P R PATEL & CO

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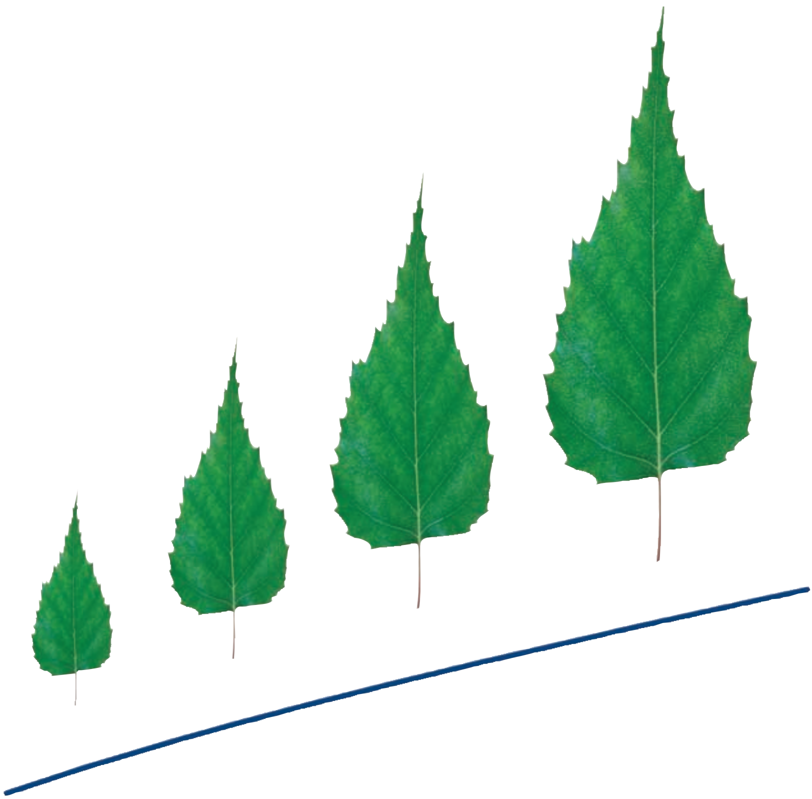


THE SPRING BUDGET 2008

BUDGET 12 MARCH 2008

This Summary covers the key tax changes announced in the Chancellor's speech and includes tables of the main rates and allowances.

Alongside our text we have included tips and traps which you may want to consider. At the back of the Summary you will find a notes page and a calendar of the tax year with important deadline dates shown.

We recommend that you review your financial plans throughout the year, as some aspects of the Budget will not be implemented until later in the tax year.

We will, of course, be happy to discuss with you any of the points covered in this report, and help you adapt and reassess your plans in the light of any legislative changes.

CONTENTS

INTRODUCTION

For ten years Gordon Brown has delivered the annual Budget speech – now at last he was able to sit and listen. Alistair Darling has not had an easy start to his new career: there were calls for his head over the Northern Rock affair when the ink was hardly dry on his new job title, and the changes to Capital Gains Tax he announced last October attracted so much criticism that extra tax reliefs had to be introduced. When he came to write the Budget he would have found several pages of "things to do" left over when Mr Brown moved next door – some of the changes coming in April 2008 were announced in March 2007.

So, could Mr Darling make his first Budget a success, economically and politically? Could he make some changes of his own that would not bear his predecessor's fingerprints? He has promised to simplify tax, which would be very welcome – but Mr Brown had spent ten years going the other way.

As usual, the speech itself does not tell the full story. In 50 minutes at the despatch box, Mr Darling hardly mentioned tax at all. The important details are hidden away in the 107 press releases issued by HM Revenue & Customs after the Chancellor sat down. This booklet summarises the main changes and outlines their likely effect on the average taxpayer.

Significant points

- As announced last year, income tax basic rate cut to 20% and 10% starting rate restricted to savings income.
- Rules to prevent income shifting between married couples and civil partners deferred until 2009.
- Changes to rules for counting days in determining UK residence.
- £30,000 charge for using "remittance basis" confirmed for foreign domiciled long-term UK residents.
- Increases in tax charges for employees with company cars and free fuel to use in them.
- Fundamental reform of Capital Gains Tax confirmed – no closure of last-minute tax planning before 5 April.
- Nil rate band for Inheritance Tax transferable between married couples and civil partners where second dies on or after 9 October 2007.
- Changes to rates of capital allowances for plant and buildings from April 2008.

