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Tax Tables 2006/2007

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INCOME TAX RATES

For individuals

	Taxable income £	Rate %	Tax on band £
2006/07	Up to 2,150	Lower 10 ^o	215
	Next 31,150	Basic 22	6,853
	Excess over 33,300	Higher 40*	
2005/06	Up to 2,090	Lower 10 ^o	209
	Next 30,310	Basic 22	6,668
	Excess over 32,400	Higher 40*	

The rate of tax on savings income for basic rate taxpayers is 20%.

^o This rate will also apply to dividend income for basic rate taxpayers.

* Higher rate tax on gross dividends is 32.5% (25% on net dividend receipts).

§ For Discretionary Trusts	2006/07	2005/06
UK dividends	32.5%	32.5%
All other income	40%	40%

§ From 6 April 2005 the first £500 of trust income will be taxed at basic or savings rates depending on the type of income received.

PERSONAL ALLOWANCES

	2006/07 £	2005/06 £
Allowances that reduce taxable income		
Personal allowance (PA) – under 65	5,035	4,895
– 65-74*	7,280	7,090
– 75 and over*	7,420	7,220
Blind person allowance	1,660	1,610

Allowances that reduce tax

^o Married couples allowance (MCA):

Tax reduction – under 75 and born before 6.4.35*	606.50*	590.50
– 75 and over*	613.50*	597.50
Married couples allowance – minimum amount	235.00	228.00

Other

Payroll giving scheme **No limit** No limit

Gift Aid **No limit** No limit

'Rent a room' exemption **4,250** 4,250

* The age related allowances are progressively withdrawn if income exceeds £20,100 (£19,500 for 2005/06).

^o Civil partners formed as a result of the Civil Partnership Act 2004 will be treated the same as married couples for tax purposes.

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TAXABLE COMPANY CAR BENEFITS

Where an employer provides a company car to an employee, the tax charge is determined by the carbon dioxide emissions of the car and is regardless of business mileage.

Scale charge calculator - g/km of CO₂

2006/07	% of list price* (max £80,000)
140	15
165	20
190	25
215	30
240	35

For intervening figures add 1% to list price for each additional 5g/km of CO₂.

*Diesel supplements - Add 3% to each figure (up to max 35% of list price).

Euro IV approved cars first registered prior to 1 January 2006 are not subject to the diesel supplement.

Discounts are available for cars registered on or after 1 January 1998 which run on alternative fuels and technologies.

TAXABLE COMPANY CAR FUEL BENEFITS

Where an employer pays for private mileage, the tax charge is determined by the CO₂ emissions of the car. The same scale charge calculator and supplements will apply as for 'company' car benefits. The relevant % for 'company' car benefit also applies to the deemed list price for the year.

	2006/07	2005/06
Deemed list price in all cases	£14,400	£14,400

INLAND REVENUE AUTHORISED MILEAGE RATES

Can be received tax free for employees' business mileage in 2006/07:

	Cars/vans	Motorcycles	Bicycles
First 10,000 miles	40p*	24p	20p
Excess over 10,000 miles	25p*	24p	20p

IT and NICs are due on payments above these rates. Employees can claim tax relief on any shortfall.

* Increased by 5p per passenger carried on business trips. Passenger must also be an employee who needs to travel on business. No separate rates for different engine sizes.

INVESTMENTS

Investment limits (£) from 6 April 2006	2006/07	2005/06
Venture Capital Trusts (VCTs)	200,000 ^o	200,000 ^o
Enterprise Investment Scheme (EIS)	400,000 ^s	200,000 ^s
Individual Savings Accounts (ISAs)	7,000*	7,000*

^o Tax relief at 30% for 2006/07 (40% for 2005/06). No Capital Gains Tax deferral relief.

^s Tax relief at 20%.

* Maximum cash £3,000 (£3,000 in 2005/06).

APPROVED EMPLOYEE SHARE INCENTIVES

Value of shares
£

Enterprise Management Incentives

Individual limit	100,000
Company limit	3,000,000

Company Share Option Plan

Individual limit	30,000
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Share Incentive Plan (annual limits)

Free shares	3,000
Partnership shares	1,500
Matching shares	3,000
Dividend shares	1,500

Savings Related Share Option

Maximum monthly contribution – £250

OTHER EMPLOYER PROVIDED BENEFITS

	2006/07	2005/06
	£	£
*Vans under 4 years old } Unrestricted	500	500
Vans 4 years old and over } private use	350	350

* If private use is limited to an employee's home to work travel, no tax charge will arise.

For 2007/08 the benefit will increase to £3,000. In addition a fuel scale benefit of £500 will be charged.

Employer Supported Childcare – the first £55 a week (£50 in 2005/06) of the cost of providing approved childcare support to each employee will be free from both tax and NIC provided that certain conditions are met.

