£6,000
Tax rate		
Individuals	<b>18%</b>	18%
Estates and trusts	<b>40%</b>	40%

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### Entrepreneur's relief

Entrepreneur's relief is available on certain business assets of 4/9 of the gain subject to a lifetime limit of £1million.

### Inheritance tax

Rates	Gross cumulative transfer	
	2009/10	2008/9
0%	<b>£325,000</b>	£312,000
40%	<b>Over £325,000</b>	Over £312,000
Exemptions		
Annual	<b>£3,000</b>	£3,000
Small gifts	<b>£250</b>	£250
Marriage gifts		
Parent	<b>£5,000</b>	£5,000
Grandparent	<b>£2,500</b>	£2,500
Spouses	<b>£2,500</b>	£2,500
Other	<b>£1,000</b>	£1,000

### Taper relief on gifts within 7 years of death

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

### Transfer of unused nil rate bands

On the death of a surviving spouse after 9 October 2007 the relevant percentage of the first spouses unused nil rate band may be transferred to the estate of the surviving partner.

### Personal pension schemes

From 6 April 2006 tax is charged on the value of contributions that exceed the annual allowance or relevant earnings subject to a minimum of £3,600. Tax is also charged if the value of the pension at retirement exceeds the individual's lifetime allowance.

	2009/10	2008/9
Annual allowance	<b>£245,000</b>	£235,000
Lifetime allowance	<b>£1,750,000</b>	£1,650,000

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### National insurance contributions

			Employee's rate	Employer's rate	
Class 1					
Non contracted out rates					
Per week	Per Month	Per Year			
Below	Below	Below £5,715.01	0%		0%
£110.01	£476.01				
£110.01-	£476.01-	£5,435.01-	11%		12.8%
£844.00	£3,656.00	£43875.00			
Over	Over	Over	1%		12.8%
£840.00	£3,656.00	£43,875.00			
Contracted out rates					
				Salary related	Money purchase
Below	Below	Below	0%	0%	0%
£95.01	£412.01	£4,940.01			
£95.01-	£412.01-	£4,940.01-	0%	0%	0%
£110.00	£476.00	£5,715.00			
£110.01-	£476.01-	£5,715.01-	9.4%	9.1%	11.4%
£770.00	£3,337.00	£40,040.00			
£770.01-	£3,37.01-	£40,040.01-	11%	12.8%	12.8%
£844.00	£3,656.00	£43,875.00			
Over	Over	Over	1%	12.8%	12.8%
£840.00	£3,656.00	£40,040.00			
Class 2			From April 2009	From April 2008	
Earnings over £5,075 per annum			£2.40 per week	£2.30 per week	
Special class 2 rate for volunteer development worker			£4.75 per week	£4.50 per week	
Class 3 (voluntary)			£12.05 per week	£8.10 per week	
Class 4 (self employed)			2008/9	2008/9	
0%			Below £5,715	Below £5,435	
8%			£5,715- £43,875	£5,435- £40,040	
1%			Over £43,875	Over £40,040	

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### National minimum wage

Age	Rate per hour		
	From 1/10/09	From 1/10/08	From 1/10/07
Over compulsory school age	<b>3.57</b>	<b>3.53</b>	3.40
18 +	<b>4.83</b>	<b>4.77</b>	4.60
22 + *	<b>5.80</b>	<b>5.73</b>	5.52

\* Workers aged 22 + who are starting a new job with a new employer and doing accredited training are at the 18 + rate.

### Corporation tax

	From 1/4/09	From 1/4/08
Full tax rate	<b>28%</b>	28%
Small company rate (£1-£300,000)	<b>21%</b>	21%
Marginal rate (£300,001 - £1.5m)	<b>29.75%</b>	29.75%

### Capital allowances

	From April 2009	From April 2008
Plant and Machinery		
Annual Investment allowance	£50,000	£50,000
Rate	100%	100%
First year allowance	40%	
Writing down allowance	20%	20%
Long life assets	10%	10%
Integral features	10%	10%
Energy saving plant or machinery	100%	100%
Business premises renovation allowance	100%	100%
Industrial buildings and hotels	2%	3%
Agricultural and forestry land and buildings	2%	3%

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### Car benefits

Registered	Emissions	0- 1,400cc	1,401- 2,000cc	Over 2,000cc
Before 1/1/98		15%	22%	32%
After 1/1/98	None approved	15%	25%	35%
After 1/1/98	Under 120g/km		10%	
After 1/1/98	Up to 140		15%	
	Each additional 5g/km		Add 1%	
	Maximum		35%	
	Diesel cars		Add 3%	

### Fuel benefit

£16,900 times the relevant percentage of the car benefit scale.

### Company Van benefits

	2009/10	2008/9
Benefit for directors and employees earning over £8,500p.a.	£3,000	£3,000

Benefit is apportioned if the van is shared

### Mileage allowance

	Per business mile
Annual business mileage up to 10,000 miles	40p
Business mileage over 10,000 miles	25p
Each passenger making same business trip	5p
Motorcycles	24p
Bicycles	20p

### VAT Car fuel scales – quarterly returns

For accounting periods' commencing on or after 1 May 2007 the VAT fuel scale charge reflects the CO2 emissions. For details please see notice 700/64 on HM Revenue and Customs website.

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### VAT

		<b>From 1/1/2010</b>	From 24/11/08
<b>Rates</b>			
	Standard	<b>17.5%</b>	15%
	Reduced	<b>5%</b>	5%
	Zero	<b>0%</b>	0%
VAT fraction		<b>7/47</b>	3/23
		<b>From 1/5/09</b>	From 1/4/08
Registration threshold		<b>£68,000</b>	£67,000
Deregistration threshold		<b>£66,000</b>	£65,000
Cash accounting scheme –			
	Start to use scheme	<b>£1,350,000</b>	£1,350,000
	Stop using scheme	<b>£1,600,000</b>	£1,600,000
Annual accounting scheme			
	Start to use scheme	<b>£1,350,000</b>	£1,350,000
	Stop using scheme	<b>£1,600,000</b>	£1,600,000
Flat rate scheme			
	Start to use scheme	<b>£150,000</b>	£150,000
	Stop using scheme	<b>£225,000</b>	£225,000

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