Personal Income Tax

Tax rates and allowances (Table A)

Personal allowances and higher rate thresholds were increased in line with inflation. Age-related allowances were increased at above inflation, taking more pensioners outside the charge to income tax. As announced last year, general income - salary, profits, pensions, rent - will no longer benefit from the 10% starting rate, while the basic rate drops from 22% to 20%. The benefit of these changes is in the region of £790 for a higher-rate taxpayer.

The loss of the 10% rate on earnings means that someone with a salary of between £5,650 and £16,500 could be worse off. A high earner will also pay more in National Insurance Contributions as a result of the raising of the upper earnings limit (see p.4), which will cancel much of the income tax cut. The people who benefit most are those with mainly investment income.

The overall effect is complicated by the different rates which continue to apply for general income, interest and dividends, and the possibility that a separate claim may be made for Working and Child Tax Credits to be repaid by the Revenue. The calculation of the tax position remains as complex as ever.

Charities

When the basic rate of income tax is cut, charities suffer a reduction in the tax they can claim back on Gift Aid donations. Charities and Community Amateur Sports Clubs will be temporarily protected from this drop in income in spite of the cut in basic rate on 6 April 2008: for the three years 2008/09 to 2010/11, they will still claim 28.2% of Gift Aid donations as if the basic rate was 22%. In 2011/12, according to the current proposals, the relief will drop to 25% for the charity. An individual will claim higher rate tax relief on the basis that the cash gift was 80% of a gross donation.

Income split between husband and wife

After the House of Lords ruled in 2007 that the taxman could not attack a tax efficient split of income between a husband and wife owning a small company together (the case of Garnett v Jones, also known as "Arctic Systems") the Government announced that the law would be changed to make sure that married couples in this situation "paid their fair share of tax".

Detailed proposals were published in December 2007 to reverse the benefit of "uncommercial income shifting" for tax. The Government appears to have heeded the criticism that the proposals would have made self-assessment impossible and has decided to defer any changes until April 2009.

Remittance basis for foreign domiciled people

In the October Pre-Budget Report, Mr Darling announced a new measure to restrict the tax advantages of foreign domiciled people living in the UK for the long term. Foreign domiciled people are allowed to pay tax on their overseas income and capital gains only if and when they bring the money into the UK – known as the "remittance basis of taxation".

As announced in October, a number of significant changes will be made from 6 April 2008. The most striking is the imposition of a flat rate £30,000 charge on those who choose to be taxed on remittances after being UK resident for 7 years. This will not apply to anyone who opts to be taxed on foreign income as it arises, or to someone with no more than £2,000 in overseas income and gains.

TAX TRAP

If you have in the past used the remittance basis, you need to review your situation urgently.

Residence test

In deciding whether a person is resident in the UK for tax purposes, it is necessary to count the number of days spent in the UK. Until 5 April 2008, the Revenue's normal practice has been to ignore days of arrival and departure, which was very favourable to the taxpayer. From 6 April 2008, a day will be counted if the person is in the UK at midnight. This is more generous than the October announcement, which would have counted days of arrival and departure.

Tax Credits

The rates of Working Tax Credit (WTC) and Child Tax Credit (CTC) for 2008/09 have been in many cases increased in line with inflation, but some elements have not (e.g. the "family element" of £545 which is available to couples with children and combined income up to £50,000, which remains unchanged). The full table of rates is too large and complex for this brief summary.

National Insurance Contributions

Rates and limits (Table D)

The percentage rates of NIC remain unchanged. There are small increases in the thresholds and also in the flat rate weekly payments under Classes 2 and 3.

The most striking change is a significant increase in the upper limit at which employee contributions drop from 11% to 1% and self-employed contributions drop from 8% to 1%. It was announced last year that this upper limit is to be aligned with the higher rate income tax threshold, probably in 2009/10. The increase widens the 11% band from £29,615 to £34,605: someone with high earnings will pay £499 extra on salary or £350 extra on self-employed profits as a result in 2008/09.

Employees

Company cars and fuel (Table C)

The taxable benefit on most company cars will increase slightly for 2008/09, because the level of CO_2 emissions on which the minimum 15% charge is based drops to 135g/km from 140g/km. This means that the charge for most cars will increase by 1% of the original list price – unless they were already on the maximum (35%), or are still below the minimum. 3% is still to be added to the CO_2-based figure for diesel cars. Cars with an emissions rating of up to 120g/km will now qualify for a special low tax charge of only 10% of the list price.

