



Pocket Tax Guide

2009/10

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a quick check on all the
key facts and figures



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PERSONAL TAXATION

INCOME TAX RATES

Year	Taxable Income (£)	Rate	Cumulative Tax (£)
2009/10	Up to 37,400	20%	7,480
	Over 37,400	40%	-
2008/09	Up to 34,800	20%	6,960
	Over 34,800	40%	-

The rate applicable to trusts is 40% and dividends are taxed at 10% or 32.5%, with a non-repayable tax credit

Savings income (excluding dividends) is taxed at 10% up to a limit of £2,440

This 10% rate is not available if non-savings income exceeds £2,440 (£2,320 in 2008/09)

From 22 April, 2009, the non-repayable tax credit will generally also apply to all dividends from non-UK resident companies

PERSONAL ALLOWANCES

	2009/10 £	2008/09 £
Personal		
- age under 65	6,475	6,035
- age 65 – 74 (age on 5 April, 2010)	9,490	9,030
- age 75 and over (age on 5 April, 2010)	9,640	9,180
Married couple's*†∅		
- age less than 75 and born pre 6 April, 1935	6,865	6,535
- age 75 and over	6,965	6,625
Age allowance income limit for full relief	22,900	21,800
Blind person's	1,890	1,800

* *Relief is restricted to 10%*

† *Allowance*

- *reduced by £1 for every £2 income in excess of limit until minimum allowance of £2,670 (£2,540 in 2008/09) is reached*
- *50% or the full amount of the minimum allowance may be transferred to the wife*
- *applies only where one party was born pre 6 April, 1935*

∅ *Includes same-sex couples who acquired a legal status as civil partners after 5 December, 2005*

TAXATION OF UK DIVIDENDS (and of “qualifying” foreign dividends received by individuals)

On the gross amount at the rate of

- 10% for basic rate taxpayers (liability covered by tax credit)
- 32.5% for higher rate taxpayers (equivalent to additional liability of 25% of dividend received)
- 32.5% for discretionary and accumulation and maintenance trusts

PERSONAL RELIEFS

Loss of office

- £30,000 exempt – subject to conditions

Maintenance to ex spouse

- relief on maximum of £2,670 (£2,540 in 2008/09) unless obligation existed on 15 March, 1988
- relief restricted to 10%
- applies only where either party was born pre 6 April, 1935

Life assurance relief

- relief on pre 14 March, 1984 policies 12.5%

Rent a room relief

- rent received on furnished accommodation in an individual's only or main residence tax free £4,250

BENEFITS IN KIND

For all employees

Incidental overnight expenses

Payments to employees on qualifying trips

- no benefit if employer pays up to £5 per night for UK trips or £10 per night for overseas trips
- taxable in full if limit per trip exceeded

Green transport

No benefits in kind on

- works' buses or subsidies to public bus services
- loan of cycles and cycling safety equipment for travel to and from work
- from 6 April, 2005, subsequent transfer to the employee at market value

Computers

From 6 April, 2006, employees are taxed on 20% of the cost of the computer provided to them at home

For directors, and employees earning at the rate of £8,500 pa or more including expense payments and benefits

Cheap loans where interest charged is less than 4.75% \square (previously 6.25%)

- exempt if loans total no more than £5,000
- exempt if all interest payable is or would be eligible for tax relief

\square From 1 March, 2009

Christmas parties and annual functions

Not taxable if cost does not exceed £150 per head per tax year.

Otherwise, fully taxable.

