



WENN
TOWNSEND
CHARTERED ACCOUNTANTS



TAX FACTS
2005/06



INCOME TAX RATES

| 2005/06 | | 2004/05 | |
|----------------|------|----------------|------|
| Band | Rate | Band | Rate |
| £ | % | £ | % |
| 0 - 2,090 | 10 | 0 - 2,020 | 10 |
| 2,091 - 32,400 | 22* | 2,021 - 31,400 | 22* |
| Over 32,400 | 40** | Over 31,400 | 40** |

* Except dividends (10%) and savings income (20%).

** Except dividends (32.5%).

Other income taxed first, then savings income and finally dividends.

INCOME TAX RELIEFS

| | | 2005/06 | 2004/05 |
|---|---|---------|---------|
| | | £ | £ |
| Personal allowance | - under 65 | 4,895 | 4,745 |
| | - 65 - 74* | 7,090 | 6,830 |
| | - 75 and over* | 7,220 | 6,950 |
| Married couple's allowance (relief at 10%) | - aged less than 75 and born before 6.4.35 * | 5,905 | 5,725 |
| | - 75 and over* | 5,975 | 5,795 |
| | - min. amount | 2,280 | 2,210 |
| *Age allowance income limit | | 19,500 | 18,900 |
| (reduce age allowance by £1 for every £2 of excess income over £19,500) | | | |
| Blind person's allowance | | 1,610 | 1,560 |

TAX CREDITS

| | 2005/06 | 2004/05 |
|---|---------|---------|
| | £ | £ |
| Working tax credit (WTC) | | |
| Basic element | | |
| - max. | 1,620 | 1,570 |
| Childcare element | | |
| 70% of eligible costs to a max. of £175 (£135) per week (£300 (£200) if two or more children) | | |
| Child tax credit (CTC) | | |
| Child element | | |
| per child - max. | 1,690 | 1,625 |
| Family element | 545 | 545 |
| Baby addition | 545 | 545 |

Reductions in maximum rates

37% of income above £5,220* (£5,060) p.a.

*If only CTC is claimed, the threshold is £13,910 p.a. (£13,480). The family element of CTC is not reduced unless income is more than £50,000 p.a. when it is reduced by £1 for every £15 of additional income.

PENSION PREMIUMS

| | % of | |
|--------------------------------------|--|----------------------|
| | Net Relevant Earnings (NRE) | |
| | 2005/06 and 2004/05 | |
| Age at the beginning of the tax year | *Personal Pensions (including stakeholder) | Retirement Annuities |
| 35 or less | 17.5 | 17.5 |
| 36 - 45 | 20 | 17.5 |
| 46 - 50 | 25 | 17.5 |
| 51 - 55 | 30 | 20 |
| 56 - 60 | 35 | 22.5 |
| 61 - 74 | 40 | 27.5 |

*Maximum contributions 2005/06 and 2004/05: higher of

- £3,600 (gross)

- % of NRE capped at £105,600 in 2005/06 (2004/05 £102,000)

CAR AND FUEL BENEFITS

Company cars 2005/06

| CO ₂ emissions (gm/km) <small>(round down to nearest 5gm/km)</small> | % of car's list price taxed | Fuel benefit (£14,400 x %) £ |
|--|-----------------------------|---------------------------------|
| up to 140 | 15 | 2,160 |
| 145 | 16 | 2,304 |
| 150 | 17 | 2,448 |
| 155 | 18 | 2,592 |
| 160 | 19 | 2,736 |
| 165 | 20 | 2,880 |
| 170 | 21 | 3,024 |
| 175 | 22 | 3,168 |
| 180 | 23 | 3,312 |
| 185 | 24 | 3,456 |
| 190 | 25 | 3,600 |
| 195 | 26 | 3,744 |
| 200 | 27 | 3,888 |
| 205 | 28 | 4,032 |
| 210 | 29 | 4,176 |
| 215 | 30 | 4,320 |
| 220 | 31 | 4,464 |
| 225 | 32 | 4,608 |
| 230 | 33 | 4,752 |
| 235 | 34 | 4,896 |
| 240 and above | 35 | 5,040 |

Company cars

- For diesel cars add a 3% supplement, but maximum still 35%. Until 5.4.06 supplement waived for Euro IV diesels.
- Discounts apply to certain environmentally friendly cars.
- For cars registered before 1.1.98 charge is based on engine size.
- The list price includes accessories and is subject to an upper limit of £80,000.
- List price is reduced for capital contributions made by the employee up to £5,000.

