



Tax tables

2008/09



FRIENDS PROVIDENT

Registered pension schemes, Contribution limits and allowances	1
Stamp duty	1
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, contribution limits and allowances

Individuals receive tax relief on all their contributions up to 100% of their earnings a year, or (in a relief at source scheme) £2,880 a year if they have no earnings (which equals £3,600 once tax relief has been added). There is no limit on an employer's contributions, but they must satisfy the 'wholly and exclusively' rule. Individuals will have to pay a 40% tax charge if they or their employer together pay in more than the annual allowance to all registered pension schemes. This tax charge does not apply in the year of retirement.

Individuals may have funds in registered pension schemes worth up to the lifetime allowance, without suffering any extra tax charge when the benefits are paid out. They may save more than this, but there will be a tax charge, known as a 'lifetime allowance charge' on any funds paid out which are more than the lifetime allowance. The charge is 25% if paid as a pension and 55% if paid as a cash sum. Members may register (by 5 April 2009) for primary or enhanced protection.

The allowances are as follows:

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

In 2010/11, the allowances will be reviewed for the next five years.

Earnings cap

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
£	97,200	99,000	102,000	105,600	108,600	112,800	117,600

Stamp duty

<i>Land and buildings</i>	<i>2008/09</i>
Up to £125,000	Nil
£125,001 – £250,000	1%
£250,001 – £500,000	3%
Over £500,000	4%

From 01/10/07, no stamp duty will be due on new 'zero carbon' homes up to a purchase price of £500,000. Where the price exceeds this figure, the liability will be reduced by £15,000.

All non-residential purchases up to £150,000 are exempt from stamp duty.

All residential property purchases up to £150,000 in certain designated disadvantaged areas are exempt from stamp duty.

Shares and marketable securities	0.5%
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Income tax

Allowances		
	2007/08 £	2008/09 £
Personal allowances		
Basic	5,225	5,435**
Age 65–74 ^o	7,550	9,030
Age 75 or over ^o	7,690	9,180
Married couple's allowance[†]		
Age under 75 & born before 6.4.1935 ^o	6,285	6,535
Age 75 or over ^o	6,365	6,625
Minimum allowance*	2,440	2,540
Income limit for age related allowances	20,900	21,800
Blind person's allowance		
	1,730	1,800

[†] Allowance attracts tax relief at 10%.
^o Allowances reduced by £1 for every £2 in excess of age allowance income limit.
* This is the minimum amount applicable where one spouse/civil partner was born before 6 April 1935 and income exceeds age allowance threshold.
** Increased to 6,035 effective from September 2008 but retrospective to 6th April.

Taxable income 2008/09			
	Non-savings income	Dividends	Interest
Up to £36,000**	20%	10%	20%*
Over £36,000**	40%	32.5%	40%*

* Reduced to starting rate of 10% on excess of £2,320 over taxable non-savings income.
** Decreased to 34,800 effective from September 2008 but retrospective to 6th April.

Trusts	Rate of tax	
	Dividends	Interest
Discretionary, and accumulation and maintenance trusts*	32.5%	40%
Interest in possession trusts	10%	20%

* The first £1,000 of income will be taxed at 10% for the UK dividend income and 20% for other income.

Reliefs		
	2007/08	2008/09
Life assurance premium relief (pre 14 March 1984 policies)	12.5%	12.5%
Enterprise investment scheme	£400,000*	£500,000*
Venture capital trust	£200,000**	£200,000**

* Relief limited to 20%. Increase for 2008/09 subject to approval by the European Commission.
** Relief available up to 30%

Car assessment

Car benefit

Company cars are taxed on a percentage of their price, which will vary according to their level of carbon dioxide (CO₂) emissions, measured in grams per kilometre. Cars registered prior to 1 January 1998 and cars without an approved figure of CO₂ emissions will be taxed according to their engine size.

Annual Taxable Value (ATV) £ 2008/09 Registered after 1 January 1998

CO ₂ emissions in grams per kilometre	% of car's price to be taxed
135	15
140	16
145	17
150	18
155	19
160	20
165	21
170	22
175	23
180	24
185	25
190	26
195	27
200	28
205	29
210	30
215	31
220	32
225	33
230	34
235	35

There will be a supplement of 3% on the list price for diesel cars, up to the maximum charge of 35%.

There will be discounts for certain cleaner, alternatively fuelled cars.

Registered before January 1998 or without a CO₂ emissions figure

Engine size cc	Pre 1998 car	1998 or later without a CO ₂ emissions figure
below 1400	15%	15%
1401 to 2000	22%	25%
2001 and over and cars with no cc	32%	35%

Fuel benefit

There will be a separate tax charge on the benefit of free fuel provided for private motoring in a company car.

The charge is calculated by multiplying a set figure, £16,900 for 2008/09, by the percentage of the ATV. There will be a 3% supplement for diesel (overall maximum charge of 35%).

Individual Savings Accounts (ISAs)

Annual investment limits

2008/09

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

Corporation tax

	Profit limit	2007/08	2008/09
Small companies rate	£300,000	20%	21%
Small companies marginal rate	£1,500,000	32.5%	29.75%
Main rate	Over £1,500,000	30%	28%

Capital gains tax

Annual exemptions and rates	2007/08	2008/09
Individuals and personal representatives	£9,200	£9,600
Trustees	£4,600	£4,800

Individuals and trustees – 18%

Entrepreneur's relief

The relief will be available on qualifying disposals made after 5th April 2008 up to a lifetime limit of £1 million.

