



PKF

Accountants &
business advisers

Taxation

Pre-Budget Report 2008

World economic conditions and recent Government actions mean that this year's Pre-Budget Report has taken on the significance of a full Budget. Tax cuts funded by higher Government borrowing were expected to be on the agenda and this summary explains the main announcements.

November 2008

Business tax

Corporation tax rates

To ease the tax burden on smaller businesses, the planned increase in the small companies' rate of corporation tax from 21% to 22% has been deferred for a year until 1 April 2010. This rate will apply to all small company profits other than oil ring fence profits (which will continue to be taxed at 19% for the year to 31 March 2010).

Carry back of losses

In most circumstances, trading losses of either companies or unincorporated businesses can only be carried back to the previous year of assessment. Where tax has been paid in the earlier period this generally gives rise to a refund.

For companies, a temporary extension to this limitation has been announced which allows a proportion of trade losses to be carried back for up to three years. There is no restriction to

the amount of losses which can be carried back one year. However, a further £50,000 of losses can then be carried back to the previous two years. This temporary measure applies to trading losses arising in an accounting period ending between 24 November 2008 and 23 November 2009.

Sole traders and partnerships can also make similar claims in respect of the trading losses calculated for their accounting period ending in the tax year 2008-09.

Loans for small companies

A further measure, intended to aid smaller companies, is with regard to spreading the payment of tax. The Chancellor announced that companies that are in difficulties will be able to spread their tax liabilities including VAT, corporation tax, income tax and NICs. His initial announcement indicated that, in

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the right circumstances, companies will be able to defer these liabilities, with the assistance of a new Business Payment Support Service, without any pre-set limit on the period of the deferral. However, it is expected that interest charges will still apply where appropriate.

Small business borrowing facilities

A new Small Business Finance Scheme is to be launched by the Government in 2009 to make it easier for small businesses to borrow money. Under the scheme, the Government will guarantee up to £1 billion in new lending by banks to small businesses. In addition, for smaller businesses that already have a high level of borrowing, the Government is to create a £50 million fund to provide equity based support. Further support of up to £1 billion will be provided in the form of guarantees by the Export Credit Guarantee Department providing smaller exporters with better access to short term working capital.

Empty property rate relief

New temporary measures are to be introduced for 2009-10 to exempt empty properties which have a rateable value of less than £15,000 from business rates.

Proposals will also be introduced to allow businesses more time to pay arrears of business rates where they have not previously received bills on their premises and demands relating back to 2005 are issued to them prior to 31 March 2010. The measures will allow these businesses the facility to pay their liability for previous years in equal interest-

free instalments over eight years, rather than forcing them to pay immediately.

Income shifting

After a considerable outcry over its initial proposals on income shifting, announced in the 2007 Pre-Budget Report, the Government deferred these plans at the time of the 2008 Budget to allow for further consultation. Having consulted on this issue privately, the Government has decided not to include new rules in Finance Bill 2009 because of the current economic situation. The issue is to be kept 'under review'.

Capital allowances on cars

There is to be a completely new scheme of offering capital allowances on cars. This takes effect from 1 April 2009 for corporates and 6 April 2009 for businesses chargeable to income tax such as sole traders and partnerships. The new legislation will mean the scrapping of the 'expensive car' limit of £12,000.

Expenditure after 1 or 6 April 2009 will be allocated to one of the two general plant and machinery pools, depending on the CO₂ emissions of the car. Cars with CO₂ emissions up to 160g/km will be put into the general plant and machinery pool and will attract allowances at 20%. Cars with higher emissions will go into what is known as the "special rate pool" with annual allowances limited to 10%.

There are transitional regulations which mean that, for around five years from the introduction of the new legislation, expenditure incurred before April 2009 will

continue to be governed by current legislation.

At the same time, there are changes to the rules relating to lease rental payments on cars and, once again, the £12,000 limit is to be scrapped. In its place, a new flat rate disallowance of 15% of relevant payments will apply in respect of cars with CO₂ emissions above 160 g/km. For other cars there will be no such restriction.

A change that will be less welcome brings certain hire cars, such as taxis and cars leased to disabled people, into the new CO₂ emissions-based rules. Before, they had been exempt from the expensive car rules.

