



TAX GUIDE • 2008/09

Income Tax: taxable bands

2007 - 08	£ per year	2008 - 09	£ per year
Starting rate: 10%	£0 - £2,230	-	-
Basic rate: 22%	£2,231 - £34,600	Basic rate: 20%*	£0 - £36,000
Higher rate: 40%	Over £34,600	Higher rate: 40%*	Over £36,000

* There will be a new 10% starting rate for savings income only, with a limit of £2,320. If an individual's taxable non-savings income is above this limit then the 10% savings rate will not be applicable. There are no changes to the 10% dividend ordinary rate or the 32.5% dividend upper rate.

National Insurance contributions

£ per week (unless stated)	2007 - 08	2008 - 09
Lower earnings limit, primary Class 1	£87	£90
Upper earnings limit, primary Class 1	£670	£770
Employees' primary Class 1 rate between primary threshold and upper earnings limit	11%	11%
Employees' primary Class 1 rate above upper earnings limit	1%	1%
Employees' contracted-out rebate - salary-related schemes	1.60%	1.60%
Employees' contracted-out rebate - money-purchase schemes	1.60%	1.60%
Married women's reduced rate between primary threshold and upper earnings limit	4.85%	4.85%
Married women's rate above upper earnings limit	1%	1%
Employers' secondary Class 1 rate above secondary threshold	12.80%	12.80%
Employers' contracted-out rebate, salary-related schemes	3.70%	3.70%
Employers' contracted-out rebate, money-purchase schemes	1.40%	1.40%
Class 2 rate	£2.20	£2.30
Class 2 small earnings exception (per year)	£4,635	£4,825
Class 3 rate (per week)	£7.80	£8.10
Class 4 lower profits limit (per year)	£5,225	£5,435
Class 4 upper profits limit (per year)	£34,840	£40,040
Class 4 rate between lower profits limit and upper profits limit	8%	8%
Class 4 rate above upper profits limit	1%	1%

Allowances

£ per year (unless stated)	2007 - 08	2008 - 09
Income tax personal and age-related allowances		
Personal allowance (age under 65)	£5,225	£5,435
Personal allowance (age 65-74)	£7,550	£9,030
Personal allowance (age 75 and over)	£7,690	£9,180
Capital gains tax annual exempt amount		
Individuals etc.	£9,200	£9,600
Most trustees	£4,600	£4,800
Individual inheritance tax allowance		
	£300,000	£312,000
Pension schemes allowances		
Annual Allowance	£225,000	£235,000
Lifetime Allowance	£1,600,000	£1,650,000

