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Summary of the taxation provisions

Introduction

Difficult economic conditions and a raft of earlier announcements meant that Alistair Darling's debut Budget contained few surprises. In the 2007 Budget, Gordon Brown had already trailed the main changes to income tax and corporation tax. Similarly, Mr Darling's Pre-Budget Report of last October heralded revision of inheritance tax and, more controversially, reform of capital gains tax and the treatment of non-domiciliaries.

The largest single tax-raising measure that was newly announced on Budget Day was the increase in alcoholic duties of 6% above inflation. There was the usual range of anti-avoidance legislation, attacking everything from stamp duty land tax schemes to those involving corporate intangible assets. However, the Chancellor chose to delay the rules targeting 'income splitting' until next year's Finance Bill, even though draft legislation has already been issued.

This was never going to be an exciting Budget, but that does not make it uneventful: HMRC issued no fewer than 107 Budget Notes detailing changes. Simplification of the tax system, which Mr Darling has said he wants to see, remains a distant goal.



Budget highlights

- The basic rate of tax will fall to 20%.
- The 10% starting rate band will apply only to savings income. The net effect will be to abolish the 10% band for all but those with very low levels of earnings and/or pensions.
- The new capital gains tax regime, including an 18% flat rate and the entrepreneurs' relief, will start on 6 April 2008.
- The controversial rules for non-domiciliaries will also come into effect, broadly as previously announced, on 6 April 2008.
- The main rate of corporation tax will fall to 28% from 1 April 2008, and the structure of capital allowances will be revised.
- The maximum investment in an enterprise investment scheme that can qualify for income tax relief will rise to £500,000 from 6 April 2008.
- The tax treatment of overseas dividends, offshore funds and some authorised funds will be revised.
- Charities will be given a 2% transitional relief for gift aid donations to compensate for the reduction in the basic rate of tax.

CONTENTS

Introduction	1	Business tax	7
Budget highlights	1	Value added tax (VAT)	9
Personal and trust taxation	2	Miscellaneous issues	10
Residence and domicile	5	National insurance contributions	11
Capital taxes	6	Financial calendar	12

This summary has been prepared very rapidly and is for general information only. The proposals are in any event subject to amendment before the Finance Act is passed. It is recommended you seek competent professional advice before taking any action on the basis of the contents of this publication.

PERSONAL AND TRUST TAXATION

Income tax allowances, reliefs and credits

	2008/09	2007/08
Personal (basic)	£5,435	£5,225
Personal (age 65-74)	£9,030	£7,550
Personal (age 75 and over)	£9,180	£7,690
Married couples/civil partners (minimum) at 10%*	£2,540	£2,440
Married couples/civil partners (age under 75) at 10%*	£6,535	£6,285
Married couples/civil partners (age 75 and over) at 10%	£6,625	£6,365
Age-related relief reduced by 50% of income over	£21,800	£20,900
Child Tax Credit (CTC):		
• family element	£545	£545
• family element baby addition	£545	£545
CTC usually reduced by 6.67% of joint income over	£50,000	£50,000
Childcare and childcare vouchers (weekly tax-free limit)	£55	£55
Blind persons	£1,800	£1,730
Rent-a-room tax-free income	£4,250	£4,250
Venture Capital Trust (VCT) at 30%	£200,000	£200,000
Enterprise Investment Scheme (EIS) at 20%	£500,000	£400,000
EIS eligible for capital gains tax re-investment relief	No limit	No limit
Registered Pension Scheme:		
• annual allowance	£235,000	£225,000
• lifetime allowance	£1,650,000	£1,600,000

* Where at least one spouse/civil partner was born before 6 April 1935

Income tax rates

	2008/09	2007/08
Starting rate 10% on first	£2,320*	£2,230
Income to which starting rate applies	Savings	All
Basic rate on earned, pensions and property income	20%	22%
Basic rate on savings income	20%	20%
Higher rate of 40% on income over	£36,000	£34,600
Dividends:		
• basic rate taxpayers	10%	10%
• higher rate taxpayers	32.5%	32.5%
Pre-owned assets tax (charged as income) – minimum taxable	£5,000	£5,000
Trusts:		
• standard rate band generally	£1,000	£1,000
• dividends (rate applicable to trusts)	32.5%	32.5%
• other income (rate applicable to trusts)	40%	40%

* Only applicable where taxable non-savings income is under £2,320.



