

PERSONAL TAXATION - RATES AND ALLOWANCES

2006/2007		2005/2006	
Taxable Income	Rate	Taxable Income	Rate
1 - 2150	10%	1 - 2090	10%
2151 - 33300	22%	2091 - 32400	22%
Over 33300	40%	Over 32400	40%

ALLOWANCES

	2006/07	2005/06
Personal Allowances:-		
Personal Allowance	5035	4895
Blind Person's Allowance	1660	1610
Age Allowances:-		
Single Person (Over 65)	7280	7090
Married Couples Allowance (over 65 at 5/4/2000)	6065 *	5905 *
Higher Allowance Single Person (Over 75)	7420	7220
Higher Married Couples Allowance (over 75 at 5/4/2000)	6135 *	5975 *
Reduction of relief by £1 for every £2 of income over	20100	19500
Other Allowances:-		
Rent-a-Room Relief	4250	4250
Inheritance Tax Threshold (with effect from 6th April)	285000	275000
Capital Gains Tax Exemption Limit		
- Individuals	8800	8500
- Trustees	4400	4250
Pension Scheme Earnings Cap	See Over	105600
Self Employed NIC Contributions		
- Class 2	2.10 p.w.	2.10 p.w.
- Class 4		
Lower	5035	4895
Upper	33540	32760
Rate up to Upper Limit	8%	8%
Rate above Upper Limit	1%	1%
Class 2 NIC Small Earnings Exemption	4465	4345
Wife's Wages Limit	96.95 p.w.	93.95 p.w.
National Minimum Wage (from 1st October)		
16-17	3.30 p.h.	3.00 p.h.
18-21	4.45 p.h.	4.25 p.h.
over 21	5.35 p.h.	5.05 p.h.
* Tax Relief is restricted to	10%	10%

CORPORATION TAX

	From 1st April 2006	From 1st April 2005
Starting Rate	N/A	0 - 10000 0%
Marginal Rate	N/A	10001 - 50000
Small Co's Rate	0 - 300000 19%	50001 - 300000 19%
Marginal Relief	300001 - 1500000	300001 - 1500000
Main Rate	30%	30%
Dividend Rate	N/A	19%

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VALUE ADDED TAX

The Annual VAT Registration turnover limit is increased to £61,000 (£60,000) and the De-registration limit is increased to £59,000 (£58,000) from 1st April 2006.

VAT Scale Rates in respect of private fuel will increase from the first VAT period commencing on or after 1st May 2006. The new rates will be issued in "VAT News" which will be sent to you with your VAT Return.

Employers can continue to claim Input Tax on fuel costs that are reimbursed to employees either on the basis of the actual cost of the fuel or by means of a mileage allowance. However from 1st January 2006 the employer must hold a VAT invoice which shows sufficient VAT to cover the Input VAT claimed even if in name of an employee.

TRUSTS

Although some measures dealing with the modernisation of trusts have been introduced the major provisions suggested in the 2004 Budget of enabling beneficiaries to be taxed on income received from trusts as though the income arose on them personally (referred to as 'Income Streaming') are not being taken forward at this time.

The standard rate band has, however, been increased to £1,000 (£500) from 6th April 2006.

OTHER MATTERS

- , Directors wishing to pay a minimal wage in order to pay NI contributions need to increase the annual amount from £5,000 to £5,100 due to increased limits from 6th April 2006.
- , The maximum annual pension contribution under the new pension legislation, introduced from 6th April 2006, is £215,000, if paid by your employer, or the lower of £215,000 and your general earned income if paid personally - £3,600 gross (£2808 net) can be paid without reference to earnings.
- , It has been confirmed that Pension Schemes will not be allowed to invest in residential property and certain other assets.
- , A new style investment trust has been introduced called 'Real Estate Investment Trust' or REIT which carries some tax advantages from property investment.
- , First Year Allowances available to 'small' businesses for the purchase of plant & machinery, including commercial vehicles, will increase from 40% to 50% for 12 months from April 2006.
- , The rate of Income Tax relief for investments in Venture Capital Trusts (VCT's) will increase from 20% to 30% with effect from 6th April 2006 and the minimum period of ownership will rise to 5 years (3 years).
- , No changes have been made to the company car/fuel rates and carbon emission scale this year.
- , The lower threshold for stamp duty on residential property has increased to £125,000 (£120,000) with effect from 23rd March. The remaining bands are unchanged.
- , No mention was made of the spreading of the tax liability brought about by UITF 40 in either the Budget speech or the subsequent Budget Notes. We will need to wait for publication of the Finance Bill for details.
- , The Civil Partnership Act came into force in December 2005. Do not forget that you need to advise us if this affects yourself.

A TIMELY REMINDER

Do not forget the important filing dates this year:-

19th April	Payment of final 2005/6 PAYE liability
19th May	File 2006 P35 (SC35) and P14's
6th July	Forms P11d
19th July	Payment of Class 1A NIC
31st July	Second payment on account for 2005/6

INVESTMENT MATTERS

Although we no longer have our own investment advising arm if you require investment advice, either in respect of your pension or general investment affairs we can introduce you to an Independent Financial Adviser from our panel of advisers.