Gains which qualify for relief will be charged to CGT at a rate of 10%. Those which do not will be taxed at the new general CGT rate of 18%.

Trustees will also be able to claim the relief where a qualifying beneficiary has a qualifying interest in the business in question. Such claims will reduce the beneficiary's lifetime limit.

Inheritance tax

Rates

2007/08	Rate	2008/09	Rate
£300,000	Nil	£312,000	Nil
Excess over £300,000	40%	Excess over £312,000	40%

Main exempt transfers

	£ max
Transfers between spouses or civil partners	No limit
Annual exemption	3,000
Small gifts	250
Gifts to charities	Unlimited
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
Gifts	
Potentially exempt transfers*	–Exempt if donor survives 7 years.
Chargeable lifetime transfers* (e.g. transfers into a relevant property trust*)	–20% payable on excess above £312,000. Otherwise exempt if donor survives 7 years.

*Includes most gifts into discretionary trusts, accumulation and maintenance trusts, and interest in possession trusts.

Tapering relief exists to reduce the tax charge on gifts made between 3 and 7 years of death and where the cumulative total exceeds £312,000.

Business or farming assets may attract relief at 100% or 50% depending on the circumstances.

Social security benefits

		Note	From April 2007	From April 2008	
Retirement pension					
			£ p.w.	£ p.w.	
	Single person		87.30	90.70	
	Additional pension		52.30	54.35	
	[Total for a married couple]		139.60	145.05	
	Age addition if over 80 (each)		0.25	0.25	
State Pension Credit					
	Single person		119.05	124.05	
	Married couple or civil partners		181.70	189.35	
These figures are reduced if savings income exceeds £90.70 p.w. (single) and £145.05 p.w. (married couple or civil partners)					
Maternity allowance					
	standard rate	f	112.75	117.18	
Child benefit					
	eldest	f	18.10	18.80	
	(per child) subsequent	f	12.10	12.55	
Child tax credit					
	Child element, per child	g	35.45	40.10	
	Family element		10.45	10.45	
Working tax credit					
	Basic	g	33.25	34.60	
	Couple / lone parent addition	g	32.65	34.00	
Child care					
	70% of eligible costs max: one child	g	175.00	175.00	
	two or more children	g	300.00	300.00	
Incapacity benefit					
<i>Short-term</i>					
	Lower rate	basic	a,b,c,f	61.35	63.75
	Higher rate	basic	b,d	72.55	75.40
<i>Long-term</i>					
	basic		b,e	81.35	84.50
Increase of long-term incapacity benefit for age					
	Age at claim				
			under 35	17.10	17.75
			35-44	8.55	8.90
Statutory sick pay					
	Standard rate		c	72.55	75.40
Jobseeker's allowance					
	Single person				
			under 18	35.65	47.95
			18-24	46.85	47.95
			25 and over	59.15	60.50
<p>a Not payable to those eligible for statutory sick pay.</p> <p>b Additional benefit also payable in respect of dependent children.</p> <p>c First 28 weeks.</p> <p>d 29-52 weeks.</p> <p>e After 52 weeks.</p> <p>f Benefit not taxable.</p> <p>g Means tested.</p>					

National insurance contributions 2008/09

Class 1 (Employed)	Contracted-in rate payable on earnings within bands	
£ p.w.	Employee %	Employer %
below 105.01	NIL	NIL
105.01 – 770.00	11.0	12.8
over 770.00	1.0	12.8
Class 2 (Self-employed) earnings over	£4,825 p.a.	£2.30 p.w.
Class 3 (Voluntary)		£8.10 p.w.
Class 4 (Self-employed, additional levy)		
Profits and gains between	– £5,435 and £40,040	8.0%
	– over £40,040	1.0%
Contracting out rebates		
Contracted out salary related schemes		
Employer 3.7% of band earnings		
Employee 1.6% of band earnings		
Contracted out money purchase schemes		
Rebates start at 3% of band earnings (1.6% employee)		
Capped at 7.4% from age 48		
Appropriate personal pensions		
Rebates start at 4.7% of band earnings (1.6% employee)		
Capped at 7.4% from age 43		
Rebates doubled for COMPs and APPS for earnings between £4,680 and £13,500* p.a.		
Rebates halved for earnings between £13,500* and £31,200* p.a.		
Band earnings = earnings between £4,680 and £40,040 p.a. (or £40,810 for APPs)		
Earnings limits		
	£ p.w	£ p.a
Lower earnings limit	90	4,680
Primary threshold	105	5,435
Lower earnings threshold	260	13,500
Upper earnings threshold	600	31,100
Upper earnings limit	770	40,040

Value Added Tax

	2007/08	2008/09
Standard rate	17.5%	17.5%
Annual registration limit	£64,000	£67,000



The figures in these tables are based on the 2008 Budget and the Chancellor's announcement on 13 May 2008. There may be further change as the Finance Bill passes through Parliament.

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