

INHERITANCE TAX

Transfers on death or up to 7 years before

Exempt band	£300,000
Tax rate on excess	40%
Lifetime transfers to/from certain trusts	20%

Taper relief for gifts within 7 years of death:-

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

Main Exemptions

Most transfers between husband and wife **W** first £3,000 of lifetime transfers in any tax year **W** up to £250 pa to any number of individuals **W** gifts in consideration of marriage - £5,000 by a parent, £2,500 by a grandparent, £1,000 by any other person **W** gifts out of income **W** gifts to charities.

SAVINGS & INVESTMENT

Individual Savings Accounts limits

(Either 'maxi' or 'minis', but not both)

Maxi ISA - stocks & shares / unit trusts	£7,000
Mini ISAs - stocks & shares / unit trusts / bond bank / building society	£4,000
Total	£3,000
	£7,000

DATES FOR PAYMENT

Self-employed (Schedule D), investment income received gross (eg. rents & interest) and higher rate tax

1st instalment on 31 January in the year of assessment,
2nd instalment on the following 31 July,
any balance due on the following 31 January.

Capital Gains Tax

31 January following the year of assessment.

Corporation tax

9 months after the end of the accounting period.

Value Added Tax

1 month after the end of the tax period, unless paying electronically, for which a further 7 days is allowed.

PAYE and NIC

2 weeks after end of tax month.

If less than £1,500/mth, then 2 weeks after end of tax quarter.

We can help

Are you paying too much tax? How do you avoid penalties and surcharges? What paperwork has to be kept, what forms have to be sent in and when?

These are the questions that everyone needs answers to and this is where we can help.

Whether you are in business, employed or simply enjoying the fruits of life's labours, at Marshall Roche we can help you to plan your affairs to maximise your income, whilst taking full advantage of all legal means to minimise your tax liabilities.

Marshall Roche services include:-

- q Tax returns and tax planning
- q Tax investigation specialists
- q Year end accounts
- q VAT & wages
- q Property income
- q Seafarers and expatriate tax
- q Helping small or growing businesses
- q Book-keeping & management accounts
- q Advice on business purchase or sale
- q Business planning and forecasting

Call now for further details.

Marshall Roche Limited. Registered to carry on audit work by The Institute of Chartered Accountants in England & Wales

Established 1983

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TAX DATA 2007/2008

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"Very professional, very approachable"

Established 1983



INCOME TAX

Tax Rates	2007/08 bands	2006/07 bands
	Up to £2,230	Up to £2,150
22%	£2,231 - £34,600	£2,151 - £33,300
40%	Over £34,600	Over £33,300

Interest is taxed at 20% for basic rate tax-payers.

Shareholders liable at 40% pay extra tax equivalent to 25% of the net dividends received.

2007/08 Allowances

	Personal	Married couples
Age at 5 April 2008:-		
Under 65 years old (basic)	£5,225	nil
65 - 74 years*	£7,550	£628.50
75 years and over*	£7,690	£636.50
Blind persons allowance	£1,730	

* Reduced for those with income over £20,900pa.

Only applies if either spouse was born before 6 April 1935. Amount shown is the amount tax bill is reduced by.

Rent a room - tax free lodger allowance £4,250

VALUE ADDED TAX

Standard rate	17.5%
To get VAT from VAT inclusive total, multiply by	7/47
Turnover threshold for registration (past 12 months or coming 30 days)	£64,000
Cash accounting scheme - maximum turnover	£1.6m
Flat rate scheme - Joining turnover limit (net)	£150,000
Must leave scheme when gross turnover exceeds	£225,000

Private use of fuel from 1/5/07 is based on CO₂ emissions.

Quarterly rates start at £182 (VAT payable £27.11) for cars up to 144g/km, rising to £426 (VAT payable £63.45) for cars emitting 240g/km or more. Rates in between are roughly pro-rata, but do not follow a simple formula - the full table is too large to reproduce here - details can be found on our web-site at www.marshallroche.co.uk/fuelvat.

