

SIMPSON WOOD
CHARTERED ACCOUNTANTS
CHARTERED TAX ADVISERS

TAX
Tables
2005-06

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INCOME TAX

	05-06	04-05
Rates	£	£
10% on first	2,090	2,020
22% (20% for savings income) on next	30,310	29,380
40% on income over	32,400	31,400
Dividends for: basic rate taxpayers	10%	10%
higher rate taxpayers	32.5%	32.5%
Trusts: basic rate band	500	N/A
dividends (rate applicable to trusts)	32.5%	32.5%
other income (rate applicable to trusts)	40%	40%
Pre-owned assets tax (£5,000 minimum taxable) As income		N/A

Main Personal Reliefs and Credits

Personal (basic)	4,895	4,745
Personal (65-74)	7,090	6,830
Personal (75 & over)	7,220	6,950
Married couple's (minimum) at 10%*	2,280	2,210
Married couple's (under 75) at 10%*	5,905	5,725
Married couple's (75 & over) at 10%	5,975	5,795
Age-related reliefs reduced by 50% of income over	19,500	18,900
Child tax credit (CTC) – family element	545	545
CTC – family element baby addition	545	545
CTC usually reduced by 6.67% of joint income over	50,000	50,000
Childcare and childcare vouchers – weekly rate	50	N/A
Blind person's allowance	1,610	1,560
Rent-a-room tax-free income	4,250	4,250
Venture capital trust (VCT) at 40%	200,000	200,000
Enterprise investment scheme (EIS) at 20%	200,000	200,000
EIS eligible for CGT re-investment relief		No limit

*Where at least one claimant was born before 6 April 1935

PERSONAL PENSIONS AND RETIREMENT ANNUITIES

Maximum contributions based on net relevant earnings (NRE)

Personal Pensions				Retirement Annuities	
Age on 6 April	% NRE	05-06 £	04-05 £	Age on 6 April	% NRE
35 or less	17.5	18,480	17,850	35 or less	17.5
36-45	20.0	21,120	20,400	36-45	17.5
46-50	25.0	26,400	25,500	46-50	17.5
51-55	30.0	31,680	30,600	51-55	20.0
56-60	35.0	36,960	35,700	56-60	22.5
61-74	40.0	42,240	40,800	61-74	27.5
Contribution without NRE		3,600	3,600		
Pension earnings cap		105,600	102,000		No earnings cap

EMPLOYEE SHARE SCHEMES	04-06
Share incentive plans	£
Employer contribution	3,000
Employee contribution	1,500
Employer matching (2:1) contribution	3,000
Enterprise management incentive option value	100,000
Savings-related share options per month	250
Approved share option schemes	30,000

CAR BENEFIT FOR EMPLOYEES

Taxable amount based on car's list price when new up to £80,000

Charge varies according to CO₂ emissions in grams per kilometre

CO ₂ g/km	% of price		CO ₂ g/km	% of price		CO ₂ g/km	% of price	
	05-06	04-05		05-06	04-05		05-06	04-05
0-144	15	15	180-4	23	22	220-4	31	30
145-9	16	15	185-9	24	23	225-9	32	31
150-4	17	16	190-4	25	24	230-4	33	32
155-9	18	17	195-9	26	25	235-9	34	33
160-4	19	18	200-4	27	26	240-4	35	34
165-9	20	19	205-9	28	27	245+	35	35
170-4	21	20	210-4	29	28			
175-9	22	21	215-9	30	29			

Diesels not meeting Euro IV, add 3% subject to maximum charge of 35%

Vans – taxable amount for private use 04-06

Age under 4 years on 5 April: £500

Age 4 years and over on 5 April: £350

05-06 No charge if private use is limited to journeys between home and work

CAR FUEL	04-06
Multiply the CO ₂ % used for the car benefit by	£14,400
Minimum charge at 15%	£2,160
Maximum charge at 35%	£5,040

TAX-FREE MILEAGE ALLOWANCE – OWN VEHICLE 04-06

Cars Up to 10,000 business miles: 40p Over 10,000 business miles: 25p

Motorcycles 24p per business mile **Bicycles** 20p per business mile

INDIVIDUAL SAVINGS ACCOUNTS (ISA)

Maximum investment	Maxi-ISA		Mini-ISA	
	05-06	04-05	05-06	04-05
Cash	£3,000	£3,000	£3,000	£3,000
Insurance	N/A	£1,000	N/A	£1,000
Stocks & shares	balance up to £7,000		£4,000	£3,000

NATIONAL INSURANCE CONTRIBUTIONS

Class 1 Employee Not Contracted-Out of State Second Pension (S2P)

	05-06		04-05	
	Employee	Employer	Employee	Employer
NIC rate	11%	12.8%	11%	12.8%
No NICs on the first	£94 pw	£94 pw	£91 pw	£91 pw
NICs charged up to	£630 pw	No limit	£610 pw	No limit
1% NIC on earnings over	£630 pw	N/A	£610 pw	N/A
Certain married women	4.85%	As above	4.85%	As above

Contracted-Out Rebate	05-06		04-05	
Rebate on	£82.01-£630 pw		£79.01-£610 pw	
Salary-related scheme	1.6%	3.5%	1.6%	3.5%
Money-purchase scheme	1.6%	1%	1.6%	1.0%

Limit/Threshold	05-06			04-05		
	Weekly	Monthly	Annual	Weekly	Monthly	Annual
	£	£	£	£	£	£
Lower earnings limit	82	356	4,264	79	342	4,108
NICs start	94	408	4,895	91	395	4,745
Upper earnings limit	630	2,730	32,760	610	2,644	31,720

