



MICHELLE FEASEY & CO LIMITED
Chartered Accountants and Chartered Tax Advisors

Tax Rates 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

	Lifetime	Chargeable Transfers	
Death Rate	Rate	2005/06 £'000	2004/05 £'000
%	%		
Nil	Nil	0 - 275	0 - 263
40	20	Over 275	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	Employer	Employee
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.



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