CORPORATION TAX

Profits between:-	Year ended 31.3.2008	Year ended 31.3.2007
£1 - £300,000	20%	19%
£300,001 - £1,500,000	32.5%	32.75%
£1,500,001+	30%	30%

From 1 April 2008 the small company rate will rise to 21% and the higher rate will reduce to 28%.

CAR AND FUEL BENEFITS

CO ₂ emission level of the car -	%age
up to 140g/km	15%
for every additional (complete) 5g/km, add	1%
Then apply fuel type adjustments, as below	
Up to a maximum for any car of	35%
Type of fuel	Adjustment
Diesel, not Euro IV (low emission)	add: 3%
Diesel (Euro IV) first reg before 1/1/06	None
Diesel (Euro IV) first reg on or after 1/1/06	add: 3%
Electric only	reduction: 6%
Hybrid electric	reduction: 3%
Gas only	reduction: 2%
Bi-fuel with CO ₂ emissions figure for gas	reduction: 2%

Fuel benefit - multiply the relevant percentage by £14,400.

Van benefit £3,000 (Fuel £500)

No van benefit if only private use is between home and work.

Approved (ie tax free) business mileage allowance

(Rates per mile)	First 10,000 business miles in tax year	Over 10,000 business miles
Cars and vans	40p	25p
Motor cycles	24p	24p
Bicycles	20p	20p
Each additional business passenger -	5p per mile	

MAIN CAPITAL ALLOWANCES

Motor cars - 25% of reducing balance (max £3,000 per car)
Plant and machinery - 50%* in year of purchase
(* companies over £5.6m t/o - 40%)
- then 25% of reducing balance

Hotels, Agric. Buildings -	4% of cost
Research & development -	150%

CAPITAL GAINS TAX

	2007/08	2006/07
Annual exemption	£9,200	£8,800
Rate of tax:	Taxed as top slice of income, except that basic rate tax-payers only pay 20%, not 22%.	

Business assets: No. of years owned ; %age of gain taxable:-
0-1 years; 100% 1-2 years; 50%
2 or more years; 25%

Non-business assets: Taxable gain reduces by 5% for each year owned, except the first two years, but max reduction = 40%.

NATIONAL INSURANCE

Class 1 (Not contracted out)	Employer rates	Employee rates
Weekly earnings between:-		
£0 - £100.00	No contributions due	
£100.01 - £670.00	12.8%	11%
Over £670.00	12.8%	1%
Class 1A - employee benefits (eg car, medical etc.)	12.8% of taxable benefit	nil
Class 2 - self-employed	£2.20/wk	
If earnings in tax year exceed		£4,635
Class 3 - voluntary	£7.80/wk	
Class 4 - self-employed	Rate applied	
Profits £0 - £5,225	Nil	
£5,225 - £34,840	8%	
£34,840 +	1%	

PENSION CONTRIBUTIONS

As from 6 April 2006 (known as 'A-Day'), pension rules changed dramatically. The broad aim is to let people contribute as much as they can afford during their lifetime, subject to an overall limit on the value of their pension 'pot'.

The limits are as follows:-

Personal contributions	The larger of :- £3,600pa or 100% of Net Relevant Earnings
Company contributions	£225,000pa (less any personal)
Lifetime fund size limit	£1.6 million

Retirement

Up to 25% of the fund can be taken as tax free cash, so long as an annuity is also taken and this is by age 75. There is no longer any requirement to take an annuity by age 75, but a pension must be drawn from the fund after that age.

As from April 2010, the earliest age at which benefits can be taken will be 55.

Pension term assurance

Contracts made pre 6/4/01; 5% of NRE (inc. in above limits)
Post 6/4/01 - 10% of allowable pension contributions made.

IMPORTANT NOTICE

This data is based on the Chancellor's Budget proposals as they affect small businesses, subject to the Finance Act 2007. As the information is of a general nature only, further advice should be sought from us before relying on any of the information provided.