Contracted-Out Rebate – Personal Pensions 05-06

Slice of Earnings pa	£4,264-£12,100	£12,100-£27,800	£27,800-£32,760
S2P pension accrual	40%	10%	20%
Rebate	Double rate below*		Half rate below*
Age on 5 April 05	25 26 27 28 29 30 31 32 33 34 35 36 37 38 39		Rate below*
Rebate % for 20% accrual	4.6 4.6 4.7 4.7 4.8 4.8 4.9 4.9 5.0 5.0 5.1 5.1 5.2 5.2 5.2		
Age on 5 April 05	40 41 42 43 44 45 46 47 48 49 50 51 52 53 54+		
Rebate % for 20% accrual	5.3 5.3 5.4 5.6 5.7 5.9 6.1 6.3 6.5 6.7 7.3 8.0 9.0 10.2 10.5		

*Plus tax relief on employee's contributions: 0.45%

Class 1A Employer 04-06

On car and fuel benefits and most other taxable benefits: 12.8%

	05-06		04-05	
Self-Employed				
Class 2 Flat rate	£2.10 pw £109.20 pa		£2.05 pw £106.60 pa	
if earnings over	£4,345 pa		£4,215 pa	
Class 4 On profits:	£4,895-£32,760 pa: 8%		£4,745-£31,720 pa: 8%	
	Over £32,760 pa: 1%		Over £31,720 pa: 1%	

Voluntary

Class 3 Flat rate	£7.35 pw £382.20 pa	£7.15 pw £371.80 pa
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BASIC STATE PENSION 05-06 04-05

	Weekly	Annual	Weekly	Annual
Single person	£82.05	£4,266.60	£79.60	£4,139.20
Dependant's addition	£49.15	£2,555.80	£47.65	£2,477.80
Total married pension	£131.20	£6,822.40	£127.25	£6,617.00

Pension Credit – Standard Income Guarantee (05-06)

Single: £109.45 pw Married: £167.05 pw

INHERITANCE TAX

	05-06	04-05			
Nil-rate band	£275,000	£263,000			
Rate of tax on excess	40%	40%			
Lifetime transfers to and from certain trusts	20%	20%			
Overseas domiciled spouse exemption	£55,000	£55,000			
100% relief for businesses, unlisted and AIM companies, certain farmland					
50% relief for certain other business assets used by qualifying businesses					
Reduced tax charge on gifts within 7 years of death					
Years before death	0-3	3-4	4-5	5-6	6-7
% of death tax charge	100	80	60	40	20
Annual exempt gifts	£3,000 per donor			£250 per donee	

CAPITAL GAINS TAX

Exemptions	05-06	04-05								
Individuals, estates etc	£8,500	£8,200								
Trusts generally	£4,250	£4,100								
Chattels (⁵ / ₃ taxable on excess gain proceeds)	£6,000	£6,000								
Rates Individuals	as savings rates									
Trusts and estates	40%	40%								
Taper Relief for 04-06 Percentage of gain chargeable is based on the number of complete years an asset is owned after 05.04.98										
Years owned	1	2	3	4	5	6	7	8	9	10
Business assets	50	25	25	25	25	25	25	25	25	25
Other assets*	100	100	95	90	85	80	75	70	65	60

*One year's extra relief for other assets owned before 17.03.98

CHILD TRUST FUND Children born after 31 August 2002

Basic endowment: £250	Low income families: £500
Extra annual contributions from family and friends up to:	£1,200

STAMP DUTY

Stamp Duty Land Tax

Price is £120,000* or less	Nil
Price is over £120,000 and up to £250,000	1%
Price is over £250,000 and up to £500,000	3%
Price is over £500,000	4%

*£150,000 exemption for residential property in disadvantaged areas and all non-residential properties

Stamp Duty (including SDRT): Stocks and marketable securities: 0.5%

CORPORATION TAX

Profits £	Effective Rate To 31.03.06	Effective Rate To 31.03.05
0-10,000	*NIL	*NIL
10,001-50,000	*23.75%	*23.75%
50,001-300,000	19%	19%
300,001-1,500,000	32.75%	32.75%
1,500,001 and over	30%	30%

*Minimum 19% on profits distributed to non-corporate shareholders

MAIN CAPITAL AND OTHER ALLOWANCES

Plant and machinery (P&M), Patent Rights, Know-How	*25% pa
Certain long-life P&M	*6% pa
P&M first year	medium firms: 40% small firms: 40% (04/05: 50%)
R&D revenue expenditure	small firms: 150% large firms: 125%
Enterprise zone buildings, R&D capital expenditure, energy/water-efficient P&M, qualifying flat conversions	100%
Motor cars *25% pa, max £3,000 pa	Low emission cars 100%
Industrial and agricultural buildings, hotels, docks, dredging etc	†4% pa

*reducing balance †straight line

VALUE ADDED TAX

Standard rate: 17.5%	Reduced rate, eg on domestic fuel: 5%
Registration level from 01.04.05	£60,000
Cash and annual accounting turnover limit	£660,000
Flat rate scheme turnover limit	£150,000

MAIN DUE DATES FOR TAX PAYMENT

Income Tax and Capital Gains Tax – Self-Assessment

31 Jan in tax year	} • Normally 50% of previous year's income tax, less tax deducted at source
Following 31 July	
Following 31 Jan	• Balance of income tax and all CGT

Inheritance Tax Death: normally 6 months after month of death

Lifetime transfer 6 April-30 September: 30 April in following year

Lifetime transfer 1 October-5 April: 6 months after month of transfer

Corporation Tax Self-assessment: 9 months after accounting period.

- Payable by instalments where profits are £1.5m or over. Normally payable in 7th, 10th, 13th, 16th months after the start of the accounting period.
 - Growing companies: no instalments where profits are £10m or less and the company was small or medium-sized for the previous year.
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