

Registered pension schemes, Contribution limits and allowances Special annual allowance charge (high earners)	1
Stamp duty	2
Income tax	2
Car assessment	3
Individual Savings Accounts (ISAs)	3
Corporation tax	3
Capital gains tax	4
Inheritance tax	4
Social security benefits	5
National insurance contributions	6
Value Added Tax	6

Registered pension schemes

Standard contribution limits and allowances

Individuals receive tax relief on all their contributions up to 100% of their earnings. If they have no earnings, they can contribute up to £2,880 per year to a relief-at-source scheme – this equates to £3,600 once tax relief has been added.

There is no limit to employers' contributions but they only attract tax relief if paid wholly or exclusively for the purposes of the business.

Individuals suffer a 40% tax charge on excess contributions to registered pension schemes. These are contributions, whether from the individual or an employer, which exceed the annual allowance for the year in question. This charge does not apply in the year of retirement.

Individuals may have funds in registered pension schemes up to the lifetime allowance without any extra tax charge when the benefits are paid. Funds outside this limit and used to provide benefits are taxed at 25% if the benefit is a pension and 55% if it is a cash sum. Individuals registered for primary or enhanced protection before 5 April 2009 escape these tax charges.

The lifetime and annual allowances are:

Tax year	Lifetime allowance	Annual allowance
2008/09	£1.65m	£235,000
2009/10	£1.75m	£245,000
2010/11	£1.8m	£255,000

The allowances for 2010/11 will also apply for years up to 2015/16 (inclusive)

Special annual allowance charge (high earners)

For 2009/10 there will be a special annual allowance charge on pension savings for people with taxable income above an annual "relevant income" limit of £150,000. "Relevant income" includes pension contributions collected under a net pay system and also any salary sacrificed under an agreement made after 21 April 2009. The charge will apply to both employer and employee contributions or, in a defined benefit scheme, to the annual increase in the capital value of a member's prospective benefits.

The charge will not apply to contributions up to a "qualifying level". This will be £20,000 or, if higher, the level (either in cash terms or relative to earnings) established before 22 April 2009. Nor will it apply to existing members of defined benefit pension schemes unless the rules are changed so as to increase the rate at which benefits accrue.

The charge will be at the rate of 20% of pension savings in excess of the qualifying level. It will be collected as an income tax charge through the self-assessment process.

Stamp duty

Land and buildings	Until 31 December 2009	From 1 January 2010
Up to £125,000	Nil	Nil
£125,001 to £150,000 (non-residential)	Nil	Nil
£125,001 to £175,000 (residential)	Nil	1%*
£150,001 to £175,000 (non-residential)	1%	1%
£175,001 to £250,000	1%	1%
£250,001 to £500,000	3%	3%
Over £500,000	4%	4%

New 'zero carbon' homes are exempt from stamp duty where the purchase price is £500,000 or less. Where the purchase price is higher, duty is calculated at 4% but reduced by £15,000.

*The exemption for residential property purchases up to £150,000 in designated disadvantaged areas will come back into play when the threshold for the 1% rate falls back below this level from 1 January 2010.

Shares and marketable securities

Rate for 2009/10 0.5%

Income tax

Allowances

Personal allowances	2008/09 £	2009/10 £
Basic	6,035	6,475
Age 65-74	9,030*	9,490*
Age 75 and over	9,180*	9,640*
Married couple's allowance (attracts only 10% relief)		
Age under 75 and born before 6.4.1935	6,535*	6,865*
Age 75 or over	6,625*	6,965*
*These allowances are reduced by £1 for every £2 income above the age allowance income limit of:	21,800	22,900
but the married couple's allowance cannot be reduced by this below:	2,540	2,670
Blind Person's allowance	1,800	1,890

Taxable income 2009/10

Personal rates of tax:

Taxable income	Savings income	Dividends	Non-savings income
Up to £2,440	10%	10%	20%
£2,441 to £37,400	20%	10%	20%
Over £37,400	40%	32.5%	40%

Non-savings income is taken as the bottom layer of income, then savings income, with dividends as the top layer, so that a person whose non-savings income exceeds their personal allowance by £2,440 or more gets no benefit from the 10% rate.

Trusts	Dividends	Other income
Interest in possession trusts	10%	20%
Discretionary trusts and accumulation and maintenance trusts: – first £1,000 of income	10%	20%
– income above £1,000	32.5%	40%

Dividends are taken as the top layer of income.

Income tax reliefs

	2008/09	2009/10
Life assurance premium relief (pre March 1984 policies)	12.5%	12.5%
Enterprise investment scheme (relief limited to 20%)	£500,000	£500,000
Venture capital trust (relief available up to 30%)	£200,000	£200,000

Car assessment

Car benefit

Most company cars are taxed on a percentage of their price. The percentage (shown in column B) depends on their level of carbon dioxide (CO²) emissions measured in grams per kilometre (shown in column A).

