



**INCOME TAX RATES**

	<b>2007/2008</b>	<b>2006/2007</b>
<b>Starting rate – 10%</b>	£2,230	£2,150
<b>Basic rate – 22%</b>	£32,370	£31,150
<b>Higher rate – 40%</b>	£34,600	£33,300
<b>Savings income rate</b>	10% starting rate, 20% basic rate and 40% higher rate.	
<b>Dividends</b>	10% for income below the basic rate limit and 32.5% above that.	

**PERSONAL ALLOWANCES**

<b><u>Allowances that reduce taxable income</u></b>	<b>2007/2008</b>	<b>2006/2007</b>
Personal allowance Under 65	5,225	£5,035
65 to 74*	7,550	£7,280
75 and over*	7,690	£7,420

\* Higher allowances for those aged 65 or over are scaled back when income exceeds £20,900.

**VALUE ADDED TAX**

<b>From</b>	<b>1 April 2007</b>	<b>1 April 2006</b>
Standard rate	17.5%	17.5%
Registration threshold	£64,000	£61,000
De-registration threshold	£62,000	£59,000

**2007/2008 NATIONAL INSURANCE CONTRIBUTIONS**

	<b>Employer</b>	<b>Employee</b>
<b><u>Class 1 (not contracted out)</u></b>		
<b><u>Weekly earnings bands</u></b>		
Up to £100	Nil	Nil
£100 - £670	12.8%	11%
Over £670	12.8%	1%
Men > 65, Women > 60	As above	Nil
<b><u>Class 1A</u></b> On relevant benefits	<u>12.8%</u>	Nil
<b><u>Class 2</u></b> Self employed		£2.20 per week
Limit of net earnings for exception		£4,635 p.a.
<b><u>Class 3</u></b> Voluntary		£7.80 per week
<b><u>Class 4*</u></b> Self employed on profits £5,225 - £34,840		8%
Self employed on profits over £34,840		1%

\* Exemption tax the year after reaching retirement age.

**CORPORATION TAX**

	<b>2007</b>	<b>2006</b>
<u>Full rate – profits over £1,500,000</u>	30%	30%
<u>Small companies – profits up to £300,000</u>	20%	19%
<u>Marginal relief fraction</u>		
<u>£300,000 - £1,500,000</u>	11/400	11/400

\* Marginal rates apply to profits falling within corporation tax bandings.  
The profit limits are adjusted if there are associated companies.

**CAPITAL TAXES**

	<b>2007/2008</b>	<b>2006/2007</b>
Capital gains tax annual exemption	£9,200	£8,800
Inheritance tax nil rate band	£300,000	£285,000