Vans (up to 3.5 tonnes)	Under 4 years old		4 Years old and over	
	2009/10	2008/09	2009/10	2008/09
	£	£	£	£
	3,000*†	3,000*†	3,000*†	3,000*†

* Per van

† Reduced by private use contribution

From 6 April, 2007, the scale charge increased to £3,000, irrespective of the age of the van

From 6 April, 2005, no charge applies to employees who have to take their van home and are not allowed other private use

Fuel scale charge post 6 April, 2007

All vans - £500

Car Benefit

- benefit based on list price* and applicable carbon dioxide emissions figure for car expressed in grams per kilometre (g/km)
- percentage of list price in most cases between 10% and 35%
- emissions not exceeding lower threshold† 10%
 - increase for each 5g/km above lower threshold† 1%
 - supplement for cars running solely on diesel 3%
- maximum percentage 35%

* Maximum price £80,000 but for classic cars, market value may apply if higher

† 140g/km 2005/06 – 2007/08
135g/km 2008/09
135g/km 2009/10
130g/km 2010/11

From 6 April, 2008, there is a 2% discount for company car drivers who drive a car which is capable of being run on E85 fuel. There are discounts available for company car drivers of alternative fuel cars.

From 6 April, 2011, the £80,000 price cap that currently applies will be abolished and the lower threshold will be reduced to 125g/km.

Fuel scale charges

From 6 April, 2003, the charge on the benefit of free fuel provided for private motoring in a company car is linked to carbon dioxide (CO₂) emissions. The same percentage figure used to calculate the company car benefit charge is used to arrive at the fuel scale charge, based on the car's approved CO₂ emissions with supplements for diesel cars and discounts for alternatively fuelled cars. The percentage figure is multiplied by a set figure, which for the tax years 2003/04 to 2007/08 was £14,400. The figure for 2008/09 and 2009/10 is £16,900.

Apportionment of fuel benefit where fuel is withdrawn

From April 6, 2003, if free fuel for private use is withdrawn during the tax year the fuel benefit charge is apportioned accordingly. But a full year's charge will again apply if free fuel is reinstated in the same tax year.

TAX FREE MILEAGE RATES

Approved mileage rates

Statutory maximum amounts payable to employees for using their own transport for business purposes for 2008/09 and 2009/10

	Per mile
Cars and vans (regardless of cylinder capacity)	
- 1-10,000 miles in tax year	40p
- over 10,000 miles	25p
Motorcycles	24p
Bicycles	20p
Passengers*	5p

* Paid to driver for each fellow employee passenger carried on same business trip to encourage car sharing

ENTERPRISE INVESTMENT SCHEME (EIS) *

Income tax

- relief at 20% of subscription
- maximum subscription £500,000 pa from 6 April, 2008
- minimum subscription £500 pa unless through an approved fund
- maximum carry back is £50,000 ≠
- holding period 3 years (5 years for shares issued pre 6 April, 2000)

Capital gains tax

- original investor exempt from capital gains tax on disposal after 3 years (5 years for shares issued pre 6 April, 2000)
- chargeable gains deferred on reinvestment into qualifying shares

≠ After 5 April, 2009 the EIS income tax relief that can be carried back to the previous tax year is derestricted, subject to the normal £500,000 pa investment cap

VENTURE CAPITAL TRUSTS (VCTs)*

- relief at 30% of subscription in 2009/10
- maximum subscription £200,000 pa
- shareholders exempt from capital gains tax
- income tax anti-avoidance measures apply
- income tax relief holding period 5 years

** Qualification rules are complex, HM Revenue & Customs approval required*

APPROVED EMPLOYEE SHARE SCHEMES

Enterprise Management Incentives (EMI)

- no formal approval required (advance assurance available)
- maximum value of shares over which options granted £3m per company
- available to qualifying trading companies with gross assets of no more than £30m
- no tax or NIC on grant
- no tax or NIC on exercise if exercise price is at least market value at date of grant and providing the option is exercised within 10 years
- sale of shares subject to capital gains tax
- companies involved in shipbuilding, coal and steel production no longer qualify (from 6 April, 2008)
- post Finance Act 2008, the scheme is limited to companies with less than 250 full-time employees

Share Incentive Plan (SIP)

- 3 types of share can be used alone or in any combination
- dividends can be reinvested into further shares (dividend shares) to a maximum of £1,500 per person per annum tax-free
- shares must be non-redeemable, fully paid, ordinary shares, but can be of a special class

