

## INHERITANCE TAX

Transfers on death or up to 7 years before  
Exempt band £285,000  
Tax rate on excess 40%

Taper relief for gifts within 7 years of death:-  
Yrs before death 0-3 3-4 4-5 5-6 6-7  
% of death charge 100 80 60 40 20

### Main Exemptions

Most transfers between husband and wife first £3,000 of lifetime transfers in any tax year up to £250 per annum to any number of individuals gifts in consideration of marriage - £5,000 by a parent, £2,500 by a grandparent, £1,000 by any other person gifts out of income gifts to charities.

## SAVINGS & INVESTMENT

### Individual Savings Accounts limits (Either 'maxi' or 'minis', but not both)

Maxi ISA - stocks & shares / unit trusts	£7,000
Mini ISAs - stocks & shares / unit trusts	£3,000
bank / building society insurance bond	£1,000
Total	£7,000

## DATES FOR PAYMENT

**Self-employed (Schedule D), investment income received gross (eg, rents & interest) and higher rate tax**  
1st instalment on 31 January in the year of assessment,  
2nd instalment on the following 31 July,  
any balance due on the following 31 January.  
**Capital Gains Tax**  
31 January following the year of assessment.  
**Corporation tax**  
9 months after the end of the accounting period.  
**Value Added Tax**  
1 month after the end of the tax period.  
**PAYE and NIC**  
2 weeks after end of tax month.  
If less than £1,500/mth, then 2 weeks after end of tax quarter.

## We can help

Are you paying too much tax? How do you avoid penalties and surcharges? What paperwork has to be kept, what forms have to be sent in and when?

These are the questions that everyone needs answers to and this is where we can help.

Whether you are in business, employed or simply enjoying the fruits of life's labours, at Marshall Roche we can help you to plan your affairs to maximise your income, whilst taking full advantage of all legal means to minimise your tax liabilities.

Marshall Roche services include:-

- Q Tax returns and tax planning
- Q Tax investigation specialists
- Q Year end accounts
- Q VAT & wages
- Q Property income
- Q Seafarers and expatriate tax
- Q Helping small or growing businesses
- Q Book-keeping & management accounts
- Q Advice on business purchase or sale
- Q Business planning and forecasting

Call now for further details.

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### TAX DATA 2006/2007

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"Very professional, very approachable"



## INCOME TAX

Tax	2006/07 bands	2005/06 bands
10%	Up to £2,150	Up to £2,090
22%	£2,151 - £33,300	£2,091 - £32,400
40%	Over £33,300	Over £32,400

Interest is taxed at 20% for basic rate tax-payers.  
Shareholders liable at 40% pay extra tax equivalent to 25% of the net dividends received.

2006/07 Allowances	Personal	Married couples
Age at 5 April 2007:-		
Under 65 years old (basic)	£5,035	nil
65 - 74 years*	£7,280	£606.50
75 years and over*	£7,420	£613.50
Blind persons allowance	£1,660	

\* Reduced for those with income over £20,100pa.  
P Only applies if either spouse was born before 6 April 1935. Amount shown is the amount tax bill is reduced by.  
'Rent a room' - tax free lodger allowance £4,250

## VALUE ADDED TAX

Standard rate	17.5%
To get VAT from VAT inclusive total, multiply by	7/47
Turnover threshold for registration (past 12 months or coming 30 days)	£61,000
Turnover limit for cash accounting scheme	£660,000
Turnover limit for flat rate accounting scheme	£150,000

Quarterly returns Scale Charges for private use:-

	Petrol		Diesel	
	Scale	VAT	Scale	VAT
Up to 1400cc	£273	£40.66	£260	£38.72
1401 - 2000cc	£346	£51.53	£260	£38.72
over 2000cc	£508	£75.66	£331	£49.30