Tax rates

Personal tax will change in 2008/09. The starting rate of tax (10%) will only apply to savings income. If an individual's non-savings taxable income exceeds the starting rate for savings, the starting rate band will be unavailable. In practice, this means that most taxpayers will lose access to the 10% band. The basic rate of tax will be 20% and the savings rate will be merged with the basic rate.

Enterprise management incentive scheme (EMI)

For options granted after 5 April 2008, the individual employee limit on grants of EMI qualifying options will increase to £120,000. From the date the Finance Bill 2008 receives Royal Assent, EMI will be limited to qualifying companies with fewer than 250 employees. Companies involved in shipbuilding and coal and steel production will be excluded.

Company car benefit charge

A 10% car benefit percentage charge will apply to cars with CO₂ emissions of 120g/km or less (it will be 13% for most diesels) from 6 April 2008. The lower emissions threshold for the 15% benefit charge for petrol cars will fall to 135g/km for 2008/09 and to 130g/km for 2010/11.

Employer contributions to occupational pension schemes

For accounting periods starting after 31 March 2004, legislation will confirm that tax relief for employer contributions is given for cash payments made in the accounting period and not for the amounts shown in the company accounts.

Pensions savings and inheritance tax

There will be an unauthorised payments charge and an inheritance tax charge, if appropriate, where scheme pensions or annuities are diverted to provide an inheritance. The charges will apply on scheme members' deaths after 5 April 2008. There will be a limited exemption for schemes with at least 20 members.

Taxation of personal dividends

For 2008/09, investors with shareholdings of less than 10% in non-UK resident companies will be treated as if they had received a non-payable 10% tax credit for the dividends paid. The 10% shareholding limit will be removed for 2009/10 onwards, but no credit will be given if the foreign country involved does not levy a tax on corporate profits similar to corporation tax. Other anti-avoidance provisions will also apply.

> *think ahead*

Check how much you pay for the fuel used on business trips in company cars. Employers can pay up to 19p a mile tax free (depending on engine size) to employees who buy their own fuel for their company car. If the actual cost to the employee is more, you can negotiate a higher rate with your tax office.



£ don't forget

Use your ISA flexibly and invest early in the tax year to get the full benefit. If you have not invested in a maxi ISA in 2007/08, you can open a mini cash ISA and use it as a day-to-day savings account. The interest will be tax-free if you limit deposits to £3,000 in 2007/08 and £3,600 a year from 6 April 2008.

£ saver

Check you are not paying too much NICs. When you have more than one job, or are employed and self-employed at the same time, you may well overpay your NICs. You can avoid this by applying to defer payment on one of your incomes.

Individual savings accounts (ISA) limits

The Chancellor confirmed that for 2008/09 the maximum amount that can be paid into an ISA will increase to £7,200 and of this, £3,600 can be in the tax-free cash component.

ISAs and Northern Rock

Investors who withdrew cash from their Northern Rock ISAs between 13 and 19 September 2007 can reinvest the amounts withdrawn into a new cash ISA by 5 April 2008 without affecting their normal ISA annual allowances. The reinvestment may be made with any provider.

Funds of alternative investment funds (FAIFs)

Authorised funds investing in non-qualifying offshore funds will be able to elect for a new tax treatment. The authorised fund will be exempt from tax on offshore income gains that it realises, but the investor will be chargeable on any gains as income. The option will become available once the Financial Services Authority has made the appropriate regulatory changes.

Property authorised investment funds

From 6 April 2008, authorised investment funds will be able to elect for a new tax regime similar to the one that applies to UK real estate investment trusts (REITs), if they invest mainly in property, UK REITs or similar foreign companies. This will enable exempt investors, including ISA and pension managers, to reclaim the tax deducted by the authorised fund on rental and certain other income.

Offshore funds

A new tax regime will be introduced for offshore funds. Investors in funds that 'report' their income will be subject to capital gains tax on gains, even for funds that make no distributions. The investor will be liable to income tax on the reported income. Investors in 'non-reporting' funds will be subject to income tax on their gains.