Company cars for disabled drivers

A minor technical change has been introduced which will be of benefit to disabled drivers who need to drive automatic cars. In the past, they sometimes suffered higher benefit charges when compared with those using manual cars but from 6 April 2009, they will be taxed on the same benefit as those driving the equivalent manual car.

Taxation of foreign profits

The Government has announced that a package of reforms will be introduced in Finance Bill 2009. Draft legislation is to be published in December 2008. This is the latest development in a consultation process which began in June 2007, and it follows on from a number of high profile migrations of corporate groups out of the UK.

The package will include an exemption, expected to take

effect from 1 April 2009, from UK corporation tax on dividends paid by foreign companies to medium and large UK companies/groups. The exemption will apply regardless of the size of the foreign shareholding. It will apply to ordinary shares and most non-ordinary shares and will, of course, be accompanied by targeted anti-avoidance rules.

The foreign dividend exemption is likely to be counterbalanced by further changes in Finance Act 2010 to the controlled foreign companies (CFC) regime which, in certain circumstances, may subject foreign income to UK tax as it arises. The Government has already signalled abolition of the exemptions for both an acceptable distribution policy (which broadly applies where a dividend is paid within 18 months of the year-end) and for holding companies whose subsidiaries are engaged in certain permitted activities. There will be a two year transitional period to allow groups affected by these changes to restructure.

One very significant easing of the burden on international groups will be the abolition of the need to obtain HM Treasury consent for the issue or transfer of foreign shares or debentures. This will be replaced by a quarterly reporting requirement for "high risk" transactions (not defined at the date of writing) of at least £100 million.

In order to target situations where a UK group bears more debt than is required to finance the worldwide group, the total amount of interest that is tax deductible in the UK will be

capped at the group's consolidated external finance costs. This may impact adversely on UK subsidiaries of international groups financing their investment into the UK by intercompany debt. Existing anti-avoidance rules will also be extended to deny UK tax deductions for interest where a borrower is party to a debt as a result of a scheme or arrangement where one of the main expected benefits is a tax advantage.

The foreign dividend exemption will dramatically alter the tax planning landscape for medium and large UK companies with foreign subsidiaries or with foreign portfolio investments. It will facilitate repatriation of profits to the UK and will reduce the administrative burdens associated with maximising foreign tax credits. It will be necessary to pay very close attention to the likely impact of the CFC reforms to ensure that the dividend exemption is not neutralised by UK taxation of the foreign profits as they arise.

Medium and large UK companies with international affiliates and international investments should now be reviewing their operations well in advance of the April 2009 changes in order to make the right decisions on the timing of dividends and restructuring to optimise their worldwide tax profile under the new regime.

Connected companies loan relationships

Difficulties can arise when connected companies, generally companies under common control or where one company controls another, formally release

or waive an intra company trade debt.

Currently, the corporate debt rules will always operate to deny tax relief for the bad debt expense recognised by the creditor company. However, because the debtor company (i.e. the one that owes the money) benefitted from tax relief on the creation of the trade debt, it will be taxed on the release. These rules apply unless the release is undertaken under statutory insolvency arrangements such as a creditors' voluntary arrangement.

The Government has announced that the current corporate debt rules which do not tax the debtor company on the release of a non-trade debt, such as a loan between connected companies, will be extended to trade debts. These changes take effect for accounting periods beginning on or after 1 April 2009.

A further amendment is expected to clarify the timing of deductions when interest is paid, by a company which is within the UK corporate debt rules, to a connected creditor outside the rules, such as an individual. Currently, relief is denied on interest recognised as an expense in a company's accounts if it has not actually been paid within 12 months after the end of that company's accounting period. In such cases, relief is only available when the interest is paid.

Accounting for foreign exchange transactions

Measures affecting large multinational businesses will be announced, which will have effect

on or after 1 January 2009, to prevent double taxation or double tax relief when there is a change in accounting practice affecting foreign exchange hedging arrangements. This corrects an anomaly in the current regulations.

Land remediation relief

New measures are to come into effect from 1 April 2009 to provide greater clarity on what categories of expenditure qualify for land remediation relief and give greater certainty about whether expenditure qualifies for relief.

