



A brief overview of Tax and National Insurance Contributions

Employed or Self employed?

Employment Status Indicator ESI

Tax Allowances 2008-2009

- Personal allowance is 6,035
- Tax Code 603L

Tax allowances 2009-2010

- Personal allowance will increase to £ 6475.
- Tax code 647L.

Tax bandwidths

- Basic Rate 20% £1 to £37,400
- Higher Rate 40% £37,401 and above

National Insurance rates from 6 April 2009

Class 1

- Lower Earnings Limit (LEL) £ 95 per week
- Earnings Threshold (ET) £ 110 per week

P45

- From October 2008 Date of Birth and Gender fields have been included.
- From April 2009 Date of Birth and Gender are mandatory.
- Form is now A4 size.
- Parts 1(a) – 3 can be printed off for the employee.
- From April 2009 the new version is mandatory.

Online filing: end of year 2008-09

- You can send your return when it is ready, you do not have to wait until 6 April.
- P35N reminder will be sent online from mid February
- Online filing from the Employer CD_ROM
- Whole Returns (all P14s and the P35 together) sent over the Internet will be validated on receipt.
- An acceptance or rejection message for part returns will only be sent once all the parts have been received and consolidated with the P35.

Class 2 and Class 4 NIC 2008-09

Class 2

Flat rate weekly £2.30

Class 4

Percentage of profits

up to £5435 nothing due

between £5435 and £40040 8%

above £40040 1%.

National Insurance Contributions 2009-2010

- Class 2 £2.40 per week
- Small Earnings Exemption (SEE) £5075 per annum
- Class 3 £12.05 per week
- Class 4 8% on profits between £5,715 and £43,875
1% on profits above £43,875

Allowable Business Expenses

- Staff costs
- Travel
- Repairs of business premises
- Renewal of small tools and equipment
- Telephone, postage, stationery, printing etc
- Advertising
- Protective clothing

Capital Expenditure

For example expenditure on:-

- Vans
- computers.
- Machinery

Capital Expenditure

New rules from 6 April 2008

Annual Investment Allowance

100% can be allowed on the first £50,000 of expenditure on plant and machinery (not cars or buildings).

VAT

- Company or sole trader
VAT threshold £67000 2008-2009.
- Import and Exports to/from Europe
must register for VAT.
- Exempt Goods
do not charge VAT on exempt goods.

Customs and Excise helpline 0845 010 9000.

Business Payment Support Service

- Launched 24/11/08
- Dedicated Business Payment Support telephone line:-
- 0845 302 1435

Payment methods

- Payment by Debit card
- Payment by credit card
- Payment by Direct Debit

www.billpayment.co.uk/hmrc

Help for 2009-2010

- Improvements to 2009 CD-ROM.
- Help completing forms P45 and P46 now online.

Go to

- <http://www.hmrc.gov.uk/employers/emp-starting-or-leaving.htm>

Further help and guidance

- Newly Self Employed and Registration
Tel 08549 15 45 15
- Self Assessment Helpline
Tel 08549 000 444
- New Employers Helpline
Tel 0845 60 70 143
- Employers Helpline
Tel 0845 7143 143.

Further help and guidance

- HMRC Website (www.hmrc.gov.uk)
- CD-ROM Getting started in VAT.
- Employers CD ROM.
- Helpline.
- Orderline.
- Workshops.
- HMRC Enquiry Centres (only by appointment).