Free Shares

- maximum of £3,000 of shares per annum can be given to employees
- must be available to all employees
- minimum holding period of 3 years to benefit from tax relief
- allocation may be conditional on performance targets

Partnership Shares

- full tax relief on purchased shares
- maximum of £1,500 or 10% of salary, whichever is lower at any time within the year
- minimum specified salary deduction must not be greater than £10
- company may specify the maximum number of shares in an award

Matching Shares

- employers can give up to 2 matching shares for each partnership share
- must be of same class and carry same rights as partnership shares
- subject to same minimum holding period as free shares

Saving related share options

- maximum savings of £250 per month
- may grant at up to 20% discount on market value
- gain or bonus on exercise at end of term is tax free

Share options

- maximum value of shares under option £30,000
- no tax on grant or exercise

Profit sharing

- no new schemes after 5 April, 2001
- limit £3,000 or, if greater, 10% of earnings subject to an overall maximum of £8,000
- income tax payable on sale of authorised shares within 3 years of appropriation
 - on ceasing to be a director or employee due to injury, disability or redundancy or reaching relevant age as specified in legislation 50%
 - other 100%

INDIVIDUAL SAVINGS ACCOUNTS (ISAs)

- tax exemption for investments in shares, life insurance and cash
- annual investment limit £7,200 in 2009/10 with £3,600 maximum in cash*
- no lock-in of capital
- individuals aged 16 or over for cash only ISA, 18 or over for Others

ISA tax benefits apply to Personal Equity Plans (PEPs). All PEPs were transferred to stocks and shares ISAs from 6 April, 2008.

** From 6 October, 2009, for individuals aged 50 and over, these limits increase to £10,200 and £5,100 respectively. From 6 April, 2010, these higher limits apply to all investors.*

PENSION CONTRIBUTIONS

From 6 April, 2006 (A-Day) the tax rules on pension schemes changed

Contribution Limits	Tax year	Annual Allowance
	2008/09	£235,000
	2009/10	£245,000
	2010/11	*£255,000

Tax relief up to 40% is available on contributions of 100% of earnings subject to the annual allowances. Contributions exceeding the annual allowance will be subject to a 40% tax charge on the excess.

From 6 April 2011 the tax relief on pension contributions, for those earning over £150,000, will be tapered, so that for those earnings over £180,000, the relief will be at the basic rate. Transitional rules are in place from 22 April 2009.

Statutory Lifetime Allowance (SLA)	Tax year	Annual Allowance
	2008/09	£1.65m
	2009/10	£1.75m
	2010/11	*£1.80m

Pension Age

The minimum pension age is 50, rising to 55 from 6 April 2010.

However, benefits may be taken early on grounds of ill health.

* These figures have been frozen between 2010/11 and 2015/16 inclusive

CAPITAL GAINS TAX

	2009/10	2008/09
Rates (Individuals)	18%	18%
Rate (all UK trusts and personal representatives)	18%	18%
Annual exemptions	£	£
- individuals and personal representatives	10,100	9,600
- trusts for disabled persons	10,100	9,600
- others trusts*	5,050	4,800

* *Reduced if more than one trust per settlor*

Chattels exemptions

- maximum proceeds	6,000	6,000
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Indexation allowance

- frozen from April 1998 for individuals and trusts
- abolished for disposals after 5 April, 2008

Losses

Relief available for

- capital and trading losses of same tax year
- capital losses brought forward

TAPER RELIEF †

Gains on business assets

Disposals from 6 April, 2002 to 5 April, 2008

Number of complete years for which asset held	Equivalent rate for taxpayers at			
	% of gain chargeable	higher rate	basic rate	lower rate
Less than 1	100	40	20	10
1	50	20	10	5
2 or more	25	10	5	2½

