

INHERITANCE TAX

Transfers on death or up to 7 years before

Exempt band	£275,000
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 pa 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	<u>£7,000</u>
Mini ISAs - stocks & shares / unit trusts	<u>£3,000</u>
bank / building society	<u>£3,000</u>
insurance bond	<u>£1,000</u>
Total	<u>£7,000</u>

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

Pay too much tax and the chances are they will never say a word, but pay too little, even by mistake, and you run the risk of heavy penalties and interest charges...

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:-

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

Call now for further details.

* Registered to carry on audit work by The Institute of Chartered Accountants in England & Wales

MARSHALL ROCHE

Chartered Accountants

TAX DATA 2005/2006

Fareham:

1.b Fareham Park Road,
Fareham, Hants, PO15 6LA

☎ 01329 505035

Fareham@MarshallRoche.co.uk

Cowplain:

77 London Road, Cowplain
Waterlooville, Hants, PO8 8UJ

☎ 023 9234 0775

Cowplain@MarshallRoche.co.uk

Gosport:

1 Portland Buildings, Stoke Road
Gosport, Hants, PO12 1JH

☎ 023 9234 0770

Gosport@MarshallRoche.co.uk

www.MarshallRoche.co.uk

"Very professional, very approachable"

**TAX
STOP®**

INCOME TAX

Tax Rates	2005/06 bands	2004/05 bands
	Taxable income (after deducting allowances)	
10%	Up to £2,090	Up to £2,020
22%	£2,091 - £32,400	£2,021 - £31,400
40%	Over £32,400	Over £31,400

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.

2005/06 Allowances	Personal	Married couples
Age at 5 April 2006:-		
Under 65 years old (basic)	£4,895	nil
65 - 74 years*	£7,090	£590.50
75 years and over*	£7,220	£597.50
Blind persons allowance	£1,610	

* Reduced for those with income over £19,500pa.

£ 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)	£60,000
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	£246	£36.64	£236	£35.15
1401 - 2000cc	£311	£46.32	£236	£35.15
over 2000cc	£457	£68.06	£300	£44.68

CORPORATION TAX

Profits between:-	Year ended	Year ended
	31.3.2006	31.3.2005
	Segment taxed at:-	
£1 - £10,000 *	0%	0%
£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+	30%	30%

* Small company profits paid as dividends are taxed at 19%

CAR AND FUEL BENEFITS

CO ₂ emission level of the car -	%age
up to 140g/km	15%
for every additional (complete) 5g/km, add	1%
For diesel cars add a further	3%
Up to a maximum for any car of	35%

Car benefit - take the list price of the car, including delivery, accessories and VAT, then apply the relevant percentage.

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

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

There are no age or mileage related reductions.

Car and van benefit are reduced by contributions paid by the employee for private use. The fuel benefit applies unless the employee pays for **all** private fuel in the year.

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

	2005/06	2004/05
Annual exemption	£8,500	£8,200
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 -	50%
		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 30% for 2005/06).

NATIONAL INSURANCE

Class 1 (Not contracted out)	Employer rates	Employee rates
Weekly earnings between:-		
£0 - £94.00	No contributions due	No contributions due
£94.01 - £630.00	12.8%	11%
Over £630.00	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		£4,345
Class 3 - voluntary		£7.35/wk
Class 4 - self-employed	Rate applied	
Profits £0 - £4,895	Nil	
£4,895 - £32,760	8%	
£32,761 +	1%	

PENSION CONTRIBUTIONS

Age at start of tax year	Personal Pensions	Retirement Annuities
	Max %age of Net Relevant Earnings (NRE)*	
35 or under	17.5%	17.5%
36 to 45	20%	17.5%
46 to 50	25%	17.5%
51 to 55	30%	20%
56 to 60	35%	22.5%
over 60	40%	27.5%
Earnings limit	£105,600	No limit
*No earnings required to invest up to £3,600pa		
<u>Pension term assurance</u>		
Contracts made pre 6/4/01; 5% of NRE (inc. in above limits)		
Post 6/4/01 - 10% of allowable pension contributions made.		
<u>Maximum employee contributions</u> to company scheme, AVC or FSAVC (in total) 15%		
(These limits exclude the DSS contributions for employees contracted out of SERPS.)		

IMPORTANT NOTICE

This data is based on the Chancellor's Budget proposals as they affect small businesses, subject to the Finance Act 2005. As the information is of a general nature only, further advice should be sought from us before relying on any of the information provided.