

TAX FACTS 2003/2004

Income Tax Rates

Bands, J(GBP)	Rate,%	Tax on band, J(GBP)
1-1,960	10	196
1,961-30,500	22	6,278
Over 30,500	40	
Dividends receive a 10% tax credit. Higher rate taxpayers pay further tax of 22.5%		

Allowances and Reliefs

	J(GBP)
Personal allowance	4,615
Married couple's allowance	nil
Additional personal allowance	nil
Children's Tax Credit	nil
Children's Tax Credit - baby rate	nil
Age allowance	
Single person	
aged 65-74	6,610
aged 75 and over	6,720
Married couple's allowance	
aged 65-74	5,565*
aged 75 and over	5,635*
Age allowance reduced by 1/2	
of income over	18,300
Blind person's allowance	1,510
Rent a room	4,250
*Relief restricted to 10%	
**Relief restricted to 10% and reduced for higher rate taxpayers	

Corporation Tax

	Year to 31 March
Taxable profit	
J(GBP)1-J(GBP)10,000	0%
J(GBP)10,001-J(GBP)50,000*	23,75%
J(GBP)50,001-J(GBP)300,000	19%
J(GBP)300,001-J(GBP)1,500,000**	32,75%
Over J(GBP)1,500,001	30%
*Marginal relief fraction	
	19/400

**Marginal relief fraction	11/400
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Capital Allowances

	First year/Initial Allowance	Writing-down Allowance
Plant & Machinery - Long Life	nil	6%
Plant & Machinery - Energy Saving	100%	nil
Plant & Machinery - other	40%*	25%
Low emission cars	100%	nil
Industrial Buildings	nil	4%
Agricultural Buildings	nil	4%
Enterprise Zone	100%	nil
Scientific Research	100%	nil
* Only available for qualifying expenditure incurred by small or medium size businesses. Until 31 March 2004, 100% first year allowances are available for investments by small enterprises on information and communication technology.		

Capital Gains Tax

	J(GBP)
Annual exemption	
- individuals	7,900
- settlements	3,950
Retirement relief (available from age 50)	
- exempt gains	0
- 50% reduction of gains up to	0
For gains realised after 5 April 1998, indexation allowance is frozen and the gain reduced by a tapering relief according to how the asset has been held after 5 April 1998	
Different rates of taper relief apply dependent on whether the disposal is of a business or non business asset.	

Number of complete years after 5.04.98 for which asset held	Business assets chargeable for disposals in 2003/2004	Business assets equivalent tax rate for higher rate taxpayer	Non business assets chargeable for disposals in 2003/2004
	%	%	%
0	100	40	100
1	50	20	100
2	25	10	100
3	25	10	95
4	25	10	90

5	25	10	85
6	25	10	80
7	25	10	75
8	25	10	70
9	25	10	65

Car Scale Benefit

Since 6 April 2002 car benefit is based on a percentage of the car's list price (subject to a ceiling of J(GBP)80,000) graduated according to the level of the car's CO₂ emissions. This applies to cars first registered on or after 1 January 1998. There are different rules for older cars and those with no CO₂ figure.

Discounts apply for cars, which run on alternative fuels such as electric, Battery and liquefied petroleum gas. Supplements apply if the car runs solely on diesel.

CO ₂ emissions g/km	% of car price	CO ₂ emissions g/km	% of car price
155	15	210	26
160	16	215	27
165	17	220	28
170	18	225	29
175	19	230	30
180	20	235	31
185	21	240	32
190	22	245	33
195	23	250	34
200	24	255	35
205	25		

Business mileage is no longer relevant for car benefits, nor is the age for cars registered from 1 January 1998 onwards.

Car Fuel Benefit

From 6 April 2003 car fuel benefit is based on a percentage of a set figure, which for 2003/04 is J(GBP)14,400. The same percentage figure as for car scale benefit (detailed above) will be used.

Inland Revenue Mileage Rates

Approved Inland Revenue tax-free mileage rates	
Mileage	For 2003/2004
Up to 10,000 miles	40p
Over 10,000 miles	25p

Employment Benefits

Applies to most directors and all employees earning at a rate of J(GBP)8,500 p.a. or more.

Beneficial loans

Official rate of interest for 2003/2004 - 5%.

Use of assets

Benefit is 20% of market value or cost to employer (if greater) plus relevant expenses. Special rules for property.