Enterprise investment schemes (EISs) and venture capital trusts (VCTs)

The annual investment limit for EISs will rise to £500,000 for shares issued after 5 April 2008. Shipbuilding and coal and steel production will be excluded as qualifying activities for EISs, VCTs and corporate venturing schemes.

Double taxation treaty abuse

For income arising from 12 March 2008, an anti-avoidance measure will apply to UK residents who avoid UK tax using double taxation treaty provisions and foreign partnerships comprised of foreign trustees.

Income shifting

Legislation to counter income shifting, eg using dividend payments from family companies to reduce tax, will be introduced in the Finance Bill 2009. The new regime will not now take effect from 6 April 2008, as originally proposed.

RESIDENCE AND DOMICILE

The Pre-Budget Report proposed that there should be an annual £30,000 charge on non-UK domiciled individuals resident in the UK for at least seven out of the previous nine tax years who wish to claim the remittance basis for 2008/09 onwards. The Chancellor announced that the rules will not be substantially revisited for the rest of this Parliament and the next one. There are several changes to the original proposals.

The residence test

Any day in which an individual is present in the UK at midnight will count as a day's presence. Days spent in transit, even involving changes between methods of transport, will not count as a day's residence, unless the individual carries out activities that are substantially unrelated to the transit process (eg a business meeting).

Non-domiciliaries' income, losses and mortgage interest

Non-domiciled individuals who claim the remittance basis of taxation are called 'remittance basis users' (RBUs). RBUs with unremitted foreign income and gains of less than £2,000 a year will be exempt from the £30,000 charge and will not lose their entitlement to certain allowances and reliefs. The £30,000 charge will only apply to adults. Non-domiciled individuals who are not RBUs in any given tax year will get relief for their foreign capital losses. Untaxed foreign income that is used to fund interest payments on existing offshore mortgages secured on UK property will not be treated as a taxable remittance. This applies to all payments from 6 April 2008 until the end of the mortgage or 2028 if sooner.

The £30,000 charge

Individuals who pay the £30,000 charge will have RBU status for that year. They may then choose what foreign unremitted income or gains the charge relates to. Then any earmarked income or gain will not be taxed again if it is remitted to the UK. However, untaxed unremitted foreign income and gains are taxed as if they are remitted first before the income and gains on which the £30,000 charge has been paid. It should be possible to credit the £30,000 charge against foreign tax. If the £30,000 is paid directly to HMRC from an offshore source, the payment will not itself be taxed as a remittance.

The remittance basis – closing 'loopholes'

Certain loopholes associated with the remittance rules will be closed.

Personal effects and assets costing less than £1,000, assets brought into the UK for repair or restoration and assets in the UK for less than nine months purchased out of foreign income will not be treated as a remittance. Artworks brought into the UK for public display in an approved establishment will also not be taxed as a remittance.

Non-resident trusts

Extensive changes will be introduced to the capital gains tax regime for non-resident trusts. These differ from the provisions in January's draft legislation. From 6 April 2008, non-domiciled beneficiaries of non-resident trusts who are RBUs will only be taxed on the remittance basis on payments out of trust income and gains. Trustees may irrevocably elect to rebase their trust assets held at 6 April 2008, so as to exclude any pre-6 April 2008 gains from being taxed on non-domiciled beneficiaries. Settlers and beneficiaries of non-resident trusts will not need to disclose details of remitted trust payments to HMRC or details about the trustees, unless this is necessary in order to declare a tax liability, or HMRC makes specific enquiries of the beneficiary.

think ahead

If you are non-UK domiciled, you need to plan for the changes to the remittance basis. Take advantage of the current rules for foreign income and gains before 6 April 2008. Get advice as a matter of urgency.

CAPITAL TAXES

Capital gains tax

The 2008/09 capital gains tax annual exemption will be £9,600 and the exemption for trusts will generally be £4,800.

Capital gains tax reform

Indexation and taper relief will no longer apply to disposals by individuals and trustees after 5 April 2008. Any gains realised on disposals from 2008/09 will be subject to a flat 18% tax rate.

Entrepreneurs' relief will apply to gains on disposals of trading businesses and shares and securities of a qualifying trading company. Assets owned by an individual and used in his or her qualifying trading company or partnership will also qualify for relief on an associated disposal. The assets in question must have been held for at least one year and the relief must be claimed. Furnished holiday lets will qualify, but other types of property letting businesses will not. There is no minimum age limit, but the relief is subject to a cumulative lifetime allowance of £1,000,000 of qualifying gains. The effective rate of capital gains tax payable on qualifying gains is 10%. Trustees who hold qualifying business assets may claim the relief in conjunction with the relevant beneficiary.

