

# Day Associates

**Certified Practising Accountants  
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## TAX TABLES 2006-07



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## INCOME TAX

Rates	06-07	05-06
	£	£
10% on first	2,150	2,090
22% (20% for savings income) on next	31,150	30,310
40% on income over	33,300	32,400
Dividends for: basic rate taxpayers	10%	10%
higher rate taxpayers	32.5%	32.5%
Trusts: standard rate band generally	1,000	500
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	

## Main Personal Reliefs and Credits

Personal (basic)	5,035	4,895
Personal (65–74)	7,280	7,090
Personal (75 & over)	7,420	7,220
Married/civil partners (minimum) at 10%*	2,350	2,280
Married/civil partners (under 75) at 10%*	6,065	5,905
Married/civil partners (75 +) at 10%	6,135	5,975
Age-related reliefs reduced by 50% of income over	20,100	19,500
Blind person's allowance	1,660	1,610
Rent-a-room tax-free income	4,250	4,250
Venture capital trust (VCT) up to £200,000	30%	40%
Enterprise investment scheme (EIS) at 20%	400,000	200,000
EIS eligible for capital gains tax re-investment relief	No limit	

\*Where at least one spouse/civil partner was born before 6 April 1935

## PENSIONS

### 06/07 'Simplified Regime'

Lifetime allowance*	£1,500,000
Lifetime allowance charge	55% if excess is drawn as cash 25% if excess is drawn as income
Annual allowance	£215,000
Annual allowance charge	40% of excess
Max. relievable personal contribution	100% of relevant UK earnings <i>or</i> £3,600 if greater
Max. tax-free cash*	25% of pension benefit value

\*Subject to transitional protection for excess amount

05/06 max. contributions as % of net relevant earnings						(PP cap £105,600)
Age on 6 April	35 or less	36–45	46–50	51–55	56–60	61–74
Personal pension (PP)	17.5%	20.0%	25.0%	30.0%	35.0%	40.0%
Retirement annuity	17.5%	17.5%	17.5%	20.0%	22.5%	27.5%

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**EMPLOYEE SHARE SCHEME/LIMITS** **05-07**

<b>Share incentive plans</b>	<b>£</b>
Employer contribution	3,000
Employee contribution	1,500
Employer matching (2:1) contribution	3,000
<b>Enterprise management incentive option value</b>	<b>100,000</b>
<b>Savings-related share options per month</b>	<b>250</b>
<b>Approved share option schemes</b>	<b>30,000</b>

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**CAR BENEFIT FOR EMPLOYEES**

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

Charge varies according to CO<sub>2</sub> emissions in grams per kilometre

<b>CO<sub>2</sub></b>	<b>% of price</b>	<b>CO<sub>2</sub></b>	<b>% of price</b>	<b>CO<sub>2</sub></b>	<b>% of price</b>
<b>g/km</b>	<b>05-07</b>	<b>g/km</b>	<b>05-07</b>	<b>g/km</b>	<b>05-07</b>
0-144	15	175-9	22	210-4	29
145-9	16	180-4	23	215-9	30
150-4	17	185-9	24	220-4	31
155-9	18	190-4	25	225-9	32
160-4	19	195-9	26	230-4	33
165-9	20	200-4	27	235-9	34
170-4	21	205-9	28	240+	35

**Diesels** not meeting Euro IV or registered after 31 December 2005:

add 3% subject to maximum charge of 35%

**Vans – taxable amount for private use 05-07**

Age under 4 years on 5 April: £500

Age 4 years and over on 5 April: £350

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

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**CAR FUEL** **05-07**

Multiply the CO<sub>2</sub> % used for the car benefit by **£14,400**

Minimum charge at 15% **£2,160**

Maximum charge at 35% **£5,040**

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**COMPANY CARS – ADVISORY FUEL RATES from 1/7/05**

<b>Engine size</b>	<b>Petrol</b>	<b>Diesel</b>	<b>LPG</b>
1,400cc or less	10p	9p	7p
1,401cc to 2,000cc	12p	9p	8p
Over 2,000cc	16p	13p	10p

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**TAX-FREE MILEAGE ALLOWANCE – OWN VEHICLE** **05-07**

**Cars** Up to 10,000 business miles: 40p **Motorcycles** 24p per business mile

Over 10,000 business miles: 25p **Bicycles** 20p per business mile

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## NATIONAL INSURANCE CONTRIBUTIONS

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

	06-07		05-06	
	Employee	Employer	Employee	Employer
NIC rate	11%	12.8%	11%	12.8%
No NICs on the first	£97 pw	£97 pw	£94 pw	£94 pw
NICs charged up to	£645 pw	No limit	£630 pw	No limit
1% NIC on earnings over	£645 pw	N/A	£630 pw	N/A
Certain married women	4.85%	As above	4.85%	As above
<b>Contracted-Out Rebate</b>				
<b>Rebate on</b>	£84.01-£645 pw		£82.01-£630 pw	
Salary-related scheme	1.6%	3.5%	1.6%	3.5%
Money-purchase scheme	1.6%	1.0%	1.6%	1.0%
Personal Pension	No reduction		No reduction	