Computer Equipment – from 6 April 2006 the exemption for computers made available by employers to their employees for private use has been removed.

Mobile Phones – no tax charge on mobile phones loaned to employees by employer. Restricted to one mobile per employee from 6 April 2006.

Beneficial loan – not chargeable to tax or liable for Class 1A NICs if the total balance outstanding on all loans does not exceed £5,000 throughout the tax year. If more than £5,000 the amount chargeable is the difference between

- ◆ the interest that would have been payable on the loan at the 'official rate' for the tax year concerned.
- ◆ the amount of interest actually paid by the borrower for the tax year.

The 'official rate' is currently 5%.

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CORPORATION TAX

	Year to 31 March Taxable profits [*] £	2007	2006
Starting rate	Up to 10,000 [°]	19%	0%
Lower marginal rate	10,001 - 50,000 [°]	19%	23.75%
Small companies' rate	up to 300,000	19%	19%
Upper marginal rate	300,001 - 1,500,000	32.75%	32.75%
Full rate	Over 1,500,000	30%	30%

Close investment-holding companies are always chargeable at full rate.

Companies with taxable profits of £1,500,000 or more may be liable to quarterly instalment payments on account of tax liabilities.

^{*} All profit limits are reduced pro rata for associated companies and for accounting periods of less than 12 months.

[°] The starting rate of 0% is abolished from 1 April 2006.

CAPITAL ALLOWANCES

	2006/07	2005/06
Plant & machinery		
– First Year Allowance – small businesses	50%	40%
– medium size businesses	40%	40%
– general	25%[°]	25% [°]
– long life assets	6%[°]	6% [°]
– approved energy-saving items	100%	100%
– items for refuelling vehicles with natural gas or hydrogen	100%	100%
– water technologies	100%	100%
Private motor cars		
– general (max relief £3,000 pa per car)	25%[°]	25% [°]
– low emission cars* (CO ² emissions ≤120gm/km)	100%	100%
– electrically propelled cars*	100%	100%
Other items		
Enterprise Zone buildings	100%	100%
Research & Development	100%	100%
Hotels, agricultural buildings, dredging	4%[§]	4% [§]
Toll roads	4%[§]	4% [§]
Industrial buildings	4%[§]	4% [§]

[°] Reducing balance basis ^{*} Registered after 16 April 2002 [§] Straight line basis

NATIONAL INSURANCE CONTRIBUTIONS 2006/07

Class 1 – Employer contributions

Weekly earnings	Standard	Contracted out	
		COSR [†]	COMP [*]
Up to £97.00	Nil	Nil	Nil
£97.01 - £645.00	12.8%	9.3%	11.8%
Over £645.00	12.8%	12.8%	12.8%

Employer's Class 1A and 1B NICs of 12.8% payable on taxable benefits in kind and PAYE Settlement Agreements respectively.

[†]COSR = Contracted-out salary related scheme

^{*}COMP = Contracted-out money purchase scheme

Class 1 – Employee contributions

Weekly earnings	Annual limit	Standard	Contracted out
Up to £84.00 (LEL) [°]	£4,368	Nil	Nil
£84.01 - £97.00		Zero [*]	Zero [*]
£97.01 - £645.00		11%	9.4%
Over £645.00 (UEL) [§]	£33,540	1%	1%
Men >65yrs/Women >60yrs		Nil	Nil

^{*} The zero rate protects employees' contributory benefit entitlements.

[°] Lower Earnings Limit

[§] Upper Earnings Limit

Class 2 – (self-employed)

Flat rate £2.10pw (£109.20 per annum) where annual profits are £4,465 or more. Payable until pensionable age is reached.

Class 3 – (voluntary)

Flat rate £7.55 per week.

Class 4 – (self-employed on profits)

Flat rate 8% on profits between £5,035 and £33,540 per annum.

Flat rate 1% on profits over £33,540 per annum (no maximum).

(Exempt if state retirement age is reached by 6 April 2006)

PENSION CONTRIBUTIONS

New rules from 6 April 2006

The maximum amount of contributions on which an individual can claim tax relief in 2006/2007 is the greater of

- ◆ The “basic” amount – currently £3,600; and
- ◆ The amount of the individual’s relevant UK earnings that are chargeable to income tax for the tax year up to a maximum of £215,000.

In certain circumstances it may be possible to contribute more than the above, but specialist advice should be sought.

From 6 April 2006, a tax charge potentially arises if the value of the pension at retirement exceeds the lifetime allowance.

The pension scheme lifetime allowance for 2006/2007 is £1,500,000.