Individual Savings Accounts

The ISA annual contribution limit of J(GBP)7,000 lasts until 5 April 2006. There are limits of J(GBP)3,000 for the cash element and J(GBP)1,000 for the life assurance element. Savers are exempt from Income and Capital Gains Tax and a 10% tax credit will be paid on dividends from UK equities until 5 April 2004.

Charitable Giving

There is no minimum amount for a Gift Aid donation and all cash donations, of whatever size, made by a UK taxpayer are eligible for Gift Aid relief.

Gift Aid declarations can be made in writing, on the telephone or over the internet and must contain the name and address of the donor, the name of the charity and a statement that the donor pays sufficient income or capital gains tax to cover the tax reclaimed by the charity.

Tax relief for donations made under a deed of covenant is given under Gift Aid rules. From 1 April 2000 company donations to charity are made gross. The company claims tax relief in its computation and the charity receives no additional tax reclaim.

Since 6 April 2003 higher rate taxpayers can carry back their portion of Gift Aid relief (18%) to the previous year. From April 2004, taxpayers will be able to nominate a charity to receive all or part of a tax repayment due to them.

Income and Capital Gains Tax relief applies for gifts to charity of listed shares and securities, AIM shares, units in authorised unit trusts and shares in OEIC's as land and buildings.

Example:	J(GBP)
Tax relief to individual (40% taxpayer)	
Net donation paid	780
Higher rate tax relief on grossed up donation (18% x J(GBP)1,000)	(180)
Net cost to individual	600
Charity's position	
Net donation	780
Grossed up at 22%	220
Gross receipt	1,000

VAT

	From 1.4.2003
Standard Rate	17.5%
Fuel and Power Rate	5%

Installation of energy saving material	5%
VAT on fraction of gross price	7/47
Certain housing refurbishment work	5%
Annual Turnover Limits* (based on previous 12 months)	
Registration	J(GBP) 56,000
Deregistration	J(GBP) 54,000
*From 10 April 2003	

Inland Revenue Interest Rates

Income Tax/Capital Gains Tax	
- late paid tax	6.5%
- over paid tax	2.5%
Corporation tax - periods ended pre 1.7.99	
- late paid tax	5%
- over paid tax	2%
Corporation tax - periods ended pre 30.6.99	
- late paid tax	6.5%
- over paid tax	3%
Corporation Tax quarterly instalment payments	
- under paid instalments	4.75%
- over paid instalments	3.5%
Inheritance Tax	3%
VAT	
- on under declaration	6.5%
- on official errors	3%
These rates are effective from 17 February 2003	

National Insurance Contributions

Class 1 Employed. From 6 April 2003			
J(GBP) pw earnings	Contracted in	Contracted out	Contracted out
		(salary related)	(money purchase)
Employee			
Up to J(GBP)89.00	nil	nil	nil
J(GBP)89.01 - J(GBP)595.00	11%	9.4%	9.4%
over J(GBP)595.00	1%	1%	1%
Employer			
Earnings bracket			
Up to J(GBP)89.00	nil	nil	nil
J(GBP)89.01 - J(GBP)595.00	12.8%	9.3%	11.8%
Over J(GBP)595.00	12.8%	12.8%	12.8%
Class 2 Self-employed:			
Weekly rate J(GBP)2.00 once earnings over J(GBP)4,095 p.a.			

Class 3 Voluntary:
Weekly rate J(GBP)6.95
Class 4 Self-employed:
8% on annual profits between J(GBP)4,615 - J(GBP)30,940
1% on annual profits above J(GBP)30,940

Personal Pensions

Contribution limit - 0% of net relevant earnings		
Age on 6 April 2003	PPS	RAP*
35 or less	17.5	17.5
36-45	20.0	17.5
46-50	25.0	17.5
51-55	30.0	20.0
56-60	35.0	22.5
61 and over	40.0	27.5
N.R.E. cap for P.P.S. J(GBP)99,000 (2002/03: J(GBP)97,200).		
*Retirement annuity policy limits apply to policies effected before 1 July 1988.		
Stakeholder pensions allow individuals to contribute up to J(GBP)3,600 per annum irrespective of earnings or age.		

Stamp Duty

Transfers of property	
Value of property	From 28.3.2000
	Rate
J(GBP)	%
1-60,000	nil
60,001-250,000	1
250,001-500,000	3
Over 500,000	4