

Value Added Tax

| | |
|--|-------------------|
| Standard rate ($\frac{1}{11}$ of VAT-inclusive price) | 17.5% |
| Registration level from 01.4.07 | £64,000 per annum |
| Deregistration level from 01.4.07 | £62,000 per annum |

Scale charges (from 1.5.07)

The scale charges for private use of business fuel change to be based on the CO₂ emissions rating of the car. A different charge will apply for each 5g/km increase between 140g/km (min) and 240 g/km (max). For a 3 month period:

| | | |
|-----------------------------|-------------|------------|
| 144 and below | £154.89 net | £27.11 VAT |
| rising per 5g/km by approx* | 10.38 net | 1.82 VAT |
| 240 or above | 362.55 net | 63.45 VAT |

*exact figures must be obtained from full table.

Due dates for payment of tax

Income Tax and Class 4 NIC

| | |
|------------------------|-----------------|
| 1st payment on account | 31 January 2008 |
| 2nd payment on account | 31 July 2008 |
| Balancing payment | 31 January 2009 |

Capital Gains Tax 31 January following the tax year.

Inheritance Tax Normally 6 months after month of death.

Corporation Tax Large companies pay by instalments starting 6 months through the accounting period; small/medium companies pay 9 months and 1 day after end of period.

Useful Rates

2007/08

Basic Retirement Pension

| | |
|----------------|--------|
| Single person | £87.30 |
| Married couple | 139.60 |

Child Benefit

| | |
|-----------------------|-------|
| First eligible child | 18.10 |
| Each subsequent child | 12.10 |

Example rates:

| | |
|--------------------------|--------|
| Child Tax Credits | |
| Family element | 545 |
| Threshold for withdrawal | 50,000 |

National Minimum Wage

| | |
|---------------------|---------|
| From 1 October 2006 | 5.35 ph |
| From 1 October 2007 | 5.52 ph |

You are advised to consult us before acting on any information contained herein.

2007/2008 Calendar

April 2007

| M | T | W | T | F | S | S |
|----|----|----|----|----|----|----|
| | | | | | | 1 |
| 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| 23 | 24 | 25 | 26 | 27 | 28 | 29 |
| 30 | | | | | | |

June 2007

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| 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| 25 | 26 | 27 | 28 | 29 | 30 | |

August 2007

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| 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| 25 | 26 | 27 | 28 | 29 | 30 | 31 |

October 2007

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| 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| 29 | 30 | 31 | | | | |

December 2007

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| 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| 24 | 25 | 26 | 27 | 28 | 29 | 30 |
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February 2008

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May 2007

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July 2007

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September 2007

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November 2007

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| 25 | 26 | 27 | 28 | 29 | 30 | |

January 2008

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| 21 | 22 | 23 | 24 | 25 | 26 | 27 |
| 28 | 29 | 30 | 31 | | | |

March 2008

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| 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| 25 | 26 | 27 | 28 | 29 | 30 | 31 |

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TAX RATES
2007-2008

Income Tax

| Tax rates | 2007/08 | 2006/07 |
|------------------------------------|---------|---------|
| Lower rate on first | £2,230 | £2,150 |
| Basic rate on next | 32,370 | 31,150 |
| Higher rate on taxable income over | 34,600 | 33,300 |

Rates differ for Dividends/Interest/Other

| | D | I | O |
|---------------|-------|-----|-----|
| Starting rate | 10% | 10% | 10% |
| Basic rate | 10% | 20% | 22% |
| Higher rate | 32.5% | 40% | 40% |

Dividends taxed as highest part of income, then interest, then other

| Discretionary trust | | | |
|------------------------------------|-------|-----|-----|
| — within £1,000 standard rate band | 10% | 20% | 22% |
| — thereafter | 32.5% | 40% | 40% |

Allowed at top rate of tax

| | | |
|-----------------------------------|--------|--------|
| Personal Allowance | £5,225 | £5,035 |
| Personal Allowance (65 - 74)* | 7,550 | 7,280 |
| Personal Allowance (75 and over)* | 7,690 | 7,420 |
| Blind Person's Allowance | 1,730 | 1,660 |

Allowed only at 10%

| | | |
|--|-------|-------|
| Married Couple's Allowance (up to 74)** | 6,285 | 6,065 |
| Married Couple's Allowance (75 and over)** | 6,365 | 6,135 |

Income limit for age-related allowances 20,900 20,100

*only available if born before 6th April 1935.