The proposed legislation will extend land remediation relief to expenditure on remediating long term derelict land, i.e. land which has been derelict since 1 April 1998 and was derelict when acquired by the claimant. The relief will apply to costs on the removal of:

- post-tensioned concrete heavyweight construction
- foundations of buildings or other structures or machinery bases
- reinforced concrete pilecaps
- reinforced concrete basements, or

- underground pipes or other apparatus for the supply of electricity, gas, water or telecommunication services or for drainage or sewerage.

The new measures will include powers to make secondary legislation to allow relief for the costs relating to treating land contaminated by naturally occurring contaminants such as Japanese Knotweed, radon and arsenic. However, the Government intends to exclude from relief remediation methods that are considered inappropriate, in particular, the removal of Japanese Knotweed to landfill sites.

VAT changes

Change to the standard rate

The standard rate of VAT rate will decrease from 17.5% to 15% from 1 December 2008. Thirteen months later, on 1 January 2010, it will revert to 17.5%. The reduced rate and zero rates are unchanged.

Inevitably, the change will involve administrative costs for all VAT registered traders. HMRC estimates it will cost businesses in the UK a total of £300m to implement both changes - and that does not include the costs of consulting professionals. HMRC says that it will adopt a "light touch" approach to errors made relating to the VAT rate change in the first VAT return made after the change: this means that only errors that overall result in a loss of revenue to HMRC must be repaid and penalties may not be imposed.

Businesses need to start thinking now about whether their systems will be able to cope next Monday. Will their accounting systems be able to deal with having two VAT rates during one return period? Will the system recognise that, for a period, the business will have purchases some of which will be at 17.5% and some at 15%? If computer systems are unable to cope, the taxpayer will have to make manual adjustments to ensure VAT is returned correctly.

Retailers

The reduced rate of VAT is the Government's main tool to kickstart the UK economy and reduce the impact of the recession. For it to work, the Government needs retailers to pass on the saving to consumers. Retailers sell at prices inclusive of VAT. This means they have a choice whether or not to pass the

VAT reduction on to customers. HMRC helpfully states that the calculation which should be applied to old prices to give the new price is 46/47 but, of course, retailers cannot be compelled to apply this to their prices. This may be a complex procedure for many small businesses. For example, restaurants would need to amend their menus.

Whether or not they adjust prices, retailers will need to adjust their tills if they are used to calculate the VAT at point-of-sale. They may need the till manufacturer/supplier to attend the premises and adjust the machines. If they cannot achieve this by 1 December 2008, manual adjustments to their VAT accounts will be required.

Other businesses

Apart from retailer sales, most sales are VAT exclusive. With the

exception of supplies to the general public, businesses that are not retailers are required to issue VAT invoices. Normal rules mean that to determine whether a transaction is liable to VAT at the old or new rate, the taxpayer needs to take the earliest of the date on which payment was received or the date on which an invoice was issued.

Supplies which took place before the rate change, but were invoiced within 14 days and both paid and invoiced on or after 1 December 2008, will be liable at the new rate of 15%. In practice, this means that any supplies made before 17 November 2008 cannot be charged at 15%. Sales paid or invoiced before 1 December 2008 will be at 17.5% unless the next paragraph applies.

Land and equipment leases, deposits, payments on account

If the supply actually takes place after 1 December 2008, but has been paid or invoiced earlier, the supplier has the option to apply the new rate. The buyer cannot compel the supplier to opt for the lower VAT rate. Taxpayers who cannot fully reclaim VAT (such as banks, insurers, doctors, dentists, charities, unregistered businesses etc) may wish to negotiate with suppliers to persuade them to take this option. The sort of supplies affected by this are likely to be rents (if subject to VAT), deposits and other payments on account. The supplier will have to issue a credit note if it takes advantage of this option.

Incorrectly charging 17.5%

Where a taxpayer business has

incorrectly charged a customer 17.5%, it is nevertheless liable to account to HMRC for the amount charged (it cannot account for 15% and pocket the difference). If it wishes to put matters right, it can issue a credit note to its customer, returning the excess to the customer and reclaiming the excess from HMRC.

Other effects

For large businesses making VAT payments on account, HMRC has stated that if you expect that your future VAT liability will be reduced by 20% or more, then you may write to request a reduction in payments on account. If your annual VAT liability is less than £1.6m, then a request can be made to leave the Scheme. However, because this limit is assessed historically, if it is only the temporary VAT decrease that brings a business below the £1.6m level, by the time this has been realised, the rate will be due to increase again.

