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Budget Newsletter April 2009

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BUDGET HEADLINES

SUMMARY OF SOME OF THE MAIN CHANGES

Enhanced First Year Allowances from April 2009
Additional tax rate from April 2010
Company car tax
Loss of allowances for higher earners
Increased ISA Investment



Increased tax rate from April 2010

From April 2010 there will be an additional tax rate of 50% for those taxpayers whose income exceeds £150,000. They will also be liable to an increased dividend rate of 42.5%

The value of Personal Allowances will also be restricted for those whose income exceeds £100,000, tapering down to zero.

The increased rate of 50% will also apply to trusts.

VAT thresholds

Registration limit has risen from £67,000 to £68,000

De-registration limit has risen from £65,000 to £66,000

Tax Free Savings

The amount that can be invested in an ISA has risen to £10,200, of which £5,100 can be invested in cash. These higher limits will be introduced for the over 50's on 6 October 2009 and for everyone else from 6 April 2010

Enhanced First Year Capital Allowances

From April 2009 there will be an enhanced first-year capital allowance of 40% for one year. This will be in addition to the £50,000 Annual Investment Allowance.

Contact us for further details



Extension to loss carry-back for businesses

The time scale to carry back losses of up to £50,000 has been extended.

For further information on how this may affect you, please contact us.



Company Cars

The basic threshold for the 15% band of Company Car Tax has been reduced by 5g CO₂ per Km so the lowest band will be for cars emitting between 121 and 129g CO₂ per Km.



Expensive Company Cars

These vehicles used to be capped at £80,000. However, this capping has now been removed to ensure that drivers of the most expensive cars are subjected to a fair level of taxation.



Payments on Account

From 6 April 2009, the threshold below which individual taxpayers do not need to make payments on account (POA) is to be doubled from £500 to £1000.

Pension Restrictions

From April 2011, those with income in excess of £150,000, pension contributions will be restricted and tapered down until the relief is only 20%

Tax Codes and Allowances are to increase from 6 April 2009

Allowances

Personal Allowance	£ 6,475
Personal Allowance for people Aged 65-74	£ 9,490
Personal Allowance for people Aged 75 and over	£ 9,640
Annual Capital Gains exemption	£ 10,100
Inheritance Tax threshold	£325,000

Rate Bands

Basic Rate 20%	£0 - £37,400
Higher Rate 40%	over £37,401

New Penalty Regime

There are new penalties for any return issued after 31 March 2008 and submitted after 31 March 2009.

These new penalties will apply where a return or claim for relief contains an inaccuracy whether accidental or deliberate and if any effort was made to conceal it.

Penalties can be 0% to 100% of the lost revenue, subject to the severity.

Because of these new penalties, extra care should be taken to ensure that all information supplied for the completion of any tax return (including any changes) be as comprehensive as possible.