

Inheritance Tax

	2006/07	2005/06
Free of tax up to	£285,000	£275,000
Tax on excess	40%	40%
Transfers to certain trusts	20%	20%
Overseas domiciled spouse exemption	£55,000	£55,000

	2006/07	2005/06
Business Property and Agricultural Reliefs		
A business or interest in business	100%	100%
Transfers of unquoted shareholding	100%	100%
Transfers of a controlling shareholding in fully quoted companies, land, buildings, machinery or plant used in business of company or partnership	50%	50%

Reduced tax 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%

Annual exempt gifts: £3,000 per donor, £250 per donee

Further gifts may be received free of tax at time of marriage

Corporation Tax

	2006/07	2005/06
Starting rate: 0%	N/A	£0-£10,000
Marginal relief	N/A	£10,001-£50,000
Small companies' rate: 19%	£0-£300,000	£50,001-£300,000
Marginal relief	£300,001-£1,500,000	£300,001-£1,500,000
Main rate: 30%	£1,500,001 or more	£1,500,001 or more
Non-corporate distribution rate	N/A	19%

Main Capital Allowances

	2006/07	2005/06
Plant and Machinery, Patent Rights, Know-How:		
Writing down allowances (reducing balance)	25% pa	25% pa
Plant and machinery: FYA for small sized businesses	50%	40%
Plant and machinery: FYA for medium sized businesses	40%	40%

Motor cars:

Writing down allowance (reducing balance) 25% pa max £3,000 pa

Enterprise Zone Buildings and Scientific Research 100% initial allowance

Industrial and Agricultural Buildings, Hotels, Docks, etc:

Writing down allowance (straight line) 4% pa

Value Added Tax

Standard rate		17.5%
Domestic fuel and power		5%
Insurance Premium Tax	Higher rate 17.5%	Standard rate 5%
Registration level	from 01 04 2006 £61,000 to 31 03 2006	£60,000
De-registration limit	from 01 04 2006 £59,000 to 31 03 2006	£58,000
Cash accounting scheme turnover limit from 01 04 2006		£1,350,000
Optional flat rate scheme turnover limit		£150,000

Car fuel: variable outputs based on car fuel benefit charge

Stamp Duty Land Tax

On documents transferring residential property from 23 March 2006 (excluding shares)

Below £125,000	NIL
£125,001 – £250,000	1%
£250,001 – £500,000	3%
Over £500,000	4%

Individual Savings Accounts (ISA)

For 2006/07 subscription limit is £7,000.

Main Dates for Tax Payments

Income Tax and Capital Gains Tax – Self Assessment

- 31 Jan in tax year } – Normally 50% of previous year's
- Following 31 July } Income Tax, less tax deducted at source
- Following 31 Jan } – Balance of Income Tax and all CGT

Inheritance Tax

- Death: normally six months after month of death
- Lifetime transfer 6 April – 30 Sept: 30 April in following year
- Lifetime transfer 1 Oct – 5 April: six months after month of transfer

Corporation Tax

- Small companies: (taxable profits less than £1,500,000) tax due nine months and one day after end of accounting period.
- Large companies: (taxable profits over £1,500,000) tax due in quarterly instalments from six months and 13 days after start of accounting period.

Rawlinson & Hunter
Eagle House
110 Jermyn Street
London SW1Y 6RH

and at
Lower Mill
Kingston Road
Ewell
Surrey KT17 2AE

T +44 (0)20 7451 9000
F +44 (0)20 7451 9090
E firstname.lastname@rawlinson-hunter.com
W www.rawlinson-hunter.com

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Tax Rate Card

2006/07

RAWLINSON & HUNTER

Income Tax Rates	2006/07	2005/06
10% on first	£2,150	£2,090
22% on next	£31,150	£30,310
40% on income over	£33,300	£32,400
Dividends for basic rate taxpayers	10%	10%
Other investment income for basic rate taxpayers	20%	20%
Dividends for higher rate tax payers	32.5%	32.5%
Most trusts	40%	40%
Dividends for most trusts	32.5%	32.5%

Main Income Tax Reliefs	2006/07	2005/06
Personal allowance (basic)	£5,035	£4,895
Personal allowance (age 65 – 74)	£7,280	£7,090
Personal allowance (age 75 and over)	£7,420	£7,220
Married couple's allowance (age 65 – 74)*	£6,065	£5,905
Married couple's allowance (age 75 and over)*	£6,135	£5,975
Income limit for age-related allowances	£20,100	£19,500
Blind person's allowance	£1,660	£1,610
Rent-a-room tax free income	£4,250	£4,250
Enterprise Investment Scheme at 20%	£400,000	£200,000
Venture Capital Trust at 30% (2005/06 40%)	£200,000	£200,000

* Allowances where relief is restricted to 10%

Employee Benefits	2006/07	2005/06
Occupational Pension cap for 'new entrants'	£215,000	£105,600
Profit sharing scheme: 10% of earnings max	£8,000	£8,000
Savings-related share options per month	£250	£250
Approved Share Option Plans	£30,000	£30,000
All Employee Share Schemes - Employers	£3,000	£3,000
- Employees	£1,500	£1,500
Cheap loan benefit tax-free if loan is up to	£5,000	£5,000
Golden handshake exemption	£30,000	£30,000
Relocation expenses	£8,000	£8,000

Car Benefit Assessment 2006/07

Charge based on a percentage of the initial list price of the car; the percentage depends on the carbon dioxide emission rating of the car, if it has one. For older cars without a rating, the percentage depends on engine capacity.