Gains on non-business assets

Disposals from 6 April, 1998 to 5 April, 2008

Number of complete years after 5 April 1998 for which asset held*	Equivalent rate for taxpayers at			
	% of gain chargeable	higher rate	basic rate	lower rate
Less than 3	100	40	20	10
3	95	38	19	9½
4	90	36	18	9
5	85	34	17	8½
6	80	32	16	8
7	75	30	15	7½
8	70	28	14	7
9	65	26	13	6½
10 or more	60	24	12	6

* *Assets held on 17 March, 1998 were deemed to have been held for one year at 5 April, 1998 for the purposes of this relief*

† **Abolished for disposals after 5 April, 2008**

Entrepreneurs' Relief on disposals of a business ∞ on or after 6 April, 2008 is ¼ of the gains up to £1m (effective rate 10%). Gains in excess of £1m are charged to capital gains tax at the rate of 18%.

Transitional rules applied to allow relief to be claimed in certain cases where a gain made before 6 April, 2008 was deferred and became chargeable on or after that date.

∞ *Unincorporated trading businesses and shares in trading companies where 5% or more is held*

INHERITANCE TAX

Transfers on death

Cumulative transfers		Rate %
From 6 April, 2009 £	From 6 April, 2008 £	
*Up to 325,000	*Up to 312,000	nil
Over 325,000	Over 312,000	40

Transfers within seven years of death

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

Other chargeable lifetime transfers

50% of death rate

* For deaths after 9 October, 2007, a surviving spouse or civil partner may claim the unused proportion of a deceased spouse's or civil partner's nil rate band up to the current nil rate band

Main exemptions and reliefs

Annual gifts per donor	£ 3,000
Small gifts per donee	250
Gifts in consideration of marriage	
- parent	5,000
- grandparent or other direct lineal ancestor	2,500
- between the parties to the marriage	2,500
- other person	1,000

Business property relief 50% or 100%

Agricultural property relief 50% or 100%

Most transfers between husband and wife

Gifts made out of income that form part of normal expenditure and do not reduce the standard of living

Since 5 December, 2005, same-sex couples have been able to acquire a legal status as civil partners and are treated in the same way as married couples for Inheritance Tax purposes

The nil rate band will rise to £350,000 in 2010/11

BUSINESS TAXATION

CORPORATION TAX

Year to	31 March, 2010	31 March, 2009
<i>Small companies rate ‡</i>	21%	21%
- lower limit	n/a	n/a
- upper limit	£300,000	£300,000
Upper marginal band		
- lower limit	£300,000	£300,000
- upper limit	£1,500,000	£1,500,000
- marginal rate	29.75%	29.75%
- marginal relief fraction	$\frac{7}{400}$	$\frac{7}{400}$
<i>Full Rate – over £1,500,000</i>	28%	28%

- *Not available to close investment holding companies*
- *Upper and lower limits are reduced when there are associated companies*

CORPORATE CHARGEABLE GAINS

- capital gains are taxed at the normal corporation tax rates
- gains by trading companies or groups on disposal of “substantial shareholdings” (interests of 10% or more) in trading companies qualify for exemption†
- legislation is to be introduced to facilitate the matching of gains and losses that arise on disposals of chargeable assets, without the need to transfer (actual or deemed) ownership of assets within a group of companies

† *Detailed conditions apply*

‡ Expected to increase to 22% from 1 April 2010 and the marginal rate will be 29.5%

CORPORATE VENTURING SCHEME*

- for shares issued between 1 April, 2000 and 31 March, 2010
- 20% corporation tax relief on amounts invested in new ordinary shares in companies with qualifying activities
- investment must not exceed 30% of ordinary share capital or voting power
- investee company's gross assets must not exceed £15m (or £16m post investment)
- holding period 3 years
- tax deferral on gains on corporate venturing investments reinvested in other shares attracting corporate venturing relief
- relief against income for capital losses (net of investment relief) on share disposals

** Qualification rules are complex, HM Revenue & Customs approval required*

CONSTRUCTION INDUSTRY SCHEME

Rate of deduction at source (from 6 April, 2007)

Subcontractors registered for payment under deduction	20%
Subcontractors not registered	30%