There will be a more significant increase in the tax charge on the benefit of free fuel provided by an employer for private motoring in a company car. The same percentage rate applies as for the car benefit itself, but the fixed figure it is multiplied by rises from £14,400 to £16,900. The taxable benefit on a car with a 135g/km rating has therefore risen from £2,160 to £2,535, and the maximum benefit has risen from £5,040 to £5,915 (a 17% increase).

Over the next few years, there will also be changes in vehicle excise duty and other measures to encourage the use of lower emission cars.

TAX TIP

Consider the future tax rates when choosing a company car.

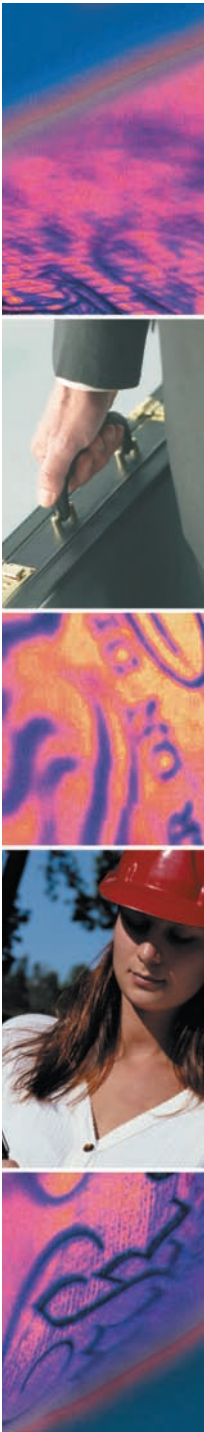
Enterprise Management Incentives

This tax-favoured employee share option scheme has up to now been restricted to shares with a value of £100,000 and companies with a gross asset value of up to £30m. For options granted from 6 April 2008, the value limit rises to £120,000. A new restriction on the size of the company – fewer than 250 employees – will apply from Royal Assent to the Finance Act, probably at the end of July.

Savings

Pension contributions (Table B)

The maximum amount of a tax-efficient pension fund from which benefits are drawn in 2008/09 is £1.65m. The maximum employer contribution to a pension fund that will enjoy tax relief is £235,000; if an employee or self-employed person contributes personally, tax relief will be available on a gross premium of up to 100% of current year earnings up to the same £235,000 annual limit.



The drop in the basic rate of income tax to 20% will lead to an increase in some personal pension contributions. These are normally paid net of basic rate tax, so the premium has been 78% of a gross amount – this will rise to 80% of the gross figure from 6 April. A higher rate taxpayer will still enjoy 40% tax relief overall, but the higher rate relief will come later through the tax return.

Individual Savings Accounts (ISAs) and Personal Equity Plans (PEPs)

The rules for ISAs and PEPs change significantly on 6 April 2008, as announced last year:

- "Mini and maxi ISAs" are abolished.
- Up to £3,600pa can be invested in a "cash ISA".
- Up to £7,200pa, less what has been invested in cash, can be invested in a "stocks and shares ISA" with the same or a different provider.
- Existing cash mini-ISAs, TESSA-only ISAs and the cash component of maxi-ISAs will be converted to cash ISAs.
- Existing stocks and shares mini-ISAs, the share component of maxi-ISAs and PEPs will be converted to stocks and shares ISAs.

Investors will be permitted to move money from cash ISAs to stocks and shares ISAs.

TAX TIP

The tax breaks on ISAs are particularly beneficial to 40% taxpayers.

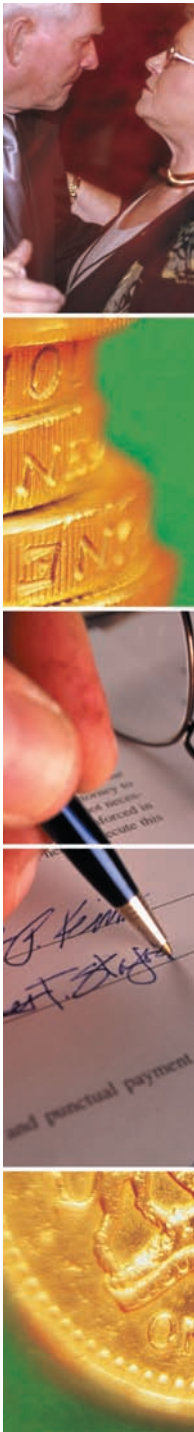
Enterprise Investment Scheme (EIS)

Investment in new shares in small trading companies can qualify for 20% income tax relief. The annual limit on investment rises in 2008/09 to £500,000 (2007/08: £400,000). EIS investments also allow the deferral of charges on capital gains. The annual limit does not apply to deferral relief.

