

## Rates and Allowances - National Insurance Contributions

### National Insurance - Rates and Allowances

<b>£ per week</b>	<b>2007-08</b>	<b>2008-09</b>
<b>Lower earnings limit, primary Class 1</b>	£87	£90
<b>Upper earnings limit, primary Class 1</b>	£670	£770
<b>Primary threshold</b>	£100	£105
<b>Secondary threshold</b>	£100	£105
<b>Employees' primary Class 1 rate between primary threshold and upper earnings limit</b>	11%	11%
<b>Employees' primary Class 1 rate above upper earnings limit</b>	1%	1%
<b>Employees' contracted-out rebate</b>	1.6%	1.6%
<b>Married women's reduced rate between primary threshold and upper earnings limit</b>	4.85%	4.85%
<b>Married women's rate above upper earnings limit</b>	1%	1%
<b>Employers' secondary Class 1 rate above secondary threshold</b>	12.8%	12.8%
<b>Employers' contracted-out rebate, salary-related schemes</b>	3.7%	3.7%
<b>Employers' contracted-out rebate, money-purchase schemes</b>	1.4%	1.4%
<b>Class 2 rate</b>	£2.20	£2.30
<b>Class 2 small earnings exception</b>	£4,635 per year	£4,825 per year
<b>Special Class 2 rate for share fishermen</b>	£2.85	£2.95
<b>Special Class 2 rate for volunteer development workers</b>	£4.35	£4.50
<b>Class 3 rate</b>	£7.80	£8.10
<b>Class 4 lower profits limit</b>	£5, 225 per year	£5, 435 per year
<b>Class 4 upper profits limit</b>	£34, 840 per year	£40, 040 per year
<b>Class 4 rate between lower profits limit and upper profits limit</b>	8%	8%
<b>Class 4 rate above upper profits limit</b>	1%	1%

Class 1A NICs payable in July 2008 for benefits provided in the 2007-08 tax year are due at 12.8%

### Rates and Allowances - Pension Schemes

### Standard Lifetime Allowance

<b>Tax Year</b>	<b>Amount (£)</b>
2006 – 2007	£1,500,000
2007 – 2008	£1,600,000
2008 – 2009	£1,650,000
2009 – 2010	£1,750,000
2010 – 2011	£1,800,000

### **Member Contributions**

There is no limit on the amount that an individual can contribute to a registered pension scheme. If you are a UK resident aged under 75 you may receive tax relief on your contributions to a registered pension scheme. Tax relief is limited to relief on contributions up to the higher of

100% of your UK taxable earnings, and  
£3600.

Any amount of contributions paid over the annual allowance will be liable to the annual allowance charge.

### Annual Allowance

<b>Tax Year</b>	<b>Amount (£)</b>
2006 – 2007	£215,000
2007 – 2008	£225,000
2008 – 2009	£235,000
2009 – 2010	£245,000
2010 – 2011	£255,000

### **Notional Earnings Cap**

Before 6 April 2006 the rules of many pension schemes limited the amount of benefits that could be provided or contribution paid by reference to the permitted maximum under s590C ICTA 1988. Although section 590C ICTA 1988 was repealed on 6 April 2006 the permitted maximum can continue to apply to registered pension schemes for a period up to 5 April 2011 because of regulation 4 of The Registered Pension Schemes (Modification of the Rules of Existing Schemes) Regulations 2006 – SI 2006/364.

If section 590C had not been repealed on 6 April 2006, a Treasury order would have stated the permitted maximum figure for the tax years as follows;

<b>Tax Year</b>	<b>Amount (£)</b>
2006 – 2007	£108,600
2007 – 2008	£112,800
2008 – 2009	£117,600

## ***Tax charges on payments from registered pension schemes***

There are a number of special tax charges that apply to special payments made from registered pension schemes. These are listed below. The normal income tax rates apply to ordinary pensions payments made from pension schemes.

<b>Charges</b>	<b>Rates</b>
Lifetime allowance charge	55% - if the amount over the lifetime allowance is paid as a lump sum 25% - if the amount over the lifetime allowance is not taken as a lump sum
Annual allowance charge	40%
Unauthorised payments charge	40%
Unauthorised payments surcharge	15%
Short service refund lump sum charge	20% on first £10,800, 40% on amounts over £10,800
Special lump sum death benefits charge	35%
Authorised surplus payments charge	35%
Scheme sanction charge	15% - 40%

## **Rates and Allowances -Savings**

The 10% starting rate of Income Tax includes savings income. Where an individual has savings income in excess of the starting rate limit they will be taxed at the lower rate of 20% up to the basic rate limit and at the higher rate of 40% for income above the basic rate limit.

The rates of tax for dividends are 10% for income up to the basic rate limit and 32.5% for income above the basic rate limit.