Fuel benefits

- The fuel benefit charge is proportionately reduced if provision of private fuel ceases part way through the year.
- The fuel benefit is reduced to nil only if the employee pays for all private fuel.

Van benefit per vehicle - 2005/06 and 2004/05

| Vehicles under 4 years old £500 | Vehicles at least 4 years old £350 |
|---|---------------------------------------|
| Notes | |
| 1. For 2005/06 the charge only applies if there is unrestricted private use of the van. | |
| 2. Van benefits include fuel for private use. | |

MILEAGE ALLOWANCE PAYMENTS

| | 2005/06 and 2004/05 Rate per mile | These rates represent the maximum tax-free mileage allowances for employees using their own vehicles for business. Any excess is taxable. If the employee receives less than the statutory rate, tax relief can be claimed on the difference. |
|----------------------|--------------------------------------|---|
| Cars and vans | | |
| Up to 10,000 miles | 40p | |
| Over 10,000 miles | 25p | |
| Bicycles | 20p | |
| Motorcycles | 24p | |

INDIVIDUAL SAVINGS ACCOUNTS (ISAs)

| | 2005/06 | £ |
|---|---------|-------|
| Overall investment limit - maxi ISA | | 7,000 |
| - mini ISA - stocks, shares and life insurance | | 4,000 |
| - cash | | 3,000 |

CORPORATION TAX

| | Years to 31.3.06 and 31.3.05 | |
|---------------------------------|------------------------------|-----------|
| | Profits band £ | Rate % |
| Starting rate | 0 - 10,000 | 0* |
| Marginal (starting) rate | 10,001 - 50,000 | 23.75 |
| Small companies rate | 50,001 - 300,000 | 19 |
| Marginal (small companies) rate | 300,001 - 1,500,000 | 32.75 |
| Full rate | Over 1,500,000 | 30 |
| Starting rate fraction | | 19/400 |
| Small companies fraction | | 11/400 |

*Minimum rate of 19% applies when profits are distributed to non-company shareholders.

The profits limits are reduced for accounting periods of less than 12 months and for a company with associated companies.

CAPITAL ALLOWANCES

Writing Down Allowance

| | |
|--|-------------------------------------|
| Plant and Machinery* | 25%#(reducing balance) |
| Motor Cars** | 25% (reducing balance) - £3,000 max |
| Industrial and Agricultural Buildings and Hotels | 4% (straight line) |

*For small businesses: first year allowances (FYAs) of 50% for 12 months from 6.4.04 (1.4.04 for companies).

FYAs of 40% from 6.4.05 (1.4.05 for companies).

For medium-sized businesses: FYAs of 40%.

For all businesses: 100% FYAs on expenditure on energy saving plant and machinery.

**100% FYAs on new cars with CO₂ emissions not exceeding 120 gm/km until 31.3.08.

#6% on certain long life assets.

VALUE ADDED TAX

| | |
|---|---------|
| Standard Rate | 17.5% |
| Reduced Rate | 5% |
| Annual Registration Limit - from 1 April 2005 (1.4.04 - 31.3.05 £58,000) | £60,000 |
| Annual Deregistration Limit - from 1 April 2005 (1.4.04 - 31.3.05 £56,000) | £58,000 |
| VAT on private fuel - scale charge due per quarter per car for accounting periods beginning on or after 1 May 2005. | |

| | Petrol | | Diesel | |
|---------------|--------|--------|--------|--------|
| | Charge | VAT | Charge | 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 |

CAPITAL GAINS TAX

| | 2005/06 £ | 2004/05 £ |
|---|--------------|--------------|
| Individuals | | |
| Exemption | 8,500 | 8,200 |
| Balance of gains (reduced by taper relief) charged as top slice of income (at savings rates - ie 10%, 20% or 40%) | | |

Trusts

| | | |
|--|-------|-------|
| Exemption | 4,250 | 4,100 |
| Balance of gains (reduced by taper relief) | 40% | 40% |

Taper relief 2005/06 and 2004/05 disposals

Percentage relief depends on number of complete years asset owned after 5.4.98.

| Years of ownership | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---------------------------------|----|----|----|----|----|----|----|----|----|----|
| Business assets (% relief) | 50 | 75 | 75 | 75 | 75 | 75 | 75 | 75 | 75 | 75 |
| Non-business assets* (% relief) | 0 | 0 | 5 | 10 | 15 | 20 | 25 | 30 | 35 | 40 |

*Add one extra year if asset owned before 17.3.98.