CAPITAL ALLOWANCES AND RELIEFS

	2009/10	2008/09
Plant and machinery		
Annual Investment Allowance (excluding cars)		
- Expenditure limit	£50,000	£50,000
- Allowance	# 100%	# 100%
First year allowances are available on capital expenditure * for the 12 months to 31 March (or 5 April) 2010	40%	-
Motor cars on or after 1 April, 2009		
- CO2 emissions less than 110g/km	100%	¶ -
- CO2 emissions between 110g/km and 160g/km	20%	-
- CO2 emissions more than 160g/km	10%	-
Motor cars pre 1 April, 2009 (subject to a maximum of £3,000 pa)	20%	20%
Integral features within buildings	10%	10%
Patent rights and know how		
- Writing down allowance	25%	25%
Mines, oil wells, mineral rights	25%	25%
Energy efficient and water technology, plant and machinery	100%	100%
Research and development	100%	100%
Renovation of business premises in disadvantaged areas	100%	100%
Industrial/agricultural buildings and works/hotels	2%	3%

Includes long life assets and integral features but not cars

* Excludes cars, long life assets and integral features

¶ 100% for certain low emission cars pre 1 April, 2009

VALUE ADDED TAX

Rates and limits	Rate
Standard [From 1 December 2008 to 31 December 2009]	15%
[From 1 January 2010]	17½%
Reduced	5%
Zero	0%

Special Schemes

Cash accounting scheme †	£1,350,000
Annual accounting scheme †	£1,350,000
Flat rate scheme*	£150,000

Registration and de-registration thresholds

From 1 May, 2009

Registration	£68,000
De-registration	£66,000

Bad debt relief – waiting period 6 months from date payment is due

Penalties	%
Late registration ‡§	
- 9 months late or less	5
- over 9 and up to 18 months late	10
- over 18 months late	15
Late payments §¶	2-15

* *Separate scheme available for farmers*

‡ *Mitigation available*

§ *Of the related tax*

¶ *Reliefs available for small businesses with turnover up to £150,000*

≠ *Leave scheme once turnover reaches £1,600,000*

MISCELLANEOUS

NATIONAL INSURANCE CONTRIBUTIONS (NIC)

Class 1 employed

From 6 April, 2009

Lower earnings limit for primary contributions £95 pw

Earnings per week £	Not contracted out	
	employer	employee
0-95.00	nil	nil
95.01-110.00	nil	nil
110.01-844.00	12.8%	11%
over 844.00	12.8%	1%

Earnings per week £	Contracted out*	
	employer	employee
0-95.00	nil	nil
95.01-110.00	nil	nil
110.01-770.00	9.1%	9.4%
770.01 – 844.00	12.8%	11%
over 844.00	12.8%	1%

* *Different contracted out reductions apply in respect of contracted out money purchase schemes and salary related schemes*

Employer's NIC of 12.8% (12.8% 2008/09) applies to most income tax benefits

Note: employee's rate for a married woman with a valid election 4.85% on earnings of £110.01-£844.00, plus 1% on excess over £844

	2009/10	2008/09
Class 1A (employer)	12.8%	12.8%
Class 2 self employed		
Flat rate	£2.40pw	£2.30pw
Small earnings exception	£5,075pa	£4,825pa
Class 3 non-employed		
Voluntary	£12.05pw	£8.10pw
Class 4 self-employed		
Rate on profits	8%	8%
Annual lower limit	£5,715	£5,435
Annual upper limit	£43,875	£40,040
Above annual upper limit	1%	1%

WORKING TAX CREDIT

Basic Element £1,890 (2009/10)

Payable to people employed or self-employed who:

- usually work 16 hours or more a week
- expect to work for at least 4 weeks

and who are:

- aged 16 or over and responsible for at least one child
- aged 16 or over and disabled
- aged 25 or over and usually work 30 hours per week