Annual invoices which show the VAT due for the forthcoming year will cease to be effective for supplies after 1 December 2008. An amended invoice will need to be provided showing the revised rate of VAT.

The fuel scale charge has been revised for December 2008 onwards and HMRC has published new tables which should be used by taxpayers.

For self billing, where the customer issues the invoice, the same rules apply as for invoices issued by the supplier. However, as the supplier is liable to ensure the right amount of VAT is accounted for, it should not assume the self billed invoices

are correct but must check that the right VAT has been charged by its customer.

HMRC anticipates that announcing a VAT rate increase in advance (VAT is reverting to 17.5% on 1 January 2010) might lead to attempts by businesses to artificially retain the 15% rate on supplies in reality taking place after 2009. Therefore, it will be introducing anti-forestalling legislation which it intends will negate any such schemes. The risk for taxpayers is that such legislation will actually go further than intended and catch normal commercial transactions the purpose of which was not tax avoidance.

Flat rate scheme

With effect from 1 April 2009, HMRC is simplifying the entry and exit tests for the flat rate VAT scheme. This scheme is available to small businesses and enables them to avoid much of the red tape of VAT registration by simply paying VAT on a set percentage of their turnover. The set percentage varies between business sectors as set out in a schedule published by HMRC. To qualify, currently a business must meet both a turnover and income limit (the former set at £150,000 and the latter at £187,500). The business must then continue to apply the income test to ensure it remains eligible.

This will be simplified from 1 April 2009. A business need only have a taxable turnover of less than £150,000 to qualify. The income test is dropped. Businesses will no longer need to check their income on an on-going basis: their eligibility to remain in the scheme will depend on the same

calculation that they must perform to calculate the VAT owing to HMRC. Legislation is to be published early in 2009.

The flat rate percentages under which businesses in the scheme account for VAT are also being revised. This is essential as the standard rate of VAT has decreased and, had the Government not amended these, many businesses might have had to leave the scheme as it would be cheaper (if more complicated) to pay VAT under normal VAT accounting rules. The new percentages apply from 1 December 2008, in line with the decreased rate of VAT, and will no doubt increase on 1 January 2010 in line with the standard rate. Businesses using the scheme will have to check the schedule published by HMRC to find the applicable percentage for their industry sector.

Some business sectors will find that their percentage has not

altered: this seems to be because HMRC is of the opinion that the percentage would in any case have needed to be revised upwards had the standard rate of VAT remained at 17.5%.

Bespoke retail schemes

HMRC's published retail schemes, which are intended to make VAT accounting easier for retailers with large quantities of small transactions, are currently only available for retailers with an annual turnover of no more than £100m. Retailers with turnovers in excess of that amount have to agree bespoke retail schemes with HMRC (or operate normal VAT accounting). The Government has announced that the threshold for published retail schemes will increase to £130m on 1 April 2009. Retailers with a turnover of between £100m and £130m wishing to take advantage of this change will need to bring their existing bespoke scheme to an end.

Air passenger duty

The Government announced in Budget 2008 that air passenger duty (APD) was to be replaced by aviation duty with effect from 1 November 2009. However, following consultation with the industry, it has scrapped this plan and is keeping and revising APD. Currently, APD is charged at four rates. The two main destination bandings (roughly within Europe and outside Europe) are divided between travel at the lowest class and all others. Currently, the highest charge is £80 and the lowest is £10.

For journeys commencing on or after 1 November 2009 (regardless of when the ticket was booked) APD bands will still be divided between the lowest class and all others. However, there will be four bands based upon the distance travelled from London. The lowest charge will initially be £11 and the highest charge £110. However, the rates will increase again in 2010 when the lowest charge will become £12 and the highest £170.

Personal tax

Income tax rates and allowances

There are to be significant changes to the operation of income tax in future that will inevitably have an effect on employers, employees and the self employed.

For the next tax year, 2009-10, the upper earnings limit for Class 1 NICs is finally to be aligned with the higher rate income tax threshold, as announced some years ago. In addition, personal allowances

are to increase above the rate of inflation.

From 2010-11, the basic personal allowance for income tax is to be reduced in two stages for those with gross income over £100,000 and those with income over £140,000.

If the individual's gross income is above £100,000, their personal allowance will be reduced by £1 for every £2 above that level, up to a maximum of half of the basic personal allowance in any year.