INHERITANCE TAX

Death

Rate

%

Nil

40

Lifetime

Rate

%

Nil

20

Chargeable Transfers

2005/06

£'000

0 - 275

Over 275

2004/05

£'000

0 - 263

Over 263

Reliefs

| | | | |
|------------------|--------|-------------------|--------|
| Annual exemption | £3,000 | Marriage - parent | £5,000 |
| Small gifts | £250 | - grandparent | £2,500 |
| | | - bride/groom | £2,500 |
| | | - other | £1,000 |

Reduced charge on gifts within seven years of death

| | | | | | |
|--------------------|-----|-----|-----|-----|-----|
| Years before death | 0-3 | 3-4 | 4-5 | 5-6 | 6-7 |
| % of death charge | 100 | 80 | 60 | 40 | 20 |

STAMP DUTY & STAMP DUTY LAND TAX

| Land and buildings (On full consideration paid) From 17 March 2005 | | | |
|--|----------------------|-------------------|-------------------|
| Rate | Residential property | | Non-residential |
| | Disadvantaged areas | Other | |
| | £ | £ | £ |
| Nil | 0 - 150,000 | 0 - 120,000 | 0 - 150,000 |
| 1% | 150,001 - 250,000 | 120,001 - 250,000 | 150,001 - 250,000 |
| 3% | 250,001 - 500,000 | 250,001 - 500,000 | 250,001 - 500,000 |
| 4% | Over 500,000 | Over 500,000 | Over 500,000 |

Shares and securities - rate remains unchanged at 0.5%

NATIONAL INSURANCE

| Class 1 (employed) Contracted in | 2005/06 Rates | |
|----------------------------------|---------------|--------------|
| | Employer | Employee |
| Weekly earnings | | |
| Up to £94 | Nil* | Nil* |
| £94.01 - £630 | 12.8%** | 11%** |
| Over £630 | 12.8%** | £58.96 + 1%‡ |

* Entitlement to contribution-based benefits retained for earnings between £82.01 and £94 per week.

** On earnings above £94.
‡ On earnings above £630.

| | |
|--------------------------------|--|
| Class 1A (employers) | 12.8% on employee taxable benefits |
| Class 1B (employers) | 12.8% on PAYE Settlement Agreements |
| Class 2 (self-employed) | flat rate per week £2.10 small earnings exception p.a. £4,345 |
| Class 3 (voluntary) | flat rate per week £7.35 |
| Class 4 (self-employed) | 8% on profits between £4,895 and £32,760 plus 1% on profits over £32,760 |

MAIN SOCIAL SECURITY BENEFITS

| Weekly Benefit | 2005/06 | 2004/05 |
|--|------------------------|----------|
| Basic Retirement Pension - single person | £82.05 | £79.60 |
| - married couple | £131.20 | £127.25 |
| Statutory pay rates - average weekly earnings £82 (£79) or over | | |
| Statutory Sick Pay | £68.20 | £66.15 |
| Statutory Maternity Pay | | |
| First six weeks | 90% of weekly earnings | |
| Next 20 weeks | £106.00* | £102.80* |
| Statutory Paternity Pay - two weeks | £106.00* | £102.80* |
| Statutory Adoption Pay - 26 weeks | £106.00* | £102.80* |

* Or 90% of weekly earnings if lower

SELF ASSESSMENT: KEY DATES 2005/06

31 July 2005 - Second payment on account for 2004/05.

30 September 2005 - Deadline for submission of paper tax returns for Inland Revenue calculation; and where the taxpayer wants a balancing payment (below £2,000) collected through their 2006/07 PAYE code.

5 October 2005 - Deadline for notifying Inland Revenue of new sources of income if no tax return has been issued for 2004/05.

30 December 2005 (29 December if ELS) - Deadline for submission of tax returns over the internet; and where the taxpayer wants a balancing payment (below £2,000) collected through their 2006/07 PAYE code.

31 January 2006 - Deadline for filing tax returns for 2004/05.

Balancing payment due for 2004/05. First payment due for 2005/06.

The information in this tax card is based upon the 2005 Budget and other earlier announcements and may be subject to amendment by the Finance Act.



WENN

TOWNSEND

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