Inheritance tax

The 2008/09 inheritance tax nil rate band is £312,000. As announced in the Pre-Budget Report, up to 100% of the unused proportion of a deceased spouse's or civil partner's nil rate band can be claimed on the death of the survivor, if the death occurred on or after 9 October 2007.

Stamp taxes

The rates and thresholds for stamp duty land tax are unchanged.

Buyers of new zero-carbon flats with a purchase price on first sale of up to £500,000 will not be liable to stamp duty land tax. Purchases on or after 1 October 2007 will qualify if the buyer claims the relief by 30 September 2012.

Transfers of an interest in a property within a property investment partnership will not be subject to stamp duty land tax.

There will be no charge to stamp duty on instruments transferring stocks and shares unless the duty would exceed £5. This applies from 13 March 2008.

> think ahead

Don't sell a buy-to-let property until after 5 April 2008. The flat-rate of 18% capital gains tax from 2008/09 is likely to produce a much lower tax bill than on a sale in the current tax year. However the opposite might be true if your property qualifies under the furnished holiday lettings rules.



BUSINESS TAX

Corporation tax rates

The main rate of corporation tax will be 28% for two years from 1 April 2008. The small companies' rate will be 21% for one year from 1 April 2008.

Associated companies

For the purpose of a claim for the small companies' corporation tax rate, companies will normally no longer be treated as associated just because their shareholders are members of the same business partnership. Companies may be treated as associated if there have been 'tax planning arrangements'.

Enterprise zone allowances (EZAs)

The special allowance for certain buildings in enterprise zones will be withdrawn from April 2011. It will not be subject to the phasing-out rules that will apply to industrial and agricultural buildings allowances from 1 April 2008. Businesses will still be able to claim EZAs up to 31 March 2011 for corporation tax, and 5 April 2011 for income tax. However, the 25% writing-down allowance will be apportioned where an accounting period spans the relevant date. Balancing charges may still potentially arise on disposals after the relevant 2011 date.

Capital allowances plant and machinery

The main rate of writing-down allowance (WDA) falls from 25% to 20% from April 2008. The rate for long-life assets increases from 6% to 10%. There will be hybrid WDA rates for accounting periods that span 1 April 2008 (corporation tax) or 6 April 2008 (income tax).

Thermal insulation and certain other 'integral features' of a building will attract capital allowances of 10% a year for expenditure incurred from April 2008. Integral features are electrical, cold water, heating and cooling systems, lifts, escalators and moving walkways, external solar shading and active façades. All expenditure that attracts the 10% allowance will form a special rate pool.

Businesses will be able to claim a WDA of up to £1,000 for each pool, where the balance of unrelieved expenditure in a general capital allowances pool, or the special rate pool, has fallen below £1,000.

The first £50,000 a year of expenditure by a business on most plant and machinery will qualify for a 100% annual investment allowance (AIA). Groups of companies will qualify for only one AIA. Businesses under common control will qualify for a single AIA, assets and integral features can also qualify for AIA.

First-year allowances (FYAs)

The existing 100% FYA for expenditure on cars with very low CO₂ emissions will continue to 31 March 2013 but, from 1 April 2008, only for cars with CO₂ emissions of up to 110g/km. Waste-water recovery and reuse systems are being added to the list of equipment that qualifies for the 100% FYA.

Loss-making companies will be able to surrender losses attributable to 100% FYAs on designated energy-saving or environmentally beneficial plant and machinery. They will receive a cash payment of 19% of the loss surrendered, but it will be subject to an upper limit. Companies can claim this first-year tax credit for expenditure incurred from 1 April 2008.

> *don't forget*

Incorporation can still be worthwhile. Although the tax rate for small companies will be 1% more than basic rate income tax from 6 April 2008, a business with profits of £50,000 can still save over £3,400 in tax and NICs by trading through a company and taking most earnings as dividends, compared to a sole trader.