**Age allowances are reduced £1 for every £2 by which income exceeds the income limit, until the age allowance is reduced to the normal allowance. Personal allowance is reduced before married couple's allowance. MCA is reduced to a minimum of £2,440 (2006/07: £2,350).

Important annual limits

| | 2007/08 | 2006/07 |
|---|----------|----------|
| Individual Savings Account investment | £7,000 | £7,000 |
| Rent a room exemption | 4,250 | 4,250 |
| Enterprise Investment Scheme investment | *400,000 | *400,000 |
| Venture Capital Trust investment | ‡200,000 | ‡200,000 |
| *Relief at 20% †Relief at 30% | | |

Pension contributions

Maximum annual tax-efficient gross contributions to age 75:

- individuals £3,600 or 100% of earnings to £225K
- employers £225K less employee contributions

Max tax efficient fund on taking benefits in 2007/08: £1.6m.

Only current earnings count for the 100% limit. It is no longer possible to use prior year earnings or to carry back contributions to earlier years.

National Insurance Contributions

Class 1 (Employees)

| | Contracted In | Contracted Out Salary Related | Contracted Out Money Purchase |
|--------------------------------|---------------|-------------------------------|-------------------------------|
| Employee contributions | | | |
| — on earnings £100.01 - £670pw | 11.0% | 9.4% | 9.4% |
| — on earnings above £670pw | 1.0% | 1.0% | 1.0% |
| Employer contributions | | | |
| — on earnings £100.01 - £670pw | 12.8% | 9.1% | 11.4% |
| — on earnings above £670pw | 12.8% | 12.8% | 12.8% |

Employer contributions (at 12.8%) are due on most benefits in kind and on tax paid on an employee's behalf under a PAYE settlement agreement.

Class 2 (Self-employed)

| | |
|---|--------|
| Flat rate per week | £2.20 |
| Small earnings exception: profits per annum | £4,635 |

Class 3 (Voluntary)

| | |
|--------------------|-------|
| Flat rate per week | £7.80 |
|--------------------|-------|

Class 4 (Self-employed)

| | |
|-----------------------------|------|
| On profits £5,225 - £34,840 | 8.0% |
| On profits over £34,840 | 1.0% |

Car benefit assessment 2007/08

Charge based on a percentage of the initial list price of the car, including accessories, delivery charges and VAT. The percentage depends on the carbon dioxide emissions rating of the car, and whether the engine runs on petrol or diesel.

| Ratings | Petrol | Diesel |
|--------------|--|--------|
| 0-140g/km | 15% | 18% |
| over 140g/km | + 1% for each extra 5g/km (145,150 etc.) | |
| Maximum | 35% | 35% |

Special rules apply to older cars which do not have a CO₂ rating. Employee contributions for private use are deducted from the taxable figure. Company vans are charged at £3,000 (2006/07: £500) if private use is more than home-to-work travel. An additional amount of £500 (2006/07: nil) is charged if fuel is provided free for private use.

Car fuel benefit

The benefit of free fuel for private use in a company car is calculated using the same percentage as that used for the car benefit, applied to a standard figure of £14,400. The taxable amount is therefore between £2,160 (min.) and £5,040 (max.).

