

Inheritance tax

	08/09	07/08
Nil-rate band*	£312,000	£300,000
Rate of tax on excess	40%	40%
Lifetime transfers to certain trusts	20%	20%
Overseas domiciled spouse exemption	£55,000	£55,000
Overseas civil partner exemption	£55,000	£55,000

*in addition from 9th October 2007 a claim may be made for deceased spouse/civil partner's unused nil rate band

Business Property Relief

100% relief: businesses (including a partnership share), transfers of unquoted shareholdings

50% relief: land, buildings, machinery or plant used in a company or partnership

Reduced tax charge on gifts made within 7 years of death

Years before death	% of charge payable
0-3	100
3-4	80
4-5	60
5-6	40
6-7	20

Annual exempt gifts: £3,000 per donor, £250 per donee, gifts to charities (whether made during lifetime or on death)

The Companies Act 2006

The 2006 Act received royal assent on 8 November 2006 and its provisions are coming into force in stages, with everything expected to be in effect by 1 October 2009. The Act introduces significant changes including:

- the introduction of a new regime for electronic communications;
- a statutory statement of the law on directors' duties;
- amendments to the rules for directors (for example in respect of substantial property transactions, loans and service contracts);
- new rules relating to resolutions and meetings; and
- a new written resolution regime for private companies

The staged implementation of the 2006 Act means companies need to exercise considerable care for the next few years to ensure that they understand their obligations and, in particular, which parts of the Act are in force. Please make an appointment if you are concerned about the application of the Act to your business.

Crosse + Crosse can help with:

- Partnerships, limited liability companies / partnerships
- Commercial property - buying and selling
- Landlord and tenant
- Employment matters in relation to your business
- Any business or other disputes
- Entertainment, leisure and licensing aspects
- Personal estate and tax planning

CROSSE
CROSSE
Solicitors

INCORPORATING CHARLES HOPE & CO

14 Southernhay West, Exeter EX1 1PL

Tel: 01392 258451

Fax: 01392 278938

DX 8313 EXETER

CROSSE
CROSSE
Solicitors

INCORPORATING CHARLES HOPE & CO



Lexcel
THE LAW SOCIETY

**Tax, Employment and
Business Guide**



2008/2009

INVESTOR IN PEOPLE

Employment

National minimum wage (£/hour) (from October 2007)

Adult rate (22 and over): **£5.52** (£5.73 from October 2008)

Rate ages 18-21 inclusive: **£4.60** (£4.77 from October 2008)

Rate for 16 & 17 year olds: **£3.40** (£3.53 from October 2008)

Unfair dismissal

Maximum award where effective date of termination is

From 1st February 2008: **£63,000** (DTI website)

Maximum award where effective date of termination was

After 1st February 2007: **£60,600**

Wrongful dismissal

Maximum award: **£25,000**

Discrimination claims

Maximum award: **unlimited**

Flexible working claims (effective from April 2008)

Maximum award: 8 weeks' pay subject to statutory cap of **£330** per week = **£2640** (Prior to April 2008 £310/£2480)

Statutory sick pay

From 6th April 2008: **£75.40** per week

From 6th April 2007: **£72.55** per week

Maternity & paternity leave pay (2008/2009 tax year)

First six weeks: **90%** of average earnings.

Remaining 33 weeks: **£117.18** per week or 90% of average weekly earnings if that is less than £117.18

Statutory minimum notice

Employee employed less than 2 years: **1 week**

Employee employed over 2 years: **1 week per year** of employment, up to a maximum of 12 weeks

Redundancy / unfair dismissal basic award

Calculated by age, length of service to the relevant date, and salary as follows:

- up to the age of 21, you will receive half a week's pay for each completed year of service;
- 22-40 years of age, you will receive one week's pay for each completed year of service;
- 41+ years, you will receive 1.5 week's pay for each completed year of service.

A week's pay is subject to a statutory cap of **£330** per week's gross pay where dismissed after February 2007.

Length of service is subject to a maximum of 20 years.

The current maximum statutory redundancy payment is **£9,900** (£330 x 20 x 1.5)

Personal Pensions

Basic State Pension	08-09	07-08
Single person per year	£4,716.40	£4,539.60
Married couple total per year	£7,542.60	£7,259.20

Annual Allowance

07-08	08-09	09-10	10-11
£225,000	£235,000	£245,000	£255,000

If pension contributions exceed the annual allowance there is a 40% tax charge on the excess.

Lifetime Allowance

07-08	08-09	09-10	10-11
£1.6m	£1.65m	£1.75m	£1.8m

Tax rates

Income tax

08/09	£ per year	07/08	£ per year
-	-	Starting rate: 10%	£0 - £2,230
Basic Rate: 20%	£0 - £36,000	Basic rate: 22%	£2,231 - £34,600
Higher Rate: 40%	over £36,000	Higher rate: 40%	over £34,600

Dividends - basic rate tax payer	10%
- higher rate tax payer	32.5%

Main personal reliefs	08/09	07/08
Personal (basic)	£5,435	£5,225
Personal (65-74)	£9,030	£7,550
Personal (75 & over)	£9,180	£7,690
Rent-a-room tax-free income	£4,250	£4,250

Individual savings accounts (ISAs)

Maximum Annual Subscription	£7,200
Of which maximum investments are:-	
Stocks & shares	£7,200
Cash	£3,600

There is no longer any distinction between **MAXI** and **MINI** ISAs

Stamp Duties

Stamp duty land tax (SDLT)

Price is £125,000* or less	Nil
Price is over £125,000 and up to £250,000	1%
Price is over £250,000 and up to £500,000	3%
Price is over £500,000	4%

* £150,000 for residential properties in disadvantaged areas and all non-residential property

Stamp duty (including SDRT)

Stocks and marketable securities	0.5%
----------------------------------	------

Capital gains tax

Exemptions	08/09	07/08
Individuals, estates etc	£9,600	£9,200
Trusts generally	£4,800	£4,600
Chattels* proceeds	£6,000	£6,000

* 5/3 taxable on excess gain

Rates

Individuals	18%	as savings rates
Trusts and estates	18%	40%

- Taper relief and indexation do not apply for disposals after 5th April 2008
- From 6th April 2008 a new entrepreneurs' relief applies to the first £1 million of gains on certain types of assets reducing the effective tax rate to 10%. This is a lifetime limit

Corporation tax

Rates	to 31/3/2009	to 31/3/2008
First £300,000	21%	20%
Next £1,200,000	marginal relief	marginal relief
Over £1,500,000	28%	30%

VAT

Standard Rate	17.5%
Registration level	£67,000 (from 1 April 2008)
Deregistration limit	£65,000 (from 1 April 2008)

This guide has been prepared by Crosse + Crosse Commercial Department as a guide to tax rates, employment and business law for employers and employees. Whilst every effort has been made to ensure that the information contained is accurate, it can only be used as a guide. Accordingly, we cannot accept any responsibility for action taken as a result of reliance on this guide. Professional advice must be obtained first and we would be pleased to assist you with this.

Printed April 2008