> *think ahead*

Think about the timing of an investment in new business equipment. From 6 April 2008, businesses of any size will get immediate tax relief on the first £50,000 a year spent on most types of equipment, instead of the present 50% first-year allowance for small businesses. So it could be worth delaying purchases.

Trading stock

Business profits for tax purposes will be adjusted where goods are added to or removed from trading stock other than by way of trade. In these circumstances, the cost of, or proceeds from, the stock is replaced by the market value.

Trading loss relief

Individuals who spend on average less than ten hours a week on the commercial activities of their trade will be treated as non-active traders. They will not be able to set their trading losses against their other income if the loss arises as a result of tax avoidance arrangements made after 11 March 2008. There will also be an annual limit of £25,000 on the total amount of trading loss relief that a non-active trader may claim against other income.

Employment-related securities

Provisions effective from 12 March 2008 will clarify the existing legislation that where an employer provides employment-related securities, corporation tax relief can be claimed only on amounts that have been subject to income tax.

Anti-avoidance provisions

Measures will counter tax avoidance in the following instances:

- Businesses that lease in and out the same plant or machinery to exploit any differences in tax treatment that generate a loss.
- Leases of plant or machinery in return for a capital payment.
- Arrangements that give rise to amounts that are interest in substance but which are designed not to be taxable as interest.
- Various schemes intended to avoid or exploit the 2005 'shares as debt' rules.
- Schemes that use a partnership or trust to escape a tax charge under the controlled foreign companies rules, either by using one of the exemptions or by arranging for profits to be earned in such a way that they purportedly fall outside the scope of the rules.
- Arrangements involving companies that sell a trade to crystallise a balancing allowance on plant and machinery used for the trade, which is available to a profitable group that does not intend to carry on the trade in the long term.

The first two of these changes generally have effect from 13 December 2007 and the rest from 12 March 2008.

Corporate intangibles

Anti-avoidance legislation will clarify that, for transactions from 12 March 2008, the effect of the 'related party' rules in the corporate intangible assets regime is unaffected by any administration, liquidation or other insolvency proceedings or equivalent arrangements in which any company or partnership may be involved.

Investment manager exemption (IME)

The IME enables non-residents to appoint UK-based investment managers to carry out transactions on their behalf without the risk of exposure to UK tax, subject to certain conditions. New rules will simplify the approach to defining the translations within the scope of the IME and remove one of the conditions that must be met.

saver

Get paid for filing PAYE returns over the internet. If you have fewer than 50 employees and you submit your 2007/08 end of year PAYE return to HMRC over the internet, you will receive a tax-free cash incentive of £100. You need to register in advance.

VALUE ADDED TAX (VAT)

Registration and deregistration

The VAT registration turnover limit rises to £67,000 from 1 April 2008. The deregistration limit increases to £65,000.

Exemption for fund management

The VAT exemption for fund management will be extended to UK-listed investment entities (including investment trust companies and venture capital trusts) and certain overseas funds. The change will take effect for supplies of services from 1 October 2008.

Correction of errors in returns

Businesses can correct past errors on their VAT return for the period in which the errors are discovered. The limit will be increased to the greater of £10,000 or 1% of turnover, subject to a £50,000 upper limit. The new limit will apply to periods starting after 30 June 2008.

Fuel scale charges

From 1 May 2008, the scale charges for taxing private motoring change where a business recovers input tax on fuel. Businesses must use the new scales from the start of their next prescribed accounting period beginning after 30 April 2008.

CO ₂ Emissions g/km	VAT fuel scale charge £	VAT due per car £	CO ₂ Emissions g/km	VAT fuel scale charge £	VAT due per car £
120 & under	138.00	20.55	185–189	345.00	51.38
121–139	207.00	30.83	190–194	359.00	53.47
140–144	221.00	32.91	195–199	373.00	55.55
145–149	234.00	34.85	200–204	386.00	57.49
150–154	248.00	36.94	205–209	400.00	59.57
155–159	262.00	39.02	210–214	414.00	61.66
160–164	276.00	41.11	215–219	428.00	63.74
165–169	290.00	43.19	220–224	442.00	65.83
170–174	303.00	45.13	225–229	455.00	67.77
175–179	317.00	47.21	230–234	469.00	69.85
180–184	331.00	49.30	235 & over	483.00	71.94

Transitional period for claims

There will be a transitional period to 31 March 2009, during which eligible businesses can make VAT repayment claims relating to periods before the introduction of the present three-year time limit for claims. The measure will permit claims by businesses for over-declared output VAT or under-claimed input VAT in periods between 1 April 1973 and 1 May 1997.