Pre 6 April 2006 rules

Age at start of tax year	Allowable % of net earnings		Maximum contribution
	RAP	PPP	£
Up to 35	17.5	17.5	18,480
36-45	17.5	20.0	21,120
46-50	17.5	25.0	26,400
51-55	20.0	30.0	31,680
56-60	22.5	35.0	36,960
61 or more	27.5	40.0	42,240
Life assurance (out of above)	5.0	5.0	5,280
AVCs		15.0	15,840
			2005/06
			£
Earnings cap			105,600
Permitted gross contribution level irrespective of age/earnings			3,600

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INHERITANCE TAX

Rates on cumulative transfers

Rate	2006/07 £	2005/06 £
Nil on first	285,000	275,000
40% on excess		

Chargeable lifetime transfers – 50% of death rates.

Transfers on or within seven years of death – death rates apply subject to taper relief which reduces the tax due.

Years between gift and death	0-3	3-4	4-5	5-6	6-7
% of tax due	100	80	60	40	20

Main Exemptions

	£
Spouse/civil partner – both UK domiciled (or transferor non domiciled)	unlimited
Non domiciled spouse/civil partner – UK domiciled transferor	55,000
Annual gifts per donor	3,000
Small gifts per donee not exceeding	250
Marriage gifts by	
– parent	5,000
– grandparent	2,500
– other	1,000
Charities and political parties	unlimited

Regular gifts out of surplus income are also exempt.

Special reliefs exist for qualifying business property and agricultural property.

INTEREST ON TAX

	Paid late	Overpaid
Income tax, CGT and NIC	6.5%	2.25%
Inheritance tax	3%	3%
Corporation tax (CT)		
– accounting periods ending after		
30 September 1993 (Pay and file)	5.25%	2%
30 June 1999 (CTSA)	6.5%*	3%*
– Instalment payments	5.5%*	4.25%*

*These rates will be varied by HM Treasury as bank base rates change.

* Allowable/chargeable for CT.

CAPITAL GAINS TAX

- ◆ Tax is charged at 10%, 20% and at 40% on chargeable gains as if they were additional savings income.
- ◆ Trustees' and personal representatives' gains are charged at 40% for 2006/07.
- ◆ Indexation allowance frozen as at 5 April 1998 for individuals and trusts.

	2006/07	2005/06
Annual exemptions	£	£
Individuals and personal reps	8,800	8,500
Trusts for disabled persons	8,800	8,500
Other trusts	4,400	4,250
Chattels exemption – proceeds up to	6,000	6,000
Transfers between husband and wife/civil partners living together	No limit	No limit

Taper relief

Business assets		Non-business assets			
Whole years asset owned	% of gain chargeable	Whole years asset owned	% of gain chargeable	Whole years asset owned	% of gain chargeable
1	50	1	100	6	80
2 or more	25	2	100	7	75
		3	95	8	70
		4	90	9	65
		5	85	10 or more	60

All non-business assets held on 17 March 1998 qualify for one additional year of ownership.
Apportionment of gain may be required where asset has not been a business asset throughout period of ownership after 5 April 1998.

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STAMP DUTY

Shares and marketable securities	0.5
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STAMP DUTY LAND TAX

Residential

Relevant Consideration	%
Not more than £125,000*	0
More than £125,000* but not more than £250,000	1
More than £250,000 but not more than £500,000	3
More than £500,000	4

* £120,000 before 23 March 2006

Non-residential or mixed

Relevant Consideration	%
Not more than £150,000	0
More than £150,000 but not more than £250,000	1
More than £250,000 but not more than £500,000	3
More than £500,000	4

For new leases where consideration is more than £125,000 for residential, or £150,000 for non-residential SDLT is charged at 1%.

VALUE ADDED TAX

Standard rate – 17.5% **VAT fraction of gross price** – 7/47

Reduced rate – 5%

Annual turnover limits in last 12 months (or in next 30 days)

	From 1 Apr 06 £	From 1 Apr 05 £
Registration	61,000	60,000
Deregistration	59,000	58,000
Annual accounting – turnover limit per annum	1,350,000	660,000
Cash accounting – turnover limit per annum	660,000	660,000

Fuel for private use – VAT due per car 2006/07 (from 1 May 2006)

	Yearly		Quarterly		Monthly	
	Petrol	Diesel	Petrol	Diesel	Petrol	Diesel
	£	£	£	£	£	£
Up to 1,400cc	1,095	1,040	273	260	91	86
1,401 – 2,000cc	1,385	1,040	346	260	115	86
Over 2,000cc	2,035	1,325	508	331	169	110

Whilst every effort has been made to ensure accuracy, information contained in these Tax Tables may not be comprehensive and readers should not act upon it without seeking professional advice. These figures are based on the budget statement of 22 March 2006 and may be affected by subsequent legislation.