Foreign shares

Dividends on UK company shares are liable to tax at the basic rate of 10% or higher rate of 32.5%, but they come with a 10% tax credit which covers all or part of the liability. Foreign share dividends have been taxed at the same rates, but up to now have not enjoyed a tax credit. From 6 April 2008, most dividends from foreign companies received by UK taxpayers will also be treated as entitled to a 10% credit against the tax liability. This cannot be reclaimed by a non-taxpayer.

Capital Gains Tax



Annual exemption

The annual exemption for individuals has been increased to £9,600 for 2008/09 (2007/08: £9,200). Trustees receive half this figure (£4,800 for 2008/09; £4,600 for 2007/08), although this may be shared between trusts which have been set up by the same person.

Major reform of the tax

As announced in the Pre-Budget Report in October, the following major changes will take effect for disposals on or after 6 April 2008:

- abolition of taper relief, which since 1998 has reduced the chargeable gain based on the length of ownership and has reduced the effective rate of tax on business assets to 10%.
- abolition of indexation allowance, which was added to the cost of assets owned since before 1998 to allow for the effect of inflation – this has been frozen at the 1998 figure since then, but even the frozen figure will disappear in 2008/09.
- introduction of a single flat rate of 18% to replace taper relief, indexation allowance and the charging of gains at the taxpayer's marginal rate of income tax (10%, 20% or 40%).
- changes to the tax treatment of assets that have been owned since before 31 March 1982 – in future, only the market value at 31 March 1982 will be used to compute gains, and the original cost will be ignored altogether.

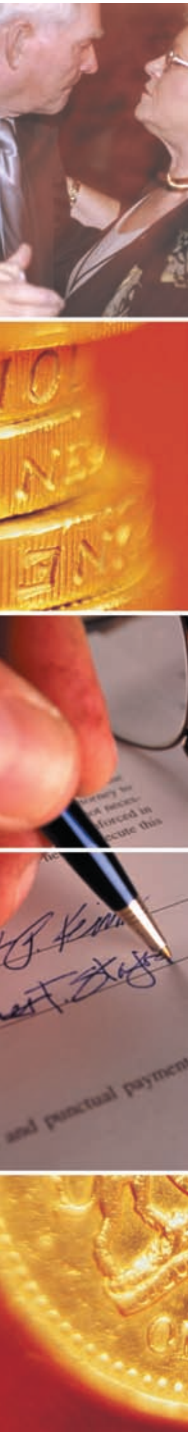
A number of plans have been put forward as ways of preserving the benefit of some of the reliefs before they are abolished. The Budget did not include any measure to close this planning down.

The changes will allow a very significant simplification of the rules for computing gains on shares and securities. In most cases shares in the same company will be "pooled together" and treated as a single asset from which disposals are taken at average cost.

Many other aspects of CGT – for example, the exemption of the only or main residence and the deferral of gains using reinvestment in Enterprise Investment Scheme shares – remain unchanged. The taxation of gains of companies is also unaffected, as they pay corporation tax rather than CGT.

TAX TIP

If you are about to lose indexation or a high rate of taper, take advice on action before 5 April 2008.



Entrepreneurs' Relief

A new relief will be introduced for disposals after 5 April 2008 to compensate some of those who would have enjoyed an effective rate of CGT of 10% under the taper relief regime for business assets. The main rules are:

- the asset disposed of must be a business or an interest in a business, shares in a company for which the individual works and owns at least 5%, or related assets owned outside such a business or company and disposed of at the same time.
- the assets must have been owned for at least a year.
- an individual will have a lifetime allowance of gains of up to £1m which will be eligible for the relief – this limit will be applied cumulatively to successive disposals.
- the relief will operate by reducing the chargeable gain by 4/9, cutting the effective rate of tax from 18% to 10%.

