

Business tax

Corporation tax

| Taxable profits (£) | Y/e 31.3.2009 | Y/e 31.3.2008 |
|----------------------------|---------------|---------------|
| 1 to 300,000 | 21.00% | 20.00% |
| 300,001 to 1,500,000 | 29.75% | 32.50% |
| Over 1,500,000 | 28.00% | 30.00% |
| Marginal relief fractions: | | |
| 300,001 to 1,500,000 | 7/400 | 1/40 |

Capital allowances

| First year allowances | 2008/09 % | 2007/08 % |
|--|-----------|-----------|
| All businesses, Plant & Machinery, first £50,000 | 100 | - |
| Small-sized business, plant & machinery | Nil | 50 |
| Medium-sized business, plant & machinery | Nil | 40 |

First year allowances of 100% are available to all sizes of business in respect of specified types of expenditure.

| Writing-down allowances | 2008/09 % | 2007/08 % |
|--|-------------|----------------|
| Integral fixtures | 10 p.a. (1) | 25 p.a. (1) |
| Long life plant and machinery | 10 p.a. (1) | 6 p.a. (1) |
| Plant and machinery for overseas leasing | | 10 p.a. (1) |
| Other plant and machinery | 20 p.a. (1) | 25 p.a. (1)(3) |
| Industry/agricultural buildings, hotels & sports pavilions | 3 p.a. (2) | 4 p.a. (2) |

Notes: (1) Reducing balance (2) Straight-line. Phased abolition by 2010/11 (3) For cars costing over £12,000, the allowance is limited to £3,000 p.a., unless low-emission.

Indirect taxes

Value added tax

| | 2008/09 | 2007/08 |
|---|---------|---------|
| Standard rate | 17.5% | 17.5% |
| Annual turnover limits: Registration | £67,000 | £64,000 |
| Annual turnover limits: De-registration | £65,000 | £62,000 |

Stamp taxes on sales

| | |
|-----------------------|------|
| Intellectual property | NIL |
| Goodwill | NIL |
| Chattels | NIL |
| Shares and securities | 0.5% |

Land and lease premiums:

| Residential:* | |
|-----------------------------|-----|
| £125,000 or less | NIL |
| £125,001-£250,000 | 1% |
| £250,001-£500,000 | 3% |
| Over £500,000 | 4% |
| Non-residential or mixed:** | |
| £150,000 or less | NIL |
| £150,000-£250,000 | 1% |
| £250,001-£500,000 | 3% |
| Over £500,000 | 4% |

Lease rentals (on grant): The Net Present Value (NPV) is charged at 1% on the excess over £125,000 for residential, and 1% on the excess over £150,000 for non-residential.

Notes: * From 12 March 2008, for new leases, rates on premiums are the same as for land. ** From 12 March 2008, special rules apply to rates on premiums where annual rent exceeds £1,000.



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We believe the information in Tax Rates 2008/09 to be correct at the time of going to press, but we cannot accept any responsibility for any loss occasioned to any person as a result of action or refraining from action as a result of any item herein. The provisions announced in the Budget may be subjected to amendment during the passage or the Finance Bill 2008 through Parliament. 12 March 2008

Tax Rates 2008-2009



Personal tax

Income tax rates

| Year | Taxable income (£) | Rate (%) | Cumulative tax (£) |
|---------|--------------------|----------|--------------------|
| 2008/09 | Up to 36,000 | 20** | 7,200 |
| | Over 36,000 | 40 | |
| 2007/08 | Up to 2,230 | 10 | 223 |
| | 2,231 to 34,600 | 22* | 7,344 |
| | Over 34,600 | 40 | |

Certain trusts taxed at 40%

* Savings income taxable at 20% for basic rate payers

** Savings income up to £2,320, taxable at 10%

Allowances and reliefs

| | 2008/09 | | 2007/08 | |
|------------------------------|--------------|------------|--------------|------------|
| Personal allowance (£) | 5,435 | | 5,225 | |
| Blind person's allowance (£) | 1,800 | | 1,730 | |
| Age allowance | 65-74 | 75+ | 65-74 | 75+ |
| Personal (£) | 9,030 | 9,180 | 7,550 | 7,690 |
| Married couples (£) | 6,535* | 6,625* | 6,285* | 6,365* |
| Income limit (£) | 21,800 | 21,800 | 20,900 | 20,900 |

*Tax relief restricted to 10%. One spouse must be born before 6 April 1935.

Capital gains tax

| | 2008/09 | | 2007/08 | |
|-----------------------------|---------|--|-------------|--|
| Rates (individuals) | 18% | | 10%/20%/40% | |
| Rate (UK trusts) | 18% | | 40% | |
| Individual annual exemption | 9,600 | | 9,200 | |
| Trusts annual exemption | 4,800 | | 4,600 | |

Capital gains taper relief† – Disposals 6.4.02 to 5.4.08:

| Complete years of ownership after 5.4.98 | Business assets | | Non-business assets** | |
|--|-----------------------|------------------------|---------------------------|---------------------------|
| | % of gain chargeable | Effective tax rate*(%) | % of gain chargeable | Effective tax rate*(%) |
| 0 | 100 | 40 | 100 | 40 |
| 1 | 50 | 20 | 100 | 40 |
| 2 | 25 | 10 | 100 | 40 |
| 3 | 25 | 10 | 95 | 38 |
| | No further reductions | | Reduces by 5% p.a. until: | Reduces by 2% p.a. until: |
| 10 or more | 25 | 10 | 60 | 24 |

* For higher rate payer

** Add 1 bonus year if asset held at 17 March 1998

† Abolished for disposals after 5 April 2008. Entrepreneurs' Relief on disposals of a business after 5 April 2008 is 4/9 of the gains up to £1 million (effective rate 10%)

Inheritance tax

| Tax rate on death | 2008/09 | | 2007/08 | |
|-------------------|---------------|--|---------------|--|
| Nil | £0-312,000* | | £0-300,000* | |
| 40% | Over £312,000 | | Over £300,000 | |

* Deaths after 8 October 2007: may be increased by unused proportion attributable to predeceased spouse.