A	B	A	B	A	B	A	B	A	B	A	B
135	15	150	18	165	21	180	24	195	27	210	30
140	16	155	19	170	22	185	25	200	28	215	31
145	17	160	20	175	23	190	26	205	29	220	32
										235	35

For diesel cars the numbers in column B are increased by 3, but cannot exceed 35. Lower percentages apply to cleaner, alternatively fuelled cars.

Cars registered before 1 January 1998 (column C), or registered later but not having an approved carbon dioxide emissions rating (column D) are taxed by engine size, again on the percentage of their price shown in the relevant column.

Engine size (cc)	C	D
Up to 1400	15	15
1401–2000	22	25
Over 2000	32	35

Fuel benefit

There is a separate tax charge on the benefit of free fuel provided for private use of a company car.

The charge is calculated by multiplying a set figure, £16,900 for 2009/10, by a percentage. The percentage is the same as the one multiplied by the car's price in working out the car benefit charge.

Individual Savings Accounts (ISAs)

Annual investment limits

	2009/10
Overall maximum	£7,200*
– Maximum cash investment	£3,600*
– Maximum stocks and shares (including life assurance) investment	£7,200*

*The limits of £3,600 and £7,200 will increase from 6 October 2009 for investors aged over 50, to £5,100 and £10,200 respectively.

Corporation tax

	Profit limit	2008/09	2009/10
Small companies rate	£300,000	21%	21%
Small companies marginal rate	£1,500,000	29.75%	29.75%
Main rate	Over £1,500,000	28%	28%

Capital gains tax

Annual exemptions and rates

	2008/09	2009/10
Annual exemption (individuals and personal representatives)	£9,600	£10,100
Annual exemption (trustees)	£4,800	£5,050
Rate for gains eligible for entrepreneurs' relief	10%	10%
Rate for other gains	18%	18%

Inheritance tax

Rates

2008/09	Rate	2009/10	Rate
First £312,000*	Nil	First £325,000*	Nil
Excess over £312,000*:		Excess over £325,000*:	
Chargeable lifetime transfers†	20%	Chargeable lifetime transfers†	20%
Death‡	40%	Death‡	40%
Trust periodic charge	6%	Trust periodic charge	6%

*The nil rate band may be increased by up to 100% on death if the deceased is a the widow, widower or surviving civil partner of a person who did not use their full nil rate band on death.

†These include most gifts into discretionary trusts, accumulation and maintenance trusts, and interest in possession trusts.

‡The death charge also applies to gifts made in the 7 years before death, except that tapering relief reduces the rate of tax on gifts between 3 and 7 years before death and any tax paid on the gift as a chargeable lifetime transfer is deducted.

Main exempt transfers

	£ max
Transfers between spouses or civil partners	No limit
Annual exemption	3,000
Small gifts	250
Gifts to charities	No limit
Normal expenditure out of income	Varies
Gifts in consideration of marriage or registration of a civil partnership	
From parent	5,000
From grandparent or between partners	2,500
From others	1,000
Other gifts	
Potentially exempt transfers	– Exempt if donor survives 7 years.

Reliefs

Business or farming assets may attract relief at either 100% or 50%, depending upon the circumstances.

National insurance contributions 2009/10

Class 1 (employed) – contracted in rate on earnings within bands:

earnings per week	employee's contribution	employer's contribution
up to £110	Nil	Nil
£110.01 to £844	11%	12.8%
above £844	1%	12.8%

Class 2 (self-employed) – £2.40 per week if earnings over £5,075 per year

Class 3 (voluntary) – £12.05 per week

Class 4 (self-employed – additional levy)

annual profits: between £5,715 and £43,875 – 8%

above £43,875 – 1%

Contracting out rebates:

Contracted out salary related schemes:

employer – 3.7% of weekly earnings between £95 and £770

employee – 1.6% of weekly earnings between £95 and £770

Employers deduct these rebates from the Class 1 contributions.

Contracted out money purchase schemes

employer – 1.4% of weekly earnings between £95 and £770

employee – 1.6% of weekly earnings between £95 and £770

Employers deduct these rebates from the Class 1 contributions.

In addition, an age-related rebate, based on the same earnings, is paid to the Scheme by the Government. This ranges from 0.01% for a person who has their 17th birthday during the tax year to 4.4% for a person who has their 49th or later birthday.

Appropriate personal pension schemes

Employers and employees pay full contributions.

Government pays rebates to the scheme, depending on age and income as follows:

on annual earnings between	age-related rebate between
£4,940 and £13,900	9.4% and 14.8%
£13,901 and £31,800	2.35% and 3.7%
£31,801 and £40,040	4.7% and 7.4%

Value Added Tax

Standard rate

1 December 2008 to 31 December 2009	15%
1 January 2010 onwards	17.5%
Annual registration limit:	£67,000