

BUDGET SUMMARY - 22 April 2009

by

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Tax Rates	Old figure 2008/09	New figure 2009/10
20% tax on taxable income from	£1 - £34,800	£1 - £ 37,400
40% tax on taxable income from	£34,801 - upwards	£37,401 - upwards

In 2010/11 (a year earlier than previously planned) the highest rate of tax is changing. Previously a 45% tax rate was threatened. Now it is to be 50% tax applying to income over £150,000 - for 2010/11. Income below that will be taxed at 20% and 40% as before.

Personal tax allowances

Personal Allowance	£6,035	£6,475
Allowance if aged 65-74	£9,030	£9,490
Allowance if aged 75 and over	£9,180	£9,640

Married Couple's Allowance 09/10 worth £686.50 where at least one born before 6 April 1935. For 2010/11 tax-free Personal Allowance will be restricted if you earn over £100,000. It will be phased out as income rises, until it is nil.

VAT

Standard rate	15.0%	15% then 17.5%
Turnover limit for registration	£67,000	£68,000

Reduced 15% rate of VAT applies to 31/12/09, then reverts to 17.5%

Capital Gains

Annual exemption	£9,600	£10,100
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CGT rate to remain at 18%.

Corporation Tax

Small companies - profits £1 to £300,000	21%	21%
Main rate - profits over £300,000, below £1.5M	marginal rate	marginal rate
Main rate - profits over £1,500,000	28%	28%

Small company corporation tax (profits below £300,000) to remain at 21% for 2009/10. This is a change since last year's Budget said 2009/10 rate would be 22%. Now this rise to 22% has been put off until 2010/11.

Excise Duty

INCREASE

Cigarettes & cigars	7p on a packet of 20 cigs, 3p on 5 cigars.
Wine & beer	1p a pint on beer, 4p on a bottle of wine
Cider	1p per litre
Spirits	13p per bottle

Car costs

Road tax - cars registered before March 2001	Cars up to 1549cc	Up £5 to £125
<i>Road tax - cars registered before March 2001</i>	<i>Cars over 1549cc</i>	<i>Up £5 to £190</i>
Road tax - CO2 level 100 and below		still £nil
<i>Road tax - CO2 101-140</i>		no change for 2009/10
<i>Road tax - CO2 141-225</i>		<i>all bands up £5</i>
Road tax - gas guzzlers CO2 226 and above reg after 23 March 2006		up from £400 to £405
Most fuels (up 2p per litre from 1 September 2009)		up 1.84p per litre
Road fuel gas (e.g. LPG) - (also up 2.85p per kg from 1 Sept. 2009)		up 4.05p per kg

Other developments

Offshore Disclosure Facility - new facility to admit to offshore savings and pay up - runs until March 2010. (Adrian Huston predicted this in Belfast Tele months ago)

Stamp duty is currently suspended on sales below £175,000. This 'holiday' has been extended to 31 December 2009 to stimulate house sales.

Vehicle scrappage scheme - May 2009 to 31 March 2010. Trade in a car over 10 years old (which you have owned for 12 months) and get a £2,000 discount on a brand new car.

Pension Credits - up to now savings up to £6,000 did not affect the benefit. From Autumn 2009 up to £10,000 can be saved with no implication for your claim.

Class 2 self-employed NIC up from £2.30 to £2.40 per week 2009/10.

Class 4 NIC on profits above £5,715 at 8% (then 1% on profits over £43,875) - 2009/10

Capital Allowances for businesses. 2009/10 there will now be a 40% First Year Allowance available. This is for those who have already used their 100% Annual Investment Allowance - which is on the first £50,000 spent.

Inheritance tax threshold up from £312,000 2008/09, to £325,000 2009/10 then £350,000.

Tax cheats to be publicised! Revenue is bringing in law so it will publicise people and companies where they have deliberately understated income meaning £25,000 of tax would have been lost.

ISAs for 2009/10 - £7,200 for people under 50. However for those over 50 there will be a 2009/10 limit of £10,200 maximum investment (up £3,000), including up to £5,100 in cash. All people will get the £10,200 limit for 2010/11.

Pension Contributions - big change from 2011/12. If you earn over £150K your tax relief will drop. Down from 40% it will be phased down to 20% - reaching 20% if you earn over £180K.

CONTENT WARNING

This summary is based on what Alastair Darling actually announced in his speech. In the past unpopular changes have been released in the paperwork after the Budget. Check the financial press over the next few days to see if any surprises affect you.

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