The change is the result of a decision by the House of Lords that the three-year limit does not currently apply to repayment rights accrued before 1 May 1997 because there was no transitional period when the limit was introduced.



Reclaim VAT back to 1973 Take advantage of the transitional period for claims announced in the Budget and get a VAT repayment with interest and repayment supplement.

£ don't forget

Review your will. Your will could still be used to save significant amounts of inheritance tax. Think about putting in place Lasting Powers of Attorney; it could save a lot of heartache.

MISCELLANEOUS ISSUES

Charities gift aid

From 2008/09 to 2010/11, charities will be able to claim a 2% transitional relief for gift aid donations. The effect will be to maintain the payment made to them at 22% of the gross gift, despite the reduction in basic rate tax to 20%.

Waivers of interest and surcharges – national disasters

HMRC will be able to waive interest and surcharges on taxes in the context of events designated as national disasters. The first to benefit will be taxpayers who were unable to pay taxes on time as a result of the severe floods of June and July 2007.

Tribunal reform – appeals

The government will have the power to make changes under secondary legislation to the operation of appeals against HMRC decisions. The secondary legislation is planned to take effect from April 2009 alongside other tribunal reforms.

Customs powers

Customs officers will have the power to open and unpack containers. At present, they have to require the proprietor of the goods to do this. The legislation will also make clear that HMRC's powers of examination extend to searching containers and baggage. The changes will take effect from Royal Assent.

Single-use carrier bags

The government has called on retailers to take voluntary action to encourage the move away from single-use carrier bags. The Climate Change Bill will legislate so that, if there is not enough progress on a voluntary basis by the end of the year, the government can exercise powers early in 2009 to impose a charge on these bags.



NATIONAL INSURANCE CONTRIBUTIONS (NICs)

Class 1 (Employees)

Not Contracted-out of State Second Pension S2P

	2008/09	2007/08
Employee	No NICs where earnings are up to £105 pw 11% NICs on £105.01–£770 pw 1% NICs over £770 pw	No NICs where earnings are up to £100 pw 11% NICs on £100.01–£670 pw 1% NICs over £670 pw
Employer	No NICs on the first £105 pw 12.8% NICs over £105 pw	No NICs on the first £100 pw 12.8% NICs over £100 pw

Earnings limit or threshold	2008/09			2007/08		
	Weekly	Monthly	Annual	Weekly	Monthly	Annual
	£	£	£	£	£	£
Lower limit (LEL)	90	390	4,680	87	377	4,524
NICs start	105	453	5,435	100	435	5,225
Upper limit (UEL)	770	3,337	40,040	670	2,904	34,840

Contracted-out S2P rebate	2008/09	2007/08
Reduction on band earnings	£90.01–£770 pw	£87.01–£670 pw
Employer rate reduction:		
• Salary-related scheme	3.7%	3.7%
• Money-purchase scheme	1.4%	1.4%
Employee rate reduction	1.6%	1.6%

Class 1A (Employers)

	2008/09	2007/08
Most taxable employee benefits	12.8%	12.8%

Class 2 (Self-Employed)

	2008/09	2007/08
Flat rate	£2.30 pw £119.60 pa	£2.20 pw £114.40 pa
If earnings over	£4,825 pa	£4,635 pa

Class 4 (Self-Employed)

	2008/09	2007/08
On profits	£5,435–£40,040 pa 8% Over £40,040 pa 1%	£5,225–£34,840 pa 8% Over £34,840 pa 1%

Class 3 (Voluntary)

	2008/09	2007/08
Flat rate	£8.10 pw £421.20 pa	£7.80 pw £405.60 pa

FINANCIAL CALENDAR

Every month:

1*

Corporation tax due for companies that pay the tax annually with year ending nine months and one day previously.

14*

Instalment of corporation tax due for large companies with year ending 15, 12, 9 and 6 months before the end of the previous month.

19*

Pay PAYE/NIC and CIS deductions for period ending on 5th of that month. Submit CIS contractors' monthly return.

22*

Due date for PAYE/NIC and CIS deductions if paying electronically.

