

# Business Tax 2009/10

Up-to-date 2009/10 tax data.

2009/10

## Value Added Tax

From	1.1.2010	1.5.2009	1.12.2008
Standard Rate	17.5%	15%	15%
VAT Fraction	7/47	3/23	3/23
<b>Taxable turnover limits</b>			
Registration – last 12 months or next 30 days over		£68,000	£67,000
De-registration – next year under		£66,000	£65,000
Annual Accounting Scheme		£1,350,000	£1,350,000
Cash Accounting Scheme		£1,350,000	£1,350,000
Flat Rate Scheme		£150,000	£150,000

## Car benefits

The taxable benefit is calculated as a percentage of the car's UK list price. The percentage depends on the car's CO<sub>2</sub> emissions in grams per kilometre.

Rating	Petrol	Diesel
0 – 120g/km	10%	13%
121 – 139 g/km	15%	18%
Over 139g/km	add 1% for every 5g/km	
Maximum 235g/km and over	35%	35%

Lower rates may apply to alternative fuel cars.  
 Chargeable on employees earning £8,500 or over (including benefits) and directors.  
 The list price is on the day before first registration, including accessories and is reduced by any employee's capital contribution (max £5,000) when the car is first made available. The price is subject to an upper limit of £80,000.  
 Special rules apply to cars at least 15 years old worth £15,000 or more.  
 Vans where private use is more than home to work travel £3,000 and £500 for private fuel.  
 Payments by employees for private use may reduce these benefits.

## Tax free mileage allowances

	Higher rate	Lower rate
All cars	40p	25p
Motorcycles	24p	24p
Bicycles	20p	20p
Business passengers	5p	5p

The higher rate is applicable for up to 10,000 business miles.

Fuel only allowance for company cars	Petrol	Diesel	LPG
From 1 January 2009			
Up to 1400cc	10p	11p	7p
1401 – 2000cc	12p	11p	9p
Over 2000cc	17p	14p	12p

These rates may change within the tax year.

## Corporation Tax

Financial Year to		31.3.2010	31.3.2009
Taxable profits	First £300,000	21%	21%
	Next £1,200,000	29.75%	29.75%
	Over £1,500,000	28%	28%

## Main capital allowances

Plant and machinery	
Energy saving and environmentally beneficial equipment, electric and low CO <sub>2</sub> emission (up to 110 g/km) cars, natural gas/ hydrogen refuelling equipment: first year allowance	100%
Annual investment allowance (AIA) – on first £50,000 of investment (excludes cars and expenditure already qualifying for 100% first year allowance)	100%
First year allowance	40%
Writing down allowance (WDA) on expenditure not qualifying for AIA: Long-life assets, integral features of buildings	10%
Other plant and machinery	20%
<b>Buildings</b>	
Industrial and agricultural buildings and hotels	
WDA (on building cost)	2%
Enterprise Zone Allowance, conversion of parts of business premises into flats, business premises renovation: max. initial allowance	100%



For more information about these rates affect your business, please call us.

# Business tax rates and allowances 2009/10

## Residential property letting

Maximum letting exemption relief	£40,000
Landlord's energy saving allowance – maximum claim per property	£1,500
<b>UK furnished holiday lettings</b>	
Must be available for commercial letting for at least	140 days p.a.
Be let for at least	70 days p.a.
Not be let continuously in 7 month period for more than	31 days
Rent a room exemption	£4,250

## Dates and deadlines – tax and accounts

<b>Corporation Tax</b>			
Small and medium companies	Nine months and one day after the end of accounting period		
Large companies	Four quarterly instalments commencing 6.5 months into the accounting period		
<b>Income Tax and Class 4 NIC</b>		<b>2009/10</b>	<b>2008/09</b>
1st payment on account	31 January	2010	2009
2nd payment on account	31 July	2010	2009
Balancing payment	31 January	2011	2010
Capital Gains Tax	31 January	2011	2010
<b>2008/09 Returns filing and issuing deadlines</b>			
P14, P35, P38 and P38A		19 May	2009
Issue P60s to employees		31 May	2009
P9D, P11D and P11D(b) – and copies to employees as appropriate		6 July	2009
Self assessment tax return:	paper	31 October	2009
	online	31 January	2010
2008/09 Class 1A NICs on relevant benefits – Payment due		19 July	2009
<b>Filing of company accounts – after year end</b>			
Private company		Nine months	
Public company		Six months	
<b>Filing of self assessment tax returns</b>			
Income tax	31 January after tax year end		
Corporation tax	12 months after company year end		
<b>Mileage allowances</b>			
Change in mileage allowances	1 January and 1 July		

## Business deduction restrictions

There are sometimes limits that can be claimed as a deduction from tax, some also have favourable personal tax treatments, these include:

Encouragement award	£25
Encouragement award – maximum	£5,000
Annual party – exempt per head	£150
Long service award – minimum term of service 20 years	£50 p.a.
Household expenses contribution	£3 p.w.
Child care provision – weekly limit	£55 p.w.
Customer gifts – per customer (restriction applies)	£50

## Capital Gains Tax

		<b>2009/10</b>	<b>2008/09</b>
Tax rate		18%	18%
Annual exemption	Individual	£10,100	£9,600
<b>Entrepreneurs' relief:</b>			
	Effective rate	10%	10%
	Lifetime limit	£1,000,000	£1,000,000
Maximum saving		£80,000	£80,000

The first £1,000,000 of lifetime gains from certain assets (mainly unincorporated trading businesses, personally owned assets used in the business, and shares in trading limited companies where at least 5% is held) is taxed at a reduced rate of 10%.

## Pension contributions

There is no limit on the amount that may be contributed to a registered pension scheme. The maximum amount on which an individual can claim tax relief in any tax year is the greater of the individual's UK relevant earnings or £3,600. If total pension input exceeds the annual allowance of £245,000 there is a tax charge at 40% on the excess. This limit does not apply in the year that full pension benefits are taken.

Maximum age for tax relief	74
Minimum age for taking benefits	50
Lifetime allowance charge – lump sum paid	55%
– monies retained	25%
on cumulative benefits exceeding	£1,750,000*
Maximum tax-free lump sum	25%*

*\*Subject to transitional protection for excess amount*

*Note – Total pension input is the increase in value of the aggregate of all the individual's pension savings. The pension input period is usually the year to the anniversary date which falls within the relevant tax year.*

## Stamp taxes

Stamp duty is payable at a rate of 0.5% on transfers of shares and securities of £1,000 and over.


On the transfer of property	£0 – £125,000*	nil
	£125,001 – £250,000	1%
	£250,001 – £500,000	3%
	£500,001 and over	4%

**Thresholds:**

*Residential property:	To 31.12.09	£175,000
	From 1.1.10	£125,000
Residential property in disadvantaged areas from 1.1.10		£150,000
Commercial property		£150,000

## Penalties – examples

Income tax and self assessment – up to 6 months late	£100
Corporation tax self assessment – 3 months late	£200
Form P11D – per form	£300
<b>Limited company accounts – 1 to 3 months</b>	
Private company	£375
Public company	£750

 To find out more about how we can help you plan your business tax strategy, contact us.