

INCOME TAX

Personal Allowances increased:-

	2005/2006	2006/2007	Increase
	£	£	£
Personal Allowance	4,895	5,035	140
“ “ (age 65 - 74)	7,090	7,280	190
“ “ (75 & over)	7,220	7,420	200
Married Couple's Allowance including Civil partnerships (from 5 December 2005) (age less than 75 born before 6/4/1935)* (75 & over)*	5,905	6,065	160
Minimum amount of MCA*	2,280	2,350	70
Blind Person's Allowance	1,610	1,660	50
Income limit for age-related allowance	19,500	20,100	600

* Tax relief given at the rate of 10%

Tax Rate Bands	2005/2006	2006/2007
	£	£
10% Starting rate	0 - 2,090	0 - 2,150
22% Basic rate	2,091 - 32,400	2,151 - 33,300
40% Higher rate	Over 32,400	Over 33,300

PENSIONS

The new regulations which have been widely publicised will apply from 6 April 2006. There will now be an annual allowance for pension contributions of £215,000 for 2006/2007. There will also be a lifetime allowance at present of £1.5 million.



£uggs Money Matters

VAT

The turnover threshold figure for registration for VAT is increased from £60,000 to £61,000 from 1 April 2006.

The de-registration threshold is increased from £58,000 to £59,000, again from 1 April 2006.

The rate is unchanged at 17.5%.

There are some changes to the fuel scale charges and further information is available on request.

CAPITAL GAINS TAX

The annual personal exemption figure is increased to £8,800 for 2006/2007. The equivalent figure for Trusts etc., is increased to £4,400.

CORPORATION TAX

The starting rate of 0% for the first £10,000 of profits has been abolished. The new rates for 2006/2007 will be:-

- Profits £0-£300,000 @ 19%.
- Marginal relief available on profits between £300,000 and £1.5 million.
- Main rate 30% on profits of £1.5 million or more.
- The rate of first year allowances for small business is increased from 40% to 50% for one year from 1 April 2006 for companies subject to corporation tax and from 6 April 2006 for businesses charged to income tax.

STAMP DUTY LAND TAX

The threshold for stamp duty land tax on residential properties is increased from £120,000 to £125,000 as from 25 March 2006. Duty will be charged at 1% up to the sale consideration of £250,000 and at 3% up to £500,000 and then at 4%.

The rates for residential properties are:-

£125,001 - £250,000	1%
£250,001 - £500,000	3%
more than £500,000	4%

NATIONAL INSURANCE CONTRIBUTIONS

For 2006/2007 employees will pay National Insurance Class 1 contributions on income between £97 and £645 per week (£33,540 per year). The contributions will be at 11%. National Insurance contributions will be due at 1% of income above £645 per week.

The Class 2 National Insurance contributions remain unchanged at £2.10 per week. The small earnings exception figure is increased to £4,465 per annum.

The Class 3 National Insurance contributions is increased to £7.55 per week.

The Class 4 National Insurance contributions will be charged on profits between £5,035 and £33,540 per annum. The contributions will be at 8% and at 1% on profits in excess of £33,540.



REAL ESTATE INVESTMENT TRUSTS

There has been much debate and correspondence about these Trusts in the press over the last few months. A new regime has now been put into place regarding these and companies and groups of companies can elect to join as from 1 January 2007. There are certain conditions to be met to join what is to be known as a UK-REIT.

For companies or groups of companies that meet the conditions their qualifying rental income and gains on disposals of investment properties will be exempt from corporation tax. Other profits, of course, will still be charged to corporation tax in the normal way.

Distributions paid out of the tax-exempt property income or gains will be treated as UK property income. They will be chargeable to tax under Schedule A for corporation tax or income tax as appropriate and paid out to investors after deduction of basic rate tax of 22%.

All this legislation, of course, is new and needs careful consideration before any investments are considered. If you require any further information regarding this please do not hesitate to contact us.


Money Matters

IMPORTANT ISSUES

This newsletter was produced by Roger Lugg & Co and Lee, Dicketts & Co Chartered Accountants, Chartered Tax Advisers and Registered Auditors.

We welcome your comments or queries. Our three offices are situated at:

12/14 High Street Caterham Surrey CR3 5UA Tel: 01883 349211 Fax: 01883 349218 info@rogerlugg.co.uk www.rogerlugg.co.uk	23 High Street Lingfield Surrey RH7 6AA Tel: 01342 832838 Tel: 01342 835786 lingfield@rogerlugg.co.uk www.rogerlugg.co.uk	York House 37 High Street Seal, Sevenoaks Kent TN15 0AW Tel: 01732 762655 Fax: 01732 763121 info@leedicketts.com www.leedicketts.com
---	--	---

Please address your enquiries to our partners, Roger Lugg, Bruce Chapman & Hilary Barrett or the Managers at Caterham Office; Deborah Brent at Lingfield Office; Michael Bushell at Seal Office.

Printed by Solway Printers - Tel: 020 7407 2875 - www.solways.co.uk

BUDGET – 2006

This was the Chancellor's tenth Budget and he has promised funds to assist in training for athletes for the 2012 Olympics. Additional monies are also to be made available to schools.

Cigarettes are to cost 9p per packet more. A bottle of wine is up by 4p and there will be 1p increase for a pint of beer.

Further education up to A-levels will be available free for anyone up to the age of 25.

There are changes to the Vehicle Excise Duties. Petrol duty is frozen until September.

For pensioners and the disabled there will be free off-peak national bus travel from April 2008. The fuel allowance is to be paid again this year but there will be no monies for Council Tax.

The Child Trust Funds are to be boosted by an additional payment when the child reaches 7 years old.

Accumulation and maintenance trusts and interest in possession trusts are both under attack.

There is a proposal to bring forward the date for the submission of self-assessment returns to 30 September or, if submitted on-line, by 30 November each year.

Some Government assets are to be sold off, including the Tote and British Energy.

CARS

The company car fuel figures have been set for 2006/2007, and figures are available on request.

Where free fuel is provided for private use of the company car the multiplier has been left unchanged at £14,400. The benefit for free fuel is calculated by using the appropriate percentage from the car benefit to the multiplier itself.

There are some changes to the vehicle excise duty rates with the cars with the lowest rates of emissions benefiting. However, the cars with the highest rates of CO2 emissions will pay more.