Inheritance Tax

Rates

The nil rate band for transfers after 5 April 2008 rises, as previously announced, from £300,000 to £312,000. Rates of tax remain unchanged at 40% (death transfers) and 20% (lifetime chargeable transfers).

Transfer of nil rate band

The Budget confirms the announcement from the October Pre-Budget Report that the nil rate band will be effectively transferable between husband and wife. Where one spouse has died with a chargeable estate for IHT of less than the nil rate band at the time, the unused proportion will be added to the nil rate band of the surviving spouse on the second death. This relief applies where the survivor dies on or after 9 October 2007, whenever the first spouse died.

This means that one of the main IHT planning devices of the past 20 years – the nil rate band discretionary will trust – may no longer be required.

TAX TIP

It's a good idea to review your will regularly – this change is just another good reason to do so.

Pension funds

When the pension rules changed in April 2006, it appeared to be possible to pass on assets in a tax-efficient way by using a pension fund. This idea has been effectively closed down by anti-avoidance rules – it is possible but there will be tax charges.

Stamp Duty/Stamp Duty Land Tax

Zero-carbon flats

Purchasers of new "zero-carbon" flats with a price of up to £500,000 will enjoy a new exemption from Stamp Duty Land Tax. This relief is to be backdated to 1 October 2007.

Small share transfers

With effect from Budget Day, the transfer of stocks and shares for a consideration of up to £1,000 will be exempt from Stamp Duty. Previously a £5 minimum charge applied.

Shared ownership properties

In a shared ownership scheme a tenant purchases part of his house, pays rent for the remainder and is given an option to acquire the reversion. With effect from Budget Day, buyers of shared ownership properties will only pay Stamp Duty Land Tax when they acquire the final 20% of the property, unless they choose to pay the tax upfront.

Corporation Tax

Rates

The main rate of Corporation Tax (for companies with profits over £1.5m) falls from 30% to 28% with effect from 1 April 2008. The small companies rate (for companies with profits up to £300,000) rises from 20% to 21% on the same date, and will rise to 22% from 1 April 2009. The effective marginal rate for profits between £300,000 and £1.5m in the year to 31 March 2009 will be 29.75% (down from 32.5%).

Associated companies

The profit limit of £300,000 for small companies rate has to be divided between "associated companies". These are companies "under common control", determined according to complex rules which can produce unfair results. For example, a person is deemed to own shares held by business partners and close relatives in determining whether a company is controlled. This has created difficulties for investors in film partnerships and private equity firms, who may be in partnership with people who own shares in many companies that they cannot know about. From 1 April 2008, shareholdings of business partners will only be counted in determining entitlement to small companies rate where the holding has been split between them to obtain the benefit of that lower rate.

Research and development

The enhanced tax relief for expenditure on research and development will increase to 175% (small/medium companies) and 130% (large companies) once European State Aid approval is granted.

Business Tax

Capital allowances

There will be major changes to capital allowances with effect from 6 April 2008 (income tax businesses) or 1 April 2008 (companies). In summary:

- All businesses will receive an "annual investment allowance" (AIA) of £50,000 a year. Purchases of plant and machinery of up to this figure will enjoy a 100% tax deduction. This will provide a proportionately greater benefit for smaller businesses.
- The writing down allowance (WDA) on plant and machinery will fall from 25% to 20%.
- In accounting periods starting on or after 1 April 2008, small pools of unrelieved expenditure of up to £1,000 can be written off immediately.
- The WDA on long-life assets will rise from 6% to 10%.
- A new class of capital allowance asset, "features integral to a building", will qualify for 10% WDA.
- The allowances for industrial buildings, agricultural buildings and hotels will be phased out: the WDA will fall from 4% to 3% on 1 April 2008, then to 2% on 1 April 2009, 1% on 1 April 2010 and nil from 1 April 2011. Enterprise zone allowances will also be phased out by 2011.
- Where an accounting period straddles the date on which the rules change, the capital allowances computation will be complex, combining the different rates and rules.

There will also be changes to capital allowances on cars in 2009, reducing the WDA on cars with a CO_2 rating of 160g/km or more to 10%.

TAX TIP

These changes produce planning opportunities and pitfalls - review capital expenditure plans.

Value Added Tax

Registration thresholds

From 1 April 2008, the level of taxable turnover at which a business is required to register for VAT increases by £3,000 to £67,000. The level of predicted future turnover at which a business can deregister also rises by £3,000 to £65,000.