Tax free mileage allowances

| | Higher Rate 2007/08 & 2006/07 | Lower Rate unchanged |
|---------------------|-------------------------------|----------------------|
| All cars | 40p | 25p |
| Motorcycles | 24p | 24p |
| Bicycles | 20p | 20p |
| Business passengers | 5p | 5p |

Higher rate allowed up to 10,000 business miles.

Fuel-only allowances for company cars

| | Petrol | Diesel | LPG |
|---------------|--------|--------|-----|
| From 1.2.2007 | | | |
| Up to 1400cc | 9p | 9p | 6p |
| 1401 - 2000cc | 11p | 9p | 7p |
| Over 2000cc | 16p | 12p | 10p |

These rates may change more frequently than once a year.

Inheritance Tax

| Charges on or after 6th April 2007 | Rates % | Charges between 6th April 2006 and 5th April 2007 |
|------------------------------------|---------|---|
| 0 - £300,000 | NIL | 0 - £285,000 |
| Above £300,000 | 40% | Above £285,000 |

Lifetime chargeable transfers at half the death rate, ie 20%.

Business property relief of 100% for all shareholdings in qualifying unquoted trading companies and for most unincorporated trading businesses; agricultural property relief at 100% for qualifying holdings of agricultural land.

Annual exemption for lifetime gifts £3,000.

Small gifts - annual amount per donee £250.

Reduced tax charge on transfers within 7 years of death

| Years before death | Percentage of death rates |
|--------------------|---------------------------|
| 0 - 3 | 100% |
| 3 - 4 | 80% |
| 4 - 5 | 60% |
| 5 - 6 | 40% |
| 6 - 7 | 20% |
| Over 7 | NIL |

Stamp Duty and Stamp Duty Land Tax

| Rates on sales | % of Total Consideration |
|----------------------------------|--------------------------|
| Shares and marketable securities | 0.5% |
| Land 0 - threshold | NIL |
| Threshold - £250,000 | 1% |
| £250,001 - £500,000 | 3% |
| £500,001 and over | 4% |

The threshold is £125,000 for residential property and £150,000 for commercial property. In "disadvantaged areas", the residential threshold is £150,000.

Capital Gains Tax

Annual exempt amount 2007/08: individuals £9,200, most trustees £4,600 Relief given for effect of inflation for periods of ownership up to April 1998. Taper relief is based on complete years of ownership after 5 April 1998 (with one year added for ownership on 17.3.98 in the case of non-business assets):

| Complete years owned for taper purposes: | % of gain charged Business asset | Non-business asset |
|--|----------------------------------|--------------------|
| 1 year | 50% | 100% |
| 2 years | 25% | 100% |
| 3 years | 25% | 95% |
| 4 years | 25% | 90% |
| 5 years | 25% | 85% |
| 6 years | 25% | 80% |
| 7 years | 25% | 75% |
| 8 years | 25% | 70% |
| 9 years | 25% | 65% |
| 10 years (max.relief) | 25% | 60% |

Net gains after all reliefs and annual exempt amount are taxed at marginal income tax rates for interest income (ie 10%, 20%, 40%).

Corporation Tax

| | Years to 31.3.2008 | 31.3.2007 |
|---------------------------|--------------------|---------------|
| Main rate | 30% | 30% |
| Profits above | £1.5m | £1.5m |
| Small companies rate | 20% | 19% |
| Profits between | £0 - £300K | £0K - £300K |
| Small/large marginal band | £300K - £1.5m | £300K - £1.5m |
| Fraction (effective rate) | 1/3 (32.5%) | 1/3 (32.75%) |

Main capital allowances

| Plant and machinery | Allowance % |
|---|-------------|
| — first year allowance for small businesses* | 50 |
| — first year allowance for medium businesses | 40 |
| — writing down allowance (6% on some long life assets) | 25 |
| — cars in general (max £3,000pa) | 25 |
| — certain energy efficient plant, including low emission cars | 100 |
| Industrial buildings writing down allowance | 4 |

*(Companies 1.4.06 - 31.3.08; income tax 6.4.06 - 5.4.08)