Paid directly by HM Revenue & Customs

Includes Basic Element, plus additions for couples, lone parents and disabled

Includes support for eligible childcare; now extended to include the over 50's

Income related award, initially based on previous year's taxable income and adjusted if necessary, once 'actual' income known

CHILD TAX CREDIT

Payable to families (couples or lone parents) who:

- have one or more dependent children under 16 (or 19 if in full time education)

Note:

- credit is paid directly into main carer's bank account
- basic family element: £545 per annum
- family element, baby addition £545 per annum
- basic child element £2,235 per annum
- income related award – restricted if family income exceeds £50,000 per annum
- additional elements for each additional child, disabled children

CHILD TRUST FUND

Initial endowment at birth for every child of £250 rising to £500 for low income families

From 22 March, 2006 all children receive a further payment at the age of 7 of £250 with children from low income families receiving a further £500

Additional contributions of up to £1,200 per year can be made by parents, family members, friends and the children themselves

Accessible when child reaches 18 years of age with no restriction of the use of assets

Applicable to all children born from 1 September 2002

From April 2010, the Government will make payments of £100 pa into the Fund accounts of all disabled children

NATIONAL MINIMUM WAGE

	From 1 October, 2009	From 1 October, 2008
16-17 year old	£3.57 per hour	£3.53 per hour
18-21 year old	£4.83 per hour	£4.77 per hour
22 years & over	£5.80 per hour	£5.73 per hour

GIFTS TO CHARITIES

Gift aid

- tax relief on cash gift
from 6 April, 2002 also available on gifts to certain amateur sports clubs
- from 6 April, 2003 a taxpayer is able to elect that the gift be treated as made in the previous tax year
- from 6 April, 2008 charitable giving through Gift Aid will receive relief at a transitional rate of 22% [for tax years 2008/09 to 2010/11]

Gift of assets

- relief for full value of gift of
 - shares and securities listed on a recognised stock exchange including AIM
 - units in authorised unit trusts
 - shares in open ended investment companies
 - an interest in certain off-shore funds
 - freehold or leasehold property which the charity agrees to accept
- relief given against income or profits of donor
- capital gains tax relief in addition to above

Payroll deduction

- tax relief on full gift

STAMP DUTY/STAMP DUTY RESERVE TAX/STAMP DUTY LAND TAX

- payable on transfers of stock and marketable securities	0.5%
- if a transfer document is used, stamp duty is payable	
- if not, stamp duty reserve tax (SDRT) is payable	
- stamp duty or SDRT is payable on the purchase price	0.5%/1.5%
Land and buildings*	
£1-£125,000	0
£125,001-£250,000	1%
£250,001-£500,000	3%
Over £500,000	4%
Gifts inter vivos	† exempt
Goodwill and intellectual property	exempt
Fixed duty on certain documents	£5

ZERO CARBON HOMES

New homes liable to SDLT including flats on the first sale are from 1 October, 2007 eligible to qualify for complete removal of SDLT liabilities for all homes up to a purchase price of £500,000 (available until 30 September 2012). Where the purchase price is in excess of £500,000, then the SDLT liability is reduced by £15,000. The SDLT balance will be due in the normal way.

* *Exempt on all residential property sales up to £150,000 in disadvantaged areas*

† *Except gifts of land to connected companies*

£5 Ad valorem duty for non-paperless transactions below £1,000, all non-paperless transactions above this level are charged at 0.5% rounded up to the nearest £5

§ *From 1 December, 2003 zero rate band is increased to £150,000 on commercial property transfers*

Ø *The 0% threshold for residential property is temporarily increased to £175,000 from 3 September, 2008 to 31 December, 2009, thereafter reverting to £125,000*

LANDFILL TAX

- £2.50 per tonne for inactive waste
- £40 per tonne for all other waste

INSURANCE PREMIUM TAX

- 5% of taxable premium
- 17.5% insurance on motor vehicles, domestic appliances and travel

AGGREGATES LEVY†

- £2.00 per tonne flat rate on sand, gravel and crushed rock extracted in the UK or imported into the UK