Fuel scale rate charges

Since 1 May 2007, the scale rate which must be applied by a business which provides fuel for its employees to use for their private motoring has depended on the CO_2 emissions rating of the car. The charge is not the result of a simple formula as for the income tax charge, and individual figures have to be looked up in a table published on the HMRC website (www.hmrc.gov.uk) or elsewhere.

The rates rise for VAT periods starting on or after 1 May 2008. There is a new minimum figure for cars with emissions ratings up to 120g/km, but otherwise the charges increase for all cars. Once again the precise figure has to be obtained from the full table, as it cannot simply be calculated.

Renovation of empty properties

For several years the lower rate of 5% has been applicable to renovations and alterations to dwellings that have been empty for at least three years. This is amended with effect from 1 January 2008 so that the required empty period is reduced to two years.

Correction of VAT errors

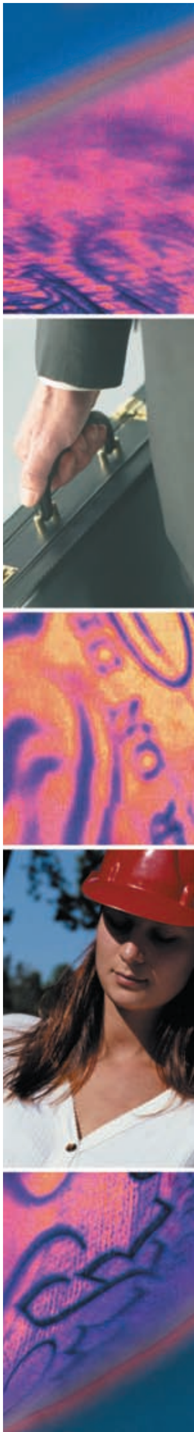
If a trader discovers errors in VAT accounting of more than £2,000, it is currently necessary to notify HM Revenue & Customs in order to correct them. Smaller errors can be adjusted in the VAT return without separate disclosure. From 1 July 2008, the limit will rise to the greater of £10,000 or 1% of turnover disclosed on the return in Box 6. Errors corrected in this way do not create a liability to interest.

Option to tax

Owners of commercial properties can choose whether to charge VAT on supplies of land, or to take advantage of the exemption that generally applies. The rules on this "option to tax" are being revised following a consultation. The new version will apply from 1 June 2008.

Overpaid or underclaimed VAT

In 1996, the Government introduced a three-year time limit for claiming back output VAT that should not have been paid. In 1997, this was extended to underclaimed input VAT. Because these rules were brought in without warning, the European Court of Justice held that they contravened traders' rights to a reasonable transitional period. The Government has finally accepted this ruling, and the last chance to claim VAT from before the caps were introduced will now run until 31 March 2009.



Other Measures

Filing deadline

As previously announced, self-assessment returns for tax year 2007/08 may still be filed online up to 31 January 2009. Returns in hard copy will have a new earlier deadline of 31 October 2008. The due dates for paying tax are not affected (31 January 2009 for the balancing payment of income tax and CGT for 2007/08).

TAX TIP

If you want to file a paper return, make sure you are ready on time.

Payments on account (POA)

Self-assessment taxpayers have to make two payments on account, on 31 January during the tax year and 31 July following, based on the self-assessment tax liability of the previous year. No POA are due if the previous year's liability does not exceed £500 or 20% of the total tax payable. The £500 limit will increase to £1,000 from 6 April 2009 onwards, i.e. for the 2009/10 payments on account due on 31 January 2010 and 31 July 2010. HMRC are introducing measures to allow payment of tax by credit card.

Errors and mistakes

At present, different time limits apply for HM Revenue & Customs to assess underpayments of the different taxes (income tax, corporation tax, VAT) and for taxpayers to reclaim overpayments. These time limits are to be rationalised with effect from 1 April 2010: for simple errors, the taxman and the taxpayer will have just four years to make a correction (currently up to six). For a failure to take reasonable care, the taxman will still have six years to assess income tax and corporation tax, but only four for VAT. The time limit remains 20 years for attempted fraud.

At the same time, penalties for incorrect returns and failing to notify liability will be reformed and made consistent across the taxes. The changes will apply to chargeable periods starting on or after 1 April 2009.