30/31

Submit CT600 for companies with year ending 12 months previously (28th for February 2008 year end). Last day to amend CT600 for year ending 24 months previously.

30/31

File accounts at Companies House for private companies with year ending 10 months previously and for public companies with year ending seven months previously (29th for February 2008 year end; 28 February 2009 for year ending 10 months (private) or 7 months (public) before).

* If the due date for payment falls on a weekend or bank holiday, payment must be made by the previous working day.

April 2008

- 1 Small companies' CT rate 21%. Main rate 28%.
- 5 Deadline for paying into an ISA for 2007/08. Last day for making gifts with any unused IHT annual exemption for 2006/07 and for making chargeable gains to use £9,200 CGT annual exemption for 2007/08. End of CGT taper relief and indexation.
- 6 Beginning of 2008/09 tax year. Income tax basic rate 20%. CGT rate 18%. Company car fuel benefit multiplier £16,900. IHT nil rate band £312,000.
- 14 Due date for CT61 return and payment for quarter to 31 March 2008.
- 18 Tax and NIC due on deemed salary for 2007/08 under IR35 rules.
- 20 Interest accrues on employers' unpaid PAYE and NIC for 2007/08 (23rd if paying electronically).
- 30 IHT due on lifetime transfers between 6 April and 30 September 2007. IHT on lifetime gifts after 30 September 2007 is due six months after the end of the month in which the gift is made.

May 2008

- 3 Submit form P46 (car) for quarter to 5 April 2008.
- 8 Last day to register to file 2007/08 PAYE forms online. (Employers with 50+ employees must file online; £100 tax-free payment to employers with fewer than 50 employees who file online.)
- 19 File 2007/08 end of year PAYE forms. (Penalties may be charged if forms are late and are automatic from 26 May 2008.)
- 31 Last day to issue 2007/08 P60s to employees.

July 2008

- 5 Last date to reach PAYE settlement agreement (PSA) for 2007/08. Close companies to elect for all beneficial loans to a director to be treated as a single loan.
- 6 Last day to file 2007/08 P11D/P9D forms and issue them to employees (penalties charged from 19 July 2008). Last day to report 2007/08 awards of shares or share options to employees.
- 14 Due date for CT61 return and payment for quarter to 30 June 2008.
- 18 Final date to pay 2007/08 class 1A NIC (22nd if paying electronically).
- 31 Due date for second payment on account of 2007/08 income tax. Last day to pay 2006/07 tax to avoid second automatic 5% surcharge and to file 2006/07 tax return to avoid second automatic penalty up to £100.

August 2008

- 2 Submit form P46 (car) for quarter to 5 July 2008.

October 2008

- 5 Deadline for notifying HMRC of taxable income or gains if no tax return has been issued for 2007/08.
- 14 Due date for CT61 return and payment for quarter to 30 September 2008.
- 17 Tax and class 1B NIC due under PSA (22nd for electronic payment).
- 31 Submit 2007/08 tax return if filing on paper to avoid automatic penalty up to £100 and to have unpaid tax of up to £2,000 collected through the 2009/10 PAYE code.

November 2008

- 2 Submit P46 (car) for quarter to 5 October 2008.

December 2008

- 30 Last day to submit 2007/08 tax return online to have unpaid tax of up to £2,000 collected through the 2009/10 PAYE code.

January 2009

- 14 Due date for CT61 return and payment for quarter to 31 December 2008.
- 31 Due date for balancing payment and CGT for 2007/08 and first payment on account for 2008/09. Submit 2007/08 tax return online to avoid automatic penalty up to £100. Last date to amend 2006/07 return and for various claims relating to earlier tax years.

February 2009

- 2 Submit P46 (car) for quarter to 5 January 2009.
- 14 Deadline to claim deferment of class 2 and class 4 NIC for 2008/09.
- 28 Last day to pay 2007/08 tax to avoid automatic 5% surcharge.

March 2009

- 31 Last-minute planning for 2008/09 tax year. End of corporation tax financial year.

April 2009

- 1 Small companies' CT rate 22%.
- 5 Deadline for paying into an ISA for 2008/09. Last day for making gifts with any unused IHT annual exemption for 2007/08 and for making chargeable gains to use CGT annual exemption for 2008/09.

Riley & CO

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