



## Capital Taxes

Capital gains tax	2009/10	2008/09
Capital gains tax rate	18%	18%
Entrepreneurs' relief: Effective rate	10%	10%
Lifetime limit	£1,000,000	£1,000,000
Annual exemption		
Individual	£10,100	£9,600
Settlement	£5,050	£4,800
<b>Inheritance tax</b>		
Nil rate band	£325,000	£312,000
Chargeable rate on lifetime transfers	20%	20%
Rate on transfers on or within 7 years of death	40%	40%

### Inheritance tax – extension of agricultural property and woodlands relief to land in the European Economic Area (EEA)

Legislation will be introduced in Finance Bill 2009 to extend inheritance tax agricultural property relief and woodlands relief to property in the EEA. Property qualifying for this extended IHT relief will also qualify for capital gains tax holdover relief. The extension of the relief will be available from 22 April 2009, as well as from an earlier date in certain circumstances including holdover relief for prior disposals of agricultural property in a qualifying EEA state.

### Chargeable gains and offshore funds

The chargeable gains treatment of investments in contract-based offshore funds, which are transparent for the purposes of tax on income and gains, will be amended from 1 December 2009. An interest in a transparent offshore fund will be an asset for the purposes of calculating capital gains tax on chargeable gains, and it will no longer be necessary to consider disposals of the underlying assets when computing the chargeable gain.

Elections into the new treatment can be made on or after 22 April 2009 and can be applied retrospectively back to the tax year 2003/04. Partnerships that are transparent for tax purposes will not be affected by the change in the legislation, as they will be specifically excluded from the definition of offshore funds. Investors subject to corporation tax will continue to treat their gains as transparent for the purposes of tax at present, until the law is amended.



## Duties

### Stamp duty land tax

The £175,000 higher threshold level of stamp duty for purchases of residential property will now remain in place until 31 December 2009. This was due to revert back to £125,000 from 3 September 2009.

### Tobacco and alcohol duties

Excise duties rise by 2 per cent with the resultant increase in retail prices:

#### Tobacco and alcohol: from 6pm on 22 April 2009

Cigarettes	7p for a packet of 20
Cigars	3p for a packet of 5
Hand-rolling tobacco	7p for 25g
Other smoking/chewing tobacco	4p for 25g

#### Alcohol: from 23 April 2009

Beer	1p a pint
Wine	4p for a 75cl bottle
Sparkling wine	5p a 75cl bottle
Spirits	13p for a 70cl bottle
Spirits-based ready to drink	1p for a 275 ml bottle
Cider and perry	1p a litre

### Fuel duty

Fuel duty will increase by 2 pence per litre on 1 September 2009, and by 1 pence per litre in real terms each year from 2010 to 2013.

### Landfill tax

The standard rate of landfill tax increases from £40 per tonne to £48 per tonne in respect of the disposal of waste made, or treated as made, on or after 1 April 2010.

### Climate change levy

A measure that affects those who manufacture certain plastic products is proposed whereby a restricted entitlement to claim relief from climate change levy is being introduced in respect of the supplies of electricity and liquefied petroleum gas only. This measure applies on or after the date the Finance Bill receives Royal Assent and is introduced to ensure compliance with state aid rules.

Supplies of low value solid fuel valued at no more than £15 per tonne are now liable to climate change levy. This measure comes into force on or after 1 January 2010.

This report is written immediately after the Budget on 22 April 2009. These proposals may be amended. Professional advice should be obtained before acting on any information contained herein. No responsibility can be accepted by the publishers or this firm for any loss occasioned as a result of action taken or refrained from in consequence of the contents of this publication.