Anti-avoidance

As usual, there were many press notices describing measures to close down artificial and complicated tax avoidance schemes. They are important to the Chancellor, but the details are likely only to be of interest to tax lawyers and very high earners.

Income Tax Rates and Allowances

Table A Allowances and Reliefs

	2008/09	2007/08
Allowed at top rate of tax		
Personal Allowance	£5,435	£5,225
Personal Allowance (65 – 74)*	9,030	7,550
Personal Allowance (75 and over)*	9,180	7,690
Blind Person's Allowance	1,800	1,730
Allowed only at 10%		
Married Couple's Allowance (65 – 74)*+	6,535	6,285
Married Couple's Allowance (75 and over)*+	6,625	6,365
Income limit for age-related allowances	21,800	20,900

+only available if born before 6th April 1935

*Age allowances are reduced £1 for every £2 by which income exceeds the income limit, until the age allowance is reduced to the normal allowance. Personal allowance is reduced before married couple's allowance. MCA is reduced to a minimum of £2,540 (2007/08: £2,440).

Bands	*2008/09*	*2007/08*
Starting	*	£2,230
Basic	£36,000	next 32,370
Higher	over 36,000	over 34,600

* Starting rate band within basic rate band for savings income only: £2,320.

Rates differ for General, Interest and Dividend income within each band:

Rates	*2008/09*			*2007/08*		
	G	I	D	G	I	D
Starting	N/A	10%	10%	10%	10%	10%
Basic	20%	20%	10%	22%	20%	10%
Higher	40%	40%	32.5%	40%	40%	32.5%

General income (salary, profit, rent) uses starting rate and basic rate bands before savings income. Dividends are taxed as the 'top slice' of income.

Table B Pension Contributions

The maximum annual tax efficient gross contributions (up to age 75) in 2008/09 are:

– individuals: £3,600 or 100% of earnings to £235,000

– employers: £235,000 less employee contributions

Maximum tax efficient fund (lifetime allowance) where benefits are taken in 2008/09: £1.65m. Only current earnings count for the 100% limit. It is no longer possible to use prior earnings or to carry back contributions to earlier years.

Table C Benefits in kind

Car Benefit Assessment 2008/09

Charge based on a percentage of the initial list price of the car; the percentage depends on the carbon dioxide emission ratings of the car, if it has one. For older cars without a rating, the percentage depends on engine capacity.

For 2008/09 the percentage for a petrol engine is 15% for ratings from 121g/km - 135g/km. The percentage increases by 1% for every complete 5g/km in excess of this (i.e. at 140,145 etc), to a maximum of 35%. Diesel cars have 3% added to this figure, but still have a maximum percentage of 35%. A new lower rate of 10% (13% diesel) is available for cars with a rating up to 120g/km.

Car Fuel Assessment

The benefit is calculated using the same percentage as that used for the car benefit, applied to a standard figure of £16,900 (2007/08: £14,400).

The taxable amount is therefore between £1,690 (10% – min.) and £5,915 (35% – max.).

National Insurance Contributions

Table D Rates and limits for 2008/09

Class 1	*Weekly*	*Monthly*	*Yearly*
Primary Threshold – employees	£105	£453	£5,435
Upper Earnings Limit – employees	£770	£3,337	£40,040
Secondary Threshold – employers	£105	£453	£5,435

Employer's Contribution	*Contracted In*	*Contracted Out*	
		Salary related scheme	Money purchase scheme
On earnings up to threshold	Nil	Nil	Nil
On earnings between threshold and upper earnings limit	12.8%	9.1%	11.4%
On earnings above upper earnings limit	12.8%	12.8%	12.8%

Employee's Contribution

Contracted in: 11% on earnings between lower and upper limits, 1% above upper limit.
Contracted out: 9.4% on earnings between lower and upper limits, 1% above upper limit.

Earnings over £90 per week qualify for benefit, and must be reported under PAYE, but no NICs are payable until earnings exceed £105 per week.

The reduced Class 1 rate payable by certain married women and widows is 4.85% for earnings between £105 and £770 per week, 1% above £770 per week.