## CORPORATION TAX

	Year ended 31.3.2007	Year ended 31.3.2006
Profits between:-	Segment taxed at:-	
£1 - £10,000	19%	0%*
£10,001 - £50,000	19%	23.75%
£50,001 - £300,000	19%	19%
£300,001 - £1,500,000	32.75%	32.75%
£1,500,001+	30%	30%

\* Minimum rate of 19% on profits paid out as dividends

## CAR AND FUEL BENEFITS

CO <sub>2</sub> emission level of the car -	%save
up to 140g/km	15%
for every additional (complete) 5g/km, add	1%
Then apply fuel type adjustments, as below	
Up to a maximum for any car of	35%
Type of fuel	Adjustment
Diesel, not Euro IV (low emission)	add: 3%
Diesel (Euro IV) first reg before 1/1/06	None
Diesel (Euro IV) first reg on or after 1/1/06	add: 3%
Electric only	reduction: 6%
Hybrid electric	reduction: 3%
Gas only	reduction: 2%
Bi-fuel with CO <sub>2</sub> emissions figure for gas	reduction: 2%

Fuel benefit - multiply the relevant percentage by £14,400.

Van benefit £500 (£350 if over 4 yrs old)

No van benefit if only private use is between home and work.

### Approved (ie tax free) business mileage allowance

(Rates per mile)	First 10,000 business miles in tax year	Over 10,000 business miles
Cars and vans	40p	25p
Motor cycles	24p	24p
Bicycles	20p	20p
Each additional business passenger - 5p per mile		

## MAIN CAPITAL ALLOWANCES

Motor cars -	25% of reducing balance (max £3,000 per car)
Plant and machinery -	40% in year of purchase then 25% of reducing balance
Water / energy efficiency -	100% in year of purchase
Hotels, Agric. Buildings -	4% of cost
Research & development -	100%

## CAPITAL GAINS TAX

	2006/07	2005/06
Annual exemption	£8,800	£8,500
Rate of tax:	Taxed as top slice of income, except that basic rate tax-payers only pay 20%, not 22%.	

Business assets - yrs held since 5/4/98 - % age of gain taxable:-  
0-1 years - 100% 1-2 years - 4% of cost  
2 or more years - 25%

Non-business assets - taxable gain reduces by 5% for each year held > 2 yrs since 5/4/98, (ie, max 35% for 2006/07).

## NATIONAL INSURANCE

Class 1 (Not contracted out)	Employer rates	Employee rates
Weekly earnings between:-	No contributions due	No contributions due
£0 - £97.00		
£97.01 - £645.00	12.8%	11%
Over £645.00	12.8%	1%
Class 1A - car / fuel benefits	12.8% of taxable benefit	nil
Class 2 - self-employed	£2.10/wk	
If earnings in tax year exceed		£4.465
Class 3 - voluntary		£7.55/wk
Class 4 - self-employed	Rate applied	
Profits £0 - £5,035	Nil	
£5,035 - £33,540	8%	
£33,540 +	1%	

## PENSION CONTRIBUTIONS

As from 6 April 2006 (known as 'A-Day'), pension rules change dramatically. The broad aim is to let people contribute as much as they can afford during their lifetime, subject to an overall limit on the value of their pension 'pot'.

The limits are as follows:-

Personal contributions	The larger of > £3,600pa or 100% of Net Relevant Earnings
Company contributions	£215,000pa
Lifetime fund size limit	£1.5 million

### Retirement

Up to 25% of the fund can be taken as tax free cash, so long as an annuity is also taken and this is by age 75.

There is no longer any requirement to take an annuity by age 75, but a pension must be drawn from the fund after that age.

As from April 2010, the earliest age at which benefits can be taken will be 55.

### Pension term assurance

Contracts made pre 6/4/01: 5% of NRE (inc. in above limits)  
Post 6/4/01 - 10% of allowable pension contributions made.

## IMPORTANT NOTICE

This data is based on the Chancellor's Budget proposals as they affect small businesses, subject to the Finance Act 2006. As the information is of a general nature only, further advice should be sought from us before relying on any of the information provided.