For those with gross income above £140,000, the remainder of their personal allowance will be reduced by £1 for every £2 above the income limit to the point where the personal allowance is eliminated completely.

In 2011-12, a new 45% rate of income tax will be introduced to apply to taxable non-savings and savings income above £150,000. At the same time, a new 37.5% rate of tax will apply to taxable dividend income, again for those

with taxable non-savings and savings income over £150,000.

Trust tax rates

There are additional changes from 2011-12 meaning that the trust dividend tax rate will increase from 32.5% to 37.5% and the trust tax rate from 40% to 45%.

National insurance rates

From 2011-12, there is to be an increase of 0.5% in all rates of NICs for both employed and self employed earners. This means that the current employees' rate of 11% up to the upper earnings limit and 1% thereafter will become 11.5% and 1.5% respectively. In addition, the employers' rate of 12.8% without limit will increase to 13.3%. Class 4 contributions for

the self employed will be charged at 8.5% and 1.5%.

ISAs

A minor technical change broadens the class of investments that may be sheltered tax free within a stocks and shares ISA.

Property authorised investment funds

New measures are being introduced to the taxation of Property Authorised Investment Funds (PAIFs) with effect from 1 January 2009.

The measures proposed will remove the potential double charge to stamp duty reserve tax (SDRT) of feeder funds investing in an associated PAIF and simplify the administration

involved in the distributions made by PAIFs to these feeder funds. The measures also provide clarification of the tax treatment relating to manufactured payments representing PAIF distributions, which effectively bring these in line with other existing provisions in the tax legislation for manufactured payments by companies.

Pension limits

On 'A' Day, 6 April 2006, the limits for Lifetime Allowances and Annual Allowances under the new pensions regime were announced for the years up to 2010-11. In 2010, the Lifetime Allowance will be £1.8m and the Annual Allowance £255,000. The Chancellor confirmed that those levels will be maintained unchanged for the five tax years up to and including 2015-16.

Anti-avoidance

Plant and Machinery Leasing

The capital allowances rules can confer an unintended benefit to companies that sell and lease back plant and machinery – in some circumstances, the allowances claimed for the long funded lease can exceed the allowances that must be clawed back when the asset is sold. From 13 November 2008 onwards, such an advantage for any leaseback arrangements entered into or long funding leases granted will be removed by increasing the allowance clawback on disposal of the asset to equal the new allowances that can be claimed.

Film partnership leasing

The Government is taking action to prevent a perceived abuse

where film partnerships are attempting to avoid a tax charge on income by changing the terms on which they lease their films.

Many film partnerships were previously set up with a view to deferring tax charges by taking advantage of up front tax reliefs which, in turn, resulted in tax losses in early years which could be set against other income in the year. These losses were clawed back for up to 15 years when the films later generated a rental income stream.

However, some film partnerships have been changing the terms of their leases so that they are treated as 'long funding leases', typically leases of over seven years duration, in an attempt to

treat the majority of the income received as being non-taxable. From 13 November 2008, all rentals received under such leases will be taxed in full.

Sale of lessor companies

At the same time, the Government has taken the opportunity to tidy-up and repeal anti-avoidance legislation which is no longer required.

Real estate investment trusts

New measures are to be introduced, from 1 April 2009, to counteract a loophole that exists currently. Property groups have been able to take advantage of the tax exemption available to Real Estate Investment Trusts (REITs) by artificially creating new group structures for REIT

purposes. The new measures will ensure that the conditions and tests of the REIT regime will be more widely applied to the whole

economic group, to ensure that they cannot be circumvented by the artificial creation of new group structures, and will aim to

restore the original objectives of the legislation relating to REITs. Draft legislation will be the subject of consultation in 2009.

Other measures

HMRC Powers

HMRC has issued a proposal to extend the record-keeping requirements, information and inspection powers and assessment time limits, as introduced in Finance Act 2008 for the main taxes, to other areas that are administered by HMRC, namely insurance premium tax, environmental taxes, stamp duty land tax, stamp duty reserve tax, inheritance tax and petroleum revenue tax. It is expected that the changes will take effect from 1 April 2010.

