

The main detail of the budget is set out below.

Tax Facts and Figures

	2007/08	2008/09
Personal Allowances		
Standard	£5,225	£5,435
Age 65–74*	£7,550	£9,030
Age 75+*	£7,690	£9,180

- Age related allowances are progressively withdrawn where income exceeds £20,900 (2007/08 tax year) and £21,800 (2008/2009 tax year)

Income Tax Rates

Starting rate	10%	abolished *
Basic rate	22%	20%
Higher rate	40%	40%

Dividends are taxed at 10% or 32.5%, with a non-repayable tax credit, and are treated as the top slice of income.

*Other savings income, primarily bank and building society interest, is taxed at 10% up to a limit of £2,320. This 10% rate is not available if taxable non-savings income exceeds £2,320.

Income Tax Bands

Starting rate	£2,230	nil
Basic rate	£32,370	£36,000
Higher rate (income over)	£34,600	£36,000

Capital Gains Tax

Annual Exemption (Individuals)	£9,200	£9,600
(Trusts)	£4,600	£4,800

From 6 April 2008 net gains are taxed at **18%** irrespective of the length of ownership of the asset with no distinction between business and non-business assets and regardless of other income or personal allowances.

Entrepreneurs' relief – from 6 April 2008 the first **£1,000,000** of lifetime gains on the disposal of certain assets (broadly unincorporated trading businesses and shares in trading companies where more than 5% is held) will be taxed at **10%**.

Inheritance tax (IHT)

Nil rate band (0% tax)	£300,000
£312,000	
Excess over Nil rate band (40% tax)	

From 9 October 2007, a surviving spouse or registered civil partner, may claim the unused portion of a deceased spouse's or civil partner's nil rate band up to the current nil rate band.

Exemptions to IHT:

Anything given to spouse or civil partner
 Gifts not exceeding **£3,000** in any tax year
 Small gifts of **£250** per gift
 Gifts to charities – unlimited
 Normal expenditure out of income – Varies per individual
 Gifts in consideration of marriage or registration of civil partnership – From parent **£5,000**,
 Grandparent **£2,500** and from others **£1,000**

National Insurance Contributions

Lower Earnings Limit	£4,524	£4,680
Upper Earnings Limit	£34,840	£40,040
NI Earnings Threshold	£5,200	£5,460

No changes are being made to the current level of employee or employer national insurance contribution rates.

Pensions

Lifetime Allowance	£1.6m	£1.65m
Annual Allowance	£225,000	£235,000
Basic state pension (single)	£4,539.60	£4,716.40
Basic state pension (married)	£7,259.20	£7,542.60

Individual Savings Accounts

Overall maximum	£7,000	£7,200
Maximum Cash ISA	£3,000	£3,600
Maximum Stocks and shares ISA	£7,000	£7,200

From 6 April 2008 mini and maxi ISAs will cease. Future ISAs will be either a Cash ISA or a Stocks and Shares ISA. It will be possible to have one or both in any tax year.

PEPs will become Stocks and Shares ISAs.

Company Taxation	2007/08	2008/09
Main rate (Over £1,500,000)	30%	28%
Small companies rate (limit £300,000)	20%	21%
Small companies marginal rate (limit £1,500,000)	32.5%	29.75%

State Pensions

Basic State Pension Single (per week)	£87.30	£90.70
Additional (per week)	£52.30	£54.35
Total for a married couple (per week)	£139.60	£145.05

State Pension Credit

Single Person	£119.05	£124.05
Married Couple or Civil Partners	£181.70	£189.35

These figures are reduced if savings income exceeds £90.70 per week (single) and £145.05 per week (married couple or civil partnership).

Value Added Tax (VAT)

Standard Rate	17.5%	17.5%
Annual Registration Limit	£64,000	£67,000

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