

Value Added Tax

Standard rate ($\frac{1}{4}$ of VAT-inclusive price)	17.5%
Registration level from 01.4.06	£61,000 per annum
Deregistration level from 01.4.06	£59,000 per annum

Scale charges (from 1.5.06)

Monthly Quarterly Annual

Petrol			
Up to 1400cc	£91	£273	£1,095
1401-2000cc	115	346	1,385
Over 2000cc	169	508	2,035
Diesel			
Up to 2000cc	86	260	1,040
Over 2000cc	110	331	1,325

The VAT payable is $\frac{1}{4}$ of these figures, which are VAT inclusive.

Due dates for payment of tax

Income Tax and Class 4 NIC

1st payment on account	31 January 2007
2nd payment on account	31 July 2007
Balancing payment	31 January 2008

Capital Gains Tax 31 January following the tax year.

Inheritance Tax Normally 6 months after month of death.

Corporation Tax Large companies pay by instalments starting 6 months through the accounting period; small/medium companies pay 9 months and 1 day after end of period.

Useful Rates

2006/07

Basic Retirement Pension	
Single person	£84.25
Married couple	134.75

Child Benefit

First eligible child	17.45
Each subsequent child	11.70

Example rates:

Child Tax Credits	
Family element	545
Threshold for withdrawal	50,000

National Minimum Wage

From 1 October 2005	5.05 ph
From 1 October 2006	5.35 ph

You are advised to consult us before acting on any information contained herein.

2006/2007 Calendar

April 2006

M	T	W	T	F	S	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

June 2006

M	T	W	T	F	S	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

August 2006

M	T	W	T	F	S	S
			1	2	3	4
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

October 2006

M	T	W	T	F	S	S
					1	
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

December 2006

M	T	W	T	F	S	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

February 2007

M	T	W	T	F	S	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28				

May 2006

M	T	W	T	F	S	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

July 2006

M	T	W	T	F	S	S
				1	2	
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

September 2006

M	T	W	T	F	S	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

November 2006

M	T	W	T	F	S	S
			1	2	3	4
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

January 2007

M	T	W	T	F	S	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

March 2007

M	T	W	T	F	S	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

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TAX RATES
2006-2007

Income Tax

Tax rates	2006/07	2005/06
Lower rate on first	£2,150	£2,090
Basic rate on next	31,150	30,310
Higher rate on taxable income over	33,300	32,400

Rates differ for Dividends/Interest/Other

	D	I	O
Starting rate	10%	10%	10%
Basic rate	10%	20%	22%
Higher rate	32.5%	40%	40%

Dividends taxed as highest part of income, then interest, then other

Discretionary trust			
— within £1,000 standard rate band (2005/06:£500)	10%	20%	22%
— thereafter	32.5%	40%	40%

Allowed at top rate of tax

Personal Allowance	£5,035	£4,895
Personal Allowance (65 - 74)*	7,280	7,090
Personal Allowance (75 and over)*	7,420	7,220
Blind Person's Allowance	1,660	1,610

Allowed only at 10%

Married Couple's Allowance (up to 74)**	6,065	5,905
Married Couple's Allowance (75 and over)**	6,135	5,975
Income limit for age-related allowances	20,100	19,500

*only available if born before 6th April 1935.

**Age allowances are reduced £1 for every £2 by which income exceeds the income limit, until the age allowance is reduced to the normal allowance. Personal allowance is reduced before married couple's allowance. MCA is reduced to a minimum of £2,350 (2005/06: £2,280).

Important annual limits

	2006/07	2005/06
Individual Savings Account investment	£7,000	£7,000
Rent a room exemption	4,250	4,250
Enterprise Investment Scheme investment	*400,000	*200,000
Venture Capital Trust investment	†200,000	††200,000

*Relief at 20% †Relief at 30% ††Relief at 40%

Pension contributions

Major changes to all rules from 6.4.2006.

Maximum annual tax-efficient gross contributions to age 75:

— individuals	£3,600 or 100% of earning to £215K
— employers	£215K less employee contributions

Max tax efficient fund on taking benefits in 2006/07: £1.5m.

Only current earnings count for the 100% limit in 2006/07. It is no longer possible to use prior year earnings or to carry back contributions to earlier years.

National Insurance Contributions

Class 1 (Employees)

	Contracted In	Contracted Out Salary Related	Contracted Out Money Purchase
Employee contributions			
— on earnings £97.01 - £645pw	11.0%	9.4%	9.4%
— on earnings above £645pw	1.0%	1.0%	1.0%
Employer contributions			
— on earnings £97.01 - £645pw	12.8%	9.3%	11.8%
— on earnings above £645pw	12.8%	12.8%	12.8%

Employer contributions (at 12.8%) are due on most benefits in kind and on tax paid on an employee's behalf under a PAYE settlement agreement.

