

## INHERITANCE TAX

### Transfers on death or up to 7 years before

Exempt band	£263,000
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	£3,000
bank / building society	£3,000
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

Whether you are in business, employed or simply enjoying the fruits of life's labours, what matters most is not how much you earn, but how much you get to keep.

At Marshall Roche we can help you to plan your affairs to maximise your income and to take full advantage of all legal means to minimise your tax liabilities.

Marshall Roche services include:-

- Tax returns and tax planning
- Year end accounts and audit\*
- VAT & wages
- Property income
- Seafarers and expat. tax
- Helping small or growing businesses
- Book-keeping & management accounts
- Advice on business purchase or sale
- Business planning and forecasting
- Expert witness services
- Mediation services
- Investments and pensions\*

*Call now for further details.*

\* Registered to carry on audit work by The Institute of Chartered Accountants in England & Wales and Authorised by the Financial Services Authority to carry on investment business

## MARSHALL ROCHE

*Chartered Accountants*

## TAX DATA 2004/2005

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## INCOME TAX

Tax Rates	2004/05 bands	2003/04 bands
	Up to £2,020	Up to £1,960
10%	£2,021 - £31,400	£1,961 - £30,500
22%	Over £31,400	Over £30,500
40%		

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.

2004/05 Allowances	Personal	Married couples
Age at 5 April 2005:-		
Under 65 years old (basic)	£4,745	nil
65 - 74 years*	£6,830	£572.50
75 years and over*	£6,950	£579.50
Blind persons allowance	£1,560	

\* Reduced for those with income over £18,900pa.

⌘ 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)	£58,000
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	£237	£34.55	£225	£32.17
1401 - 2000cc	£300	£43.63	£225	£32.17
over 2000cc	£442	£64.34	£283	£40.65

## CORPORATION TAX

Profits between:-	Year ended	Year ended
	31.3.2005	31.3.2004
	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%

\* Profits distributed as dividends are subjected to tax at 19%

## CAR AND FUEL BENEFITS

CO <sub>2</sub> emission level of the car -	%age
up to 145g/km	15%
for every additional (complete) 5g/km, add	1%
For diesel cars add a further	3%
Up to a maximum 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 -	50% 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

	2004/05	2003/04
Annual exemption	£8,200	£7,900

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%	2 or more years -	25%
1-2 years -	50%		

Non-business assets - taxable gain reduces by 5% for each year held > 2 yrs since 5/4/98, (ie. max 25% for 2004/05).

## NATIONAL INSURANCE

**Class 1**

(Not contracted out)	Employer	Employee
<u>Weekly earnings between:-</u>	<u>rates</u>	<u>rates</u>
£0 - £91.00	No contributions due	
£91.01 - £610.00	12.8%	11%
Over £610.00	12.8%	1%

**Class 1A** - car /fuel benefits 12.8% of taxable benefit nil

<b>Class 2</b> - self-employed	£2.05/wk	
If earnings in tax year exceed		£4,215
<b>Class 3</b> – voluntary		£7.15/wk
<b>Class 4</b> - self-employed	Rate applied	
Profits £0 - £4,745		Nil
£4,745 - £31,720		8%
£31,721 +		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	£102,000	No limit

\*No earnings required to invest up to £3,600pa

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.

Maximum employee contributions 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 2004. As the information is of a general nature only, further advice should be sought from us before relying on any of the information provided.