Lifetime gifts

Most lifetime gifts are only charged to inheritance tax if made within 7 years before the donor's death. Subject to the nil rate band they are charged on the following scale:

| Years before death | 0-3 | 3-4 | 4-5 | 5-6 | 6-7 |
|--------------------|-----|-----|-----|-----|-----|
| % of death charge | 100 | 80 | 60 | 40 | 20 |
| % effective rate | 40 | 32 | 24 | 16 | 8 |

Certain other lifetime gifts to relevant property trusts are, subject to the nil rate band, chargeable at half the death rate increasing on the above scale on death within 5 years.

National insurance contributions: From 6.4.08

Class 1 (employment) Employee's rates

| Weekly earnings (£) | Not contracted out | Contracted out |
|---------------------|--------------------|----------------|
| First 90 | | NIL |
| 91 to 105 | | NIL* |
| 106 to 770 | 11% | 9.4% |
| Earnings over 770 | 1% | 1% |

Employer's rates

| Weekly earnings (£) | Not contracted out | Contracted out | |
|---------------------|--------------------|----------------|--------|
| | | (1) | (2) |
| First 90 | | NIL | NIL |
| 91 to 105 | | NIL** | NIL*** |
| 105 to 770 | 12.8% | 9.1% | 11.4% |
| Earnings over 770 | 12.8% | 12.8% | 12.8% |

(1) Contracted out salary related schemes. (2) Contracted out money purchase schemes.

*Employee's rebate 1.6%. **Employer's rebate 3.7%. *** Employer's rebate 1.4%.

Class 1A (employer) 12.8% on most benefits in kind not within class 1.

Class 2 (self-employed) Flat rate £2.30 p.w.

Class 3 (non-employed) Voluntary. Flat rate £8.10 p.w.

Class 4 (self-employed) 8% on annual profits between £5,435 and £40,040

1% on annual profits above £40,040

Registered pension contributions: tax relief

Employee contributions are limited to the higher of £3,600 and 100% of relevant UK earnings.

Employer contributions are not subject to such limits.

The combined annual total is capped at £235,000 for 2008/09.

The lifetime allowance at 2008/09 is £1,650,000.

Venture capital trusts (VCTs)

| | 2008/09 | 2007/08 |
|---|----------|----------|
| Investment qualifying for income tax relief | £200,000 | £200,000 |
| Income tax relief | 30% | 30% |
| Tax on dividends | NIL | NIL |
| Capital gains tax on VCT shares | NIL | NIL |
| Capital gains deferral by VCT investment | NIL | NIL |

Car benefits 2008/09

Petrol and diesel cars with approved CO² emissions registered after 31 December 1997**

| CO ² emissions (gms/km) | Price* percentage taxable | |
|---|---------------------------|-----------|
| | Petrol | Diesel*** |
| 120 or lower | 10 | 13 |
| 121 | 15† | 18 |
| 140 | 16† | 19 |
| 145 | 17† | 20 |
| Tax charge increases by 1% per each additional 5 gms/km until: | | |
| 215 | 31† | 34 |
| 220 | 32† | 35 |
| 225 | 33† | 35 |
| 230 | 34† | 35 |
| 235 | 35† | 35 |

* "Price" is normally UK list price on first registration, subject to £80,000 maximum, but for classic cars market value may apply if higher.

** Price % taxable for petrol and diesel cars with no approved CO² emissions figure (registered before 1 January 1998, and certain custom cars and private imports) depends on engine size, petrol or diesel, and date first registered.

*** Diesel cars with Euro 4 approved engines - use petrol percentages, if registered before 1 January 2006.

† Reduce by 2 if car runs on E85 fuel.

Other cars

Reduced percentages apply to cars powered by gas or electricity and vary according to whether the car is purpose built or converted.

Car fuel benefits (not electric cars)

| | 2008/09 | 2007/08 |
|--|---------|---------|
| Same % used to calculate the car benefit | £16,900 | £14,400 |

Approved mileage rates (employee's own vehicle)

| Rate per mile | 2008/09 | 2007/08 |
|--------------------------------|---------|---------|
| Car or van: First 10,000 miles | 40p | 40p |
| Car or van: over 10,000 miles | 25p | 25p |
| Motorcycle | 24p | 24p |
| Bicycles | 20p | 20p |
| Additional passenger payment | 5p | 5p |

Employer's payments for business use are free of tax and NIC if they do not exceed the above rates.

Enterprise investment scheme (EIS)

| | 2008/09 | 2007/08 |
|---|-----------|-----------|
| Investment qualifying for income tax relief | £500,000 | £400,000 |
| Income tax relief | 20% | 20% |
| Capital gains tax on EIS shares | NIL | NIL |
| Capital gains deferral by EIS investment | Unlimited | Unlimited |

Individual savings accounts (ISAs)

Maximum annual contributions to 2008/09: Up to £7,200 in total, but invest no more than £3,600 in cash.