Class 2 (Self-employed)

Flat rate per week	£2.10
Small earnings exception: profits per annum	£4,465

Class 3 (Voluntary)

Flat rate per week	£7.55
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Class 4 (Self-employed)

On profits £5,035 - £33,540	8.0%
On profits over £33,540	1.0%

Car benefit assessment 2006/07

Charge based on a percentage of the initial list price of the car, including accessories, delivery charges and VAT. The percentage depends on the carbon dioxide emissions rating of the car, and whether the engine runs on petrol or diesel.

Ratings	Petrol	Diesel
0-140g/km	15%	18%
over 140g/km	+ 1% for each extra 5g/km (145,150 etc.)	
Maximum	35%	35%

Special rules apply to older cars which do not have a CO₂ rating.

Employee contributions for private use are deducted from the taxable figure.

Company vans are charged at £500 (£350 where 4 years or older) if private use is more than home-to-work travel.

Car fuel benefit

The benefit of free fuel for private use in a company car is calculated using the same percentage as that used for the car benefit, applied to a standard figure of £14,400. The taxable amount is therefore between £2,160 (min.) and £5,040 (max.).

Tax free mileage allowances

	Higher Rate 2006/07 & 2005/06	Lower Rate unchanged
All cars	40p	25p
Motorcycles	24p	24p
Bicycles	20p	20p
Business passengers	5p	5p

Higher rate allowed up to 10,000 business miles.

Fuel-only allowances for company cars

	Petrol	Diesel	LPG
From 1.7.2005			
Up to 1400cc	10p	9p	7p
1401 - 2000cc	12p	9p	8p
Over 2000cc	16p	13p	10p

Inheritance Tax

Charges on or after	Rates %	Charges between 6th April 2005 and 5th April 2006
0 - £285,000	NIL	0 - £275,000
Above £285,000	40%	Above £275,000
Lifetime chargeable transfers at half the death rate, ie 20%.		
Business property relief of 100% for all shareholdings in qualifying unquoted trading companies and for most unincorporated trading businesses; agricultural property relief at 100% for qualifying holdings of agricultural land.		
Annual exemption for lifetime gifts £3,000.		
Small gifts - annual amount per donee £250.		

Reduced tax charge on transfers within 7 years of death

Years before death	Percentage of death rates
0 - 3	100%
3 - 4	80%
4 - 5	60%
5 - 6	40%
6 - 7	20%
Over 7	NIL

Stamp Duty and Stamp Duty Land Tax

Rates on sales	% of Total Consideration
Shares and marketable securities	0.5%
Land 0 - threshold	NIL
Threshold - £250,000	1%
£250,001 - £500,000	3%
£500,001 and over	4%

The threshold is £125,000 for residential property and £150,000 for commercial property. In "disadvantaged areas", the residential threshold is £150,000.

Capital Gains Tax

Annual exempt amount 2006/07: individuals £8,800, trustees £4,400
Relief given for effect of inflation for periods of ownership up to April 1998. Taper relief is based on complete years of ownership after 5 April 1998 (with one year added for ownership on 17.3.98 in the case of non-business assets):

Complete years owned for taper purposes:	% of gain charged Business asset	Non-business asset
1 year	50%	100%
2 years	25%	100%
3 years	25%	95%
4 years	25%	90%
5 years	25%	85%
6 years	25%	80%
7 years	25%	75%
8 years	25%	70%
9 years	25%	65%
10 years (max.relief)	25%	60%

Net gains after all reliefs and annual exempt amount are taxed at marginal income tax rates for interest income (ie 10%, 20%, 40%).

Corporation Tax

Main rate	Years to 31.3.2007	31.3.2006
Profits above	30%	30%
Small companies rate	£1.5m	£1.5m
Profits between	19%	19%
Starting rate	£0 - £300K	£50K - £300K
Profits below	N/A	0%
Small/large marginal band	£300K - £1.5m	£300K - £1.5m
Fraction (effective rate)	¹ / ₁₀₀ (32.75%)	¹ / ₁₀₀ (32.75%)
Starting/small marginal band	N/A	£10K - £50K
Fraction (effective rate)	N/A	¹ / ₁₀₀ (23.75%)
Minimum rate on distributions	N/A	19%

Main capital allowances

	Allowance %
Plant and machinery	
— first year allowance for small businesses*	50
— first year allowance for medium businesses	40
— writing down allowance (6% on some long life assets)	25
— cars in general (max £3,000pa)	25
— certain energy efficient plant, including low emission cars	100
Industrial buildings writing down allowance	4

*From 1.4.06 for companies; from 6.4.06 for income tax traders