In June 2007, HMRC consulted on a package of proposals for its approach to payment, repayment and debt. A further consultation sets out HMRC's latest thinking and seeks further views on a package of measures including; payment instalment schemes to allow more flexible payment of income and corporation tax (the scheme would be voluntary); collection of small tax debts through PAYE; awards of costs in successful court actions; tracing missing debtors using third party information powers and making greater use of financial security arrangements for non-compliant businesses.

A further consultation document sets out a number of proposals designed to take forward interest harmonisation. Key proposals are

a single rate for late payment interest and a single rate for repayment interest. This would apply across all taxes, duties and penalties other than quarterly instalment payments.

The document also proposes charging interest on late payments of in-year PAYE and explores the potential for extending the P35 annual return as a way of achieving this.

HMRC also continues to consult on modernising and aligning the penalties for failure to deliver returns and make payments by the statutory deadlines. A further consultation proposes a fixed sum late filing penalty followed by daily penalties and escalating tax-geared penalties for prolonged failure. For late payment, the proposal is for tax-geared penalties at one, six and twelve months.

Taxpayers' charter

HMRC has been accumulating many new powers in recent years (see above). Although some limited safeguards have been built into the relevant legislation, in June 2008, HMRC started a consultation process on a possible new charter to describe taxpayers' rights in more fundamental and generic ways.

Following representations from accountants and the professional bodies, the Government has announced that it will include a clause in Finance Bill 2009 giving the yet to be drafted Taxpayers' Charter 'specific legislative authority'. This is a huge victory for taxpayers and should substantially increase the level of safeguards available to them.

Alternative finance structures

The Government intends to continue to promote the UK as a leading centre for Islamic finance and is working towards creating a level playing field for conventional and alternative finance structures. It has announced that new legislation will be introduced in Finance Bill 2009 to provide relief from stamp duty land tax for alternative finance investment bonds. A response to the previously issued consultation document will be published in January 2009 and the Government will, in conjunction with the Financial Services Authority, continue to examine the regulatory treatment of sukuk (alternative finance investment bonds) in the UK. A further consultation document is expected in the near future. Finally, the Government has decided that it will not, at this time, issue sovereign sukuk, but has said it will keep the situation under review.

Tax rates and allowances

Income tax allowances		2008-09	2009-10
Personal allowance (age under 65)		£6,035	£6,475
Personal allowance (age 65 - 74)		£9,030	£9,490
Personal allowance (age 75 and over)		£9,180	£9,640
Married couple's allowance* (age less than 75 and born before 6 April 1935)		£6,535	£6,865
Married couple's allowance* (age 75 and over)		£6,625	£6,965
Married couple's allowance* — minimum amount		£2,540	£2,670
Income limit for age-related allowances		£21,800	£22,900
* given at the rate of 10%			
Blind person's allowance		£1,800	£1,890
Income tax rates		2008-09 band	2009-10 band
** 10% starting rate for savings income only (abolished for earnings and pensions income from 6 April 2008)		£2,320	£2,440
Basic rate	20%	£0 - £34,800	£0-37,400
Higher rate	40%	Over £34,800	Over £37,400
Inheritance tax		2008-09	2009-10
Nil band		£312,000	£325,000
40%		Excess	Excess
Corporation tax		Bands from 1 April 2008	Bands from 1 April 2009
Small companies rate	21%	0 - £300,000	0-£300,000
Marginal rate	29.75%	£300,000 - £1,500,00	£300,000- £1,500,000
Main rate	28%	Over £1,500,000	Over £1,500,000
National Insurance Contributions		2008-09	2009-10
Lower earnings limit, primary Class 1 per week		£90	£95
Upper earnings limit, primary Class 1 per week		£770	£844
Primary threshold per week		£105	£110
Secondary threshold per week		£105	£110
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		1.6%	1.6%
Employers' secondary Class 1 rate above secondary threshold		12.8%	12.8%
Employers' contracted-out rebate, salary-related schemes		3.7%	3.7%
Employers' contracted-out rebate, money-purchase schemes		1.4%	1.4%
Class 2 rate per week		£2.30	£2.40
Class 2 small earnings exception per year		£4,825	£5,075
Class 3 rate per week		£8.10	£12.05
Class 4 lower profits limit per year		£5,435	£5,715
Class 4 upper profits limit per year		£40,040	£43,875
Class 4 rate between lower profits limit and upper profits limit		8%	8%
Class 4 rate above upper profits limit		1%	1%

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