For 2006/07 the percentage for a petrol engine is 15% for ratings up to 140g/km. The percentage increases by 1% for every complete 5g/km in excess of this, to a maximum of 35%. Diesel cars have 3% added to this figure, but still have a maximum percentage of 35%.

Car Fuel 2006/07

The tax charge for fuel provided for private use is calculated by applying the relevant car benefit percentage to a scale charge. For 2006/07 the charge is £14,400.

There are discounts for gas, bi-fuel and electric vehicles.

Capital Gains Tax	2006/07	2005/06
Individuals:	Taxed as top slice of income	
Most trusts	40%	40%
Annual Exemptions:		
Individuals, personal representatives, etc	£8,800	£8,500
Trusts generally	£4,400	£4,250
Chattels (5/3 taxable on excess)	£6,000	£6,000

After 06 04 1998 Indexation was replaced by taper relief. The taper relief will reduce the amount of chargeable gain according to how long the asset has been held for periods after 05 04 1998. Non-business assets acquired before 17 03 1998 qualify for an additional one year to the period for which they are treated as held after 05 04 1998.

Gains on business assets for disposals after 06 04 2002			Gains on non-business assets	
Number of complete years after 05 04 1998 for which asset held	Percentage of gain chargeable	Equivalent tax rates for higher rate/basic rate taxpayer	Percentage of gain chargeable	Equivalent tax rates for higher rate/basic rate taxpayer
0	100	40/20	100	40/20
1	50	20/10	100	40/20
2 or more	25	10/5	100	40/20
3			95	38/19
4			90	36/18
5			85	34/17
6			80	32/16
7			75	30/15
8			70	28/14
9			65	26/13
10 or more			60	24/12

Personal Pensions / Stakeholder Pensions

From 06 04 2006 the existing contribution limits will be abolished and replaced by a single Lifetime Allowance of £1.5 million; the size of this allowance will increase annually. There will also be an Annual Allowance of up to £215,000 or the maximum level of earned income, whichever is lower. The level of this allowance will increase annually.

Tax Year	Lifetime Allowance	Annual Allowance
2006/07	£1,500,000	£215,000
2007/08	£1,600,000	£225,000
2008/09	£1,650,000	£235,000
2009/10	£1,750,000	£245,000
2010/11	£1,800,000	£255,000

National Insurance Contributions	2006/07	2005/06
Employees Class 1	– Employees with earnings at or above the lower earnings limit	
Standard rate (contracted in)	11% on weekly earnings between £97.01 and £645	11% on weekly earnings between £94.01 and £630
Standard rate (contracted out)	9.4% on weekly earnings between £97.01 and £645	9.4% on weekly earnings between £94.01 and £630
Married women and widows reduced rate	4.85% on weekly earnings between £97.01 and £645	4.85% on weekly earnings between £94.01 and £630
Additional 1% on all earnings	over £645 per week	over £630 per week

Employers Class 1 Contributions	2006/07	2005/06	
Weekly Earnings Bands	Not contracted out	Contracted out COSR Schemes	Contracted out COMP Schemes
Below £97	Nil	Nil	Nil
£97.01 – £645	12.8%	9.3%	11.8%
Over £645	12.8%	12.8%	12.8%

Weekly Earnings Bands	Not contracted out	2005/06 Contracted out COSR Schemes	Contracted out COMP Schemes
Below £94	Nil	Nil	Nil
£94.01 – £630	12.8%	9.3%	11.8%
Over £630	12.8%	12.8%	12.8%

Notes: 1. COSR = Contracted Out Salary Related 2. COMP = Contracted Out Money Purchase

Self Employed	2006/07	2005/06
Class 2 – self employed rate (per week)	£2.10	£2.10
Small earnings exemption (per annum)	£4,465	£4,345
Class 3 – voluntary rate (per week)	£7.55	£7.35
Class 4 – self employed rate	8%	8%
Lower limit of profits (per annum)	£5,035	£4,895
Upper limit of profits (per annum)	£33,540	£32,760
Additional 1% on all earnings (per annum)	over £33,540	over £32,760

Basic State Pension	2006/07	2005/06
Single person per year	£4,381.00	£4,266.60
Dependant's additional per year	£2,626.00	£2,555.80
Married couple total per year	£7,007.00	£6,822.40