Class 2 (Self-employed)	Earnings over £4,825 per year	£2.30 per week
Class 3 (Voluntary)	No limit applicable	£8.10 per week
Class 4 (Self-employed)	Profits between £5,435 and £40,040	8%
	Profits above £40,040	1%

April 2008

M	T	W	T	F	S	S
	1	2	3	4	**5**	**6**
7	8	9	10	11	12	13
14	15	16	17	18	**19**	20
21	22	23	24	25	26	27
28	29	30				

1 New capital allowance rules apply to companies
5 End of tax year. Cut-off for income and gains between 2007/08 and 2008/09.
6 New capital allowance rules apply to income tax trades
19 Employers pay PAYE for quarter or month March 2008.
19 'IR35' tax due.

May 2008

M	T	W	T	F	S	S
			1	2	**3**	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	**31**	

3 Employers submit P46(car) form showing quarter's changes to company cars.
19 Employers pay PAYE for month April 2008.
19 Employers submit 2007/08 year end returns to Revenue: P14, P35, P38. P38A.
31 Employers send 2007/08 P60 to employees.

June 2008

M	T	W	T	F	S	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	**19**	20	21	22
23	24	25	26	27	28	29
30						

19 Employers pay PAYE for month May 2008.
30 Last day for UK business to claim VAT incurred in other EU countries under 8th Directive for 2007 calendar year

July 2008

M	T	W	T	F	S	S
	1	2	3	4	**5**	**6**
7	8	9	10	11	12	13
14	15	16	17	18	**19**	20
21	22	23	24	25	26	27
28	29	30	**31**			

5 Deadline for Tax Credit claim to commence from start of 2008/09.
6 Employers send P9D, P11D and Form 42 share scheme returns to Revenue, P11D to employees.
19 Employers pay PAYE for quarter or month June 2008.
19 Employers pay class 1A NIC for 2008/09.
31 Deadline for payment of second instalment of 2008/09 tax. Revise existing Tax Credit claim.

August 2008

M	T	W	T	F	S	S
				1	**2**	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	**19**	20	21	22	23	24
25	26	27	28	29	30	31

1 If 2006/07 tax return not filed, further £100 penalty.
2 Employers submit P46(car) form showing quarter's changes to company cars.
19 Employers pay PAYE for month July 2008.

September 2008

M	T	W	T	F	S	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	**19**	20	21
22	23	24	25	26	27	28
29	**30**					

19 Employers pay PAYE for month August 2008.
30 File 2007/08 return in paper format to take advantage of Revenue calculation and coding out of employment income underpayments.

October 2008

M	T	W	T	F	S	S
		1	2	3	4	**5**
6	7	8	9	10	11	12
13	14	15	16	17	18	**19**
20	21	22	23	24	25	26
27	28	29	30	**31**		

1 Corporation tax payday for companies with 31 December 2007 year end.
5 Deadline for notifying HMRC if income tax is due for 2007/08 and no tax return received.
19 Employers pay PAYE for quarter or month September 2008, also PAYE Settlement Agreement for 2007/08.
31 Deadline for filing 2007/08 income tax and CGT return in paper form.

November 2008

M	T	W	T	F	S	S
					1	**2**
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	**19**	20	21	22	23
24	25	26	27	28	29	30

2 Employers submit P46(car) form showing quarter's changes to company cars.
19 Employers pay PAYE for month October 2008.

December 2008

M	T	W	T	F	S	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	**19**	20	21
22	23	24	25	26	27	28
29	**30**	**31**				

19 Employers pay PAYE for month November 2008.
30 File 2007/08 return online to take advantage of Revenue calculation and coding out of employment income underpayments up to £2,000.
31 Corporation tax filing deadline for companies with 31 December 2007 year end.

January 2009

M	T	W	T	F	S	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	**31**	

1 Corporation tax payday for companies with 31 March 2008 year end.
19 Employers pay PAYE for quarter or month December 2008.
31 Online filing deadline for 2007/08 income tax and CGT return. Deadline for payments to avoid interest. Companies affected by IR35 to file finalised P14 for 2007/08.

February 2009

M	T	W	T	F	S	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	**19**	20	21	22
23	24	25	26	27	**28**	

2 Employers submit P46(car) form showing quarter's changes to company cars.
19 Employers pay PAYE for month January 2009.
28 Deadline for payment of balance of 2007/08 tax to avoid surcharge.

March 2009

M	T	W	T	F	S	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	**19**	20	21	22
23	24	25	26	27	28	29
30	**31**					

19 Employers pay PAYE for month February 2009.
31 Corporation tax filing deadline for companies with 31 March 2008 year end.

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