

# Taking Account

MARSHALL ROCHE  
Newsletter – Christmas 2005

# Merry Christmas

*and a  
Happy & Prosperous New Year  
from everyone at*



*Marshall Roche*

*As usual, we are not sending Christmas cards and this year we have split our  
Christmas card fund equally between  
Cancer Research and the Asia Quake Appeal.*

*Thank you*

## **Marshall Roche**

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## Pensions simplification

From 6 April 2006, the pension rules change dramatically. In recognition of the fact that people do not get round to investing steadily over a long period of time, but may have times when they can afford to invest significantly more, the tight annual limits have been relaxed.

The maximum personal contribution will be 100% of earnings, so it will be possible to shelter a lump sum in a pension fund.

Even better news for owners of small companies -- at present, dividends do not count as income in calculating how much pension contribution can be made.

*However, from 6 April 2006, the company will be allowed to make a pension contribution directly, obtaining tax relief for the company, but without producing a tax bill for the director/shareholder.*

Therefore, any surplus profits not required to meet living costs can be put into a pension scheme. The annual limit for a company contribution will be £215,000 – enough to cover most people's requirements...

### **The most short-lived tax relief ever??!**

There has been much press speculation over the possible investments for Self Invested Personal Pensions (SIPPs). Under the rules as they were originally drafted, it was going to be possible to buy a holiday home in your pension. However, this has been scrapped before it even comes into effect.

Unfortunately, they have also thrown out the option of investing in residential property of any kind. **Therefore, it will not be possible to invest in "buy to let" property in your pension scheme.**

However, it will still be possible to invest in a wide range of assets, including commercial property, so the SIPP is still likely to be attractive to a wide range of investors.

## Tax return last call

*If you have still to let us have the information to prepare your tax return for 2005/06, please do so without delay. As usual, the deadline is the end of January and the **penalty for missing this is £100.***

The payment date for any tax owing for 2004/05 and the first instalment for 2005/06 is 31 January 2006. Tax not paid by then will incur interest. Any 2004/05 tax still unpaid at the end of February 2006 attracts an additional 5% surcharge.

## New Face at Gosport

We would like to welcome Leanne to our staff at Gosport. Leanne is studying for the Chartered Certified exams and will be taking her finals in June 2006. She replaces Chris, who has moved to our Fareham office.

## **Pre-Budget Comment**

*Gordon Brown has given us his "pre-Budget Budget" in which he announces all the things he wants to get out of the way before the real Budget in the Spring. Unlike previous years, however, it was not quite so up-beat.*

*This time last year I described the cyclical nature of economics and the fact that optimism is followed by satisfaction then complacency. I wondered then whether Gordon may have become complacent.*

*The chickens are now coming home to roost for the 'Iron-Chancellor', as his economic forecasts are shown to have been somewhat over-optimistic.*

*There are now doubts about the Chancellor's forecast for next year and, as I explained last year, doubt is the next stage of the economic cycle...*

*The risk is that Gordon now makes the mistake of so many before him and makes things worse by trying to prolong the party, rather than thinking about the 'morning after' and organising a safe 'onward journey' for all concerned.*

*Unfortunately, the most likely answer is that he still wants the party to be going when he becomes Prime Minister – so the rest of us had better prepare for the economic hangover...!*



**Happy New Year!!**

*Note: The content of this newsletter is necessarily of a general nature and no liability can be accepted for any action or inaction on the part of any person without first consulting us.*

*A J Marshall t/a Marshall Roche is authorised by the Financial Services Authority to conduct investment business*