Limits and Thresholds	06-07			05-06		
	Weekly	Monthly	Annual	Weekly	Monthly	Annual
	£	£	£	£	£	£
Lower earnings limit	84	364	4,368	82	356	4,264
NICs start	97	420	5,035	94	408	4,895
Upper earnings limit	645	2,795	33,540	630	2,730	32,760
Low earnings threshold – S2P			12,500			12,100

### Class 1A Employer 05-07 most taxable benefits: 12.8%

	06-07		05-06	
	Employee	Employer	Employee	Employer
<b>Self-Employed</b>				
<b>Class 2 Flat rate</b>	£2.10 pw	£109.20 pa	£2.10 pw	£109.20 pa
if earnings over		£4,465 pa		£4,345 pa
<b>Class 4 unless over state retirement age on 6 April 2006</b>				
On profits:	£5,035-£33,540 pa: 8%		£4,895-£32,760 pa: 8%	
	Over £33,540 pa: 1%		Over £32,760 pa: 1%	
<b>Voluntary</b>				
<b>Class 3 Flat rate</b>	£7.55 pw	£392.60 pa	£7.35 pw	£382.20 pa

## BASIC STATE PENSION

	06-07		05-06	
	Weekly	Annual	Weekly	Annual
Single person	£84.25	£4,381.00	£82.05	£4,266.60
Dependant's addition	£50.50	£2,626.00	£49.15	£2,555.80
Total married pension	£134.75	£7,007.00	£131.20	£6,822.40
<b>Pension Credit – Standard Income Guarantee (06-07)</b>				
	Single: £114.05 pw		Married: £174.05 pw	

## INDIVIDUAL SAVINGS ACCOUNTS (ISAs)

Maximum investment	Mini-ISA	
	05-07	05-07
Cash	£3,000	£3,000
Stocks & shares	balance up to £7,000	£4,000

## CHILD TRUST FUND

Children born after 31 August 2002

Initial endowment and at age 7: £250	Low income families: £500
Extra contributions from family and friends up to:	£1,200pa

## INHERITANCE TAX

06-07

05-06

Nil-rate band	£285,000	£275,000
Rate of tax on excess	40%	40%
Lifetime transfers to and from certain trusts	20%	20%
Overseas domiciled spouse/civil partner exemption	£55,000	£55,000
100% relief: businesses, unlisted/AIM companies, certain farmland/buildings		
50% relief: certain other business assets used by qualifying businesses		

### Reduced tax charge on gifts within 7 years of death

<b>Years before death</b>	0-3	3-4	4-5	5-6	6-7
<b>% of death tax charge</b>	100	80	60	40	20
<b>Annual exempt gifts</b>	£3,000 per donor			£250 per donee	

## CAPITAL GAINS TAX

<b>Exemptions</b>	<b>06-07</b>	<b>05-06</b>
Individuals, estates etc	£8,800	£8,500
Trusts generally	£4,400	£4,250
Chattels (2/3 taxable on excess gain) proceeds	£6,000	£6,000
<b>Rates</b>	as savings rates	
Individuals		
Trusts and estates	40%	40%

**Taper Relief for 05-07** Percentage of gain chargeable is based on the number of complete years an asset is owned after 5/4/98

<b>Years owned</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>
<b>Business assets</b>	50	25	25	25	25	25	25	25	25	25
<b>Other assets*</b>	100	100	95	90	85	80	75	70	65	60

\*One year's extra relief for other assets owned before 17/3/98

## STAMP DUTIES

### Stamp Duty Land Tax from 23/3/06

Price is £125,000* or less	Nil
Price is over £125,000* 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 for residential properties in disadvantaged areas and all non-residential properties

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

## CORPORATION TAX RATES

	To 31/3/07	To 31/3/06
£0-£10,000	19%	*NIL
£10,001-£50,000	19%	*23.75%
£50,001-£300,000	19%	19%
£300,001-£1,500,000	32.75%	32.75%
Over £1,500,000	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: 50% (05/06: 40%)	
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
R&D revenue expenditure	small firms: 150%    large firms: 125%	

\*Reducing balance    †Straight line    \*\*Cars with CO<sub>2</sub> emissions of 120g/km or less

## VALUE ADDED TAX

Registration level from 1.4.06: £61,000

Standard rate: 17.5%	Reduced rate, eg on domestic fuel: 5%
Flat rate scheme turnover limit	£150,000
Cash* and annual accounting turnover limit	£1,350,000

\*Increase in cash limit from £660,000 subject to EU approval

## 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** On 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 + 1 day 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 qualified as small for the previous year.