CLIMATE CHANGE LEVY†

Paid by commercial users, collected by utility companies

Electricity 0.47p per kwh

Gas 0.164p per kwh

Liquid petroleum gas or similar 1.05p per kilogram

Other taxable commodities (e.g. coal and coke) 1.281p per kilogram

Discounts, exemptions and reliefs available

† Penalties apply to incorrect declarations

AIR PASSENGER DUTY

Rates per passenger:

From 1 April, 2009 to 31 October, 2009

£20 standard for UK and EEA destinations≠

£80 standard for other destinations

Reduced rates (for lowest class of travel)

£10 economy for UK and EEA destinations≠

£40 economy for other destinations

Flights from Airports in the Scottish Highlands and Islands are exempt

From 1 November, 2009 to 31 March, 2010

	Reduced	Standard
Band A Up to 2,000 miles from London	£11	£22
Band B 2,001 to 4,000 miles from London	£45	£90
Band C 4,001 to 6,000 miles from London	£50	£100
Band D Over 6,000 miles from London	£55	£110

≠ Includes Switzerland and Turkey

PENALTIES FOR TAX COMPLIANCE FAILURES

DIRECT TAXATION

PENALTY

Failure to give notice of chargeability

Tax geared

Failure to comply with notice requiring the submission of a tax return

Initially a fixed penalty of £100, then can be tax geared if failure continues

Failure to take reasonable care with a return*

- where careless

30% of potential lost revenue

- where the inaccuracy is deliberate but not concealed

70% of potential lost revenue

- where the inaccuracy is deliberate and concealed

100% of potential lost revenue

* Without disclosure – there are reduced minimum penalties with prompted disclosure and unprompted disclosure, based on the potential lost revenue

Failure to produce documents etc for the purposes of an enquiry into a company return or an individual's return

Initial penalty now £300 (individual), followed by daily penalties to a maximum of £60 per day, thereafter unlimited

Assisting in the delivery of incorrect returns, accounts, or information

Penalty not exceeding £3,000 per occasion and in the case of a tax accountant, access to all working papers past and present

VAT

PENALTY

Failure to take reasonable care with a return*

- where careless

30% of potential lost revenue

- where the inaccuracy is deliberate but not concealed

70% of potential lost revenue

- where the inaccuracy is deliberate and concealed

100% of potential lost revenue

* Without disclosure – there are reduced minimum penalties with prompted disclosure and unprompted disclosure, based on the potential lost revenue

DATES FOR PAYMENT OF TAX

INCOME TAX AND CAPITAL GAINS TAX

Payment due	Years of assessment	Tax liability
31 July, 2009	2008/09	Second interim payment on account
31 January, 2010	2008/09	Balance of income tax
	2008/09	Capital gains tax
	2009/10	First interim payment on account

Interim payments will normally each equal 50% of the preceding year's total net income tax liability

INHERITANCE TAX

- on transfers 1 October - 5 April or on death 6 months after end of month in which transfer or death occurs
- on transfers 6 April - 30 September 30 April after tax year

CORPORATION TAX

- small and medium-sized companies 9 months and a day after end of accounting period
- large companies payments on account due on a quarterly basis, commencing 6 months and 14 days from start of accounting period (for companies with a 12 month accounting period)

VALUE ADDED TAX 1 month after end of return period, or 2 months for annual returns

STAMP DUTY 30 days from date of execution of document

FUTURE TAX INCREASES

The 2009 Budget Statement includes proposals to reduce personal allowances on incomes over £100,000 from 6 April, 2010 and to introduce a 50% income tax rate on incomes over £150,000.

There are also proposals to restrict income tax relief on pension contributions to the basic rate for those with incomes over £150,000 and to increase all NIC rates by 0.5%.

This booklet has been prepared as a guide only from the Budget Statement made on 22 April, 2009. We would urge you to contact us to seek further advice before acting on any information herein. We cannot be held responsible for any loss incurred as a result of using this information.

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