

Car Benefit

CO ₂ emissions (2004/05) grams per kilometre	% of list price (max. £80,000)	Petrol	Diesel
145		15	18
150		16	19
155		17	20
160		18	21
165		19	22
170		20	23
175		21	24
180		22	25
185		23	26
190		24	27
195		25	28
200		26	29
205		27	30
210		28	31
215		29	32
220		30	33
225		31	34
230		32	35
235		33	35
240		34	35
245		35	35

For cars registered from 1 January 1998 with no CO₂ emissions figures, the tax charge is 15% of the list price for engines up to 1,400 cc, 25% for engines of 1,401 cc to 2,000 cc and 35% for engines above 2,000 cc.

Car Fuel Benefit

For 2004/05, car fuel is calculated by applying the above car benefit percentage to a figure of £14,400.

Tax-Free Mileage Allowances

Employee's own vehicle

	2004/05
<i>Motorcars and vans</i>	
Up to 10,000 business miles	40p
Over 10,000 business miles	25p
Each passenger making same trip	5p
<i>Motorcycles</i>	24p
<i>Cycles</i>	20p

Advisory fuel rates for company car

Cylinder capacity	Petrol	Diesel
Up to 1,400 cc	10p	9p
1,401 cc to 2,000 cc	12p	9p
Over 2,000 cc	14p	12p

Inheritance Tax

Transfers made after 5 April 2004

Death Rates

Gross transfer	Rate %
Up to £263,000	Nil
Over £263,000	40

There is taper relief on transfers made between three and seven years before death. Chargeable lifetime transfers are initially charged at 20%. Annual gifts of up to £3,000 per donor are exempt.

Stamp Taxes

Shares and marketable securities 0.5%¹

¹ Rounded up to the nearest multiple of £5

Transfers of land and buildings (consideration paid)

Residential	Non-residential	Rate ²
£60,000 or less	£150,000 or less	Nil
£60,001-£250,000	£150,001-£250,000	1%
£250,001-£500,000	£250,001-£500,000	3%
Over £500,000	Over £500,000	4%

² Different rates apply for land in designated disadvantaged areas

New leases (lease duty)

Residential	Non-residential	Rate
Up to £60,000	Up to £150,000	Nil
Over £60,000	Over £150,000	1%

Duty on premiums is the same as for transfers of land (but special rates apply where rent exceeds £600 annually).

Value Added Tax

Standard rate	17.5%
Lower rate	5%
Registration level from 1 April 2004	£58,000 pa
Deregistration limit from 1 April 2004	£56,000 pa

VAT car fuel scale charges from 1 May 2004

Cylinder capacity of vehicle	Scale charge	
	petrol £	diesel £
Up to 1,400 cc	232	216
1,401 cc to 2,000 cc	293	216
Over 2,000 cc	432	273

Quarterly returns

Up to 1,400 cc	232	216
1,401 cc to 2,000 cc	293	216
Over 2,000 cc	432	273

Monthly returns

Up to 1,400 cc	77	72
1,401 cc to 2,000 cc	97	72
Over 2,000 cc	144	91

Tax Facts 2004

Spring Budget Edition

Income Tax Allowances

	2004/05	2003/04
	£	£
Personal allowance		
general aged 65 to 74 in year of assessment	4,745	4,615
aged 75 or over in year of assessment	6,830	6,610
age allowance income limit	6,950	6,720
minimum where income exceeds limit	18,900	18,300
	4,745	4,615
Married couple's allowance (relief at 10%)		
either spouse aged under 75 and born before 6 April 1935	5,725	5,565
either spouse aged 75 or over in year of assessment	5,795	5,635
age allowance income limit	18,900	18,300
minimum where income exceeds limit	2,210	2,150
Blind person's allowance	1,560	1,510

Income Tax Rates

Taxable Income	Band	Rate	Tax on Band	Total Tax
£	£	%	£	£
2004/05				
0 - 2,020	2,020	10	202.00	202.00
2,021 - 31,400	29,380	22	6,463.60	6,665.60
Over 31,400		40		
2003/04				
0 - 1,960	1,960	10	196.00	196.00
1,961 - 30,500	28,540	22	6,278.80	6,474.80
Over 30,500		40		

Savings income is generally treated as the highest part of total income. Interest is taxed at 10% within the starting rate band, 20% within the basic rate band and 40% thereafter. Income from **dividends** is taxed at 10% within the starting and basic rate bands and at 32.5% thereafter (these rates are applied to the dividend grossed-up by a tax credit of 1/9).

National Insurance Contributions

2004/05

Class 1 (Earnings related)	Not contracted out	Contracted out		
Employees			NCO	SRS
<i>Weekly earnings</i>			MPS	
First £91	Nil	Nil	Nil	Nil
On balance up to £610	11%	9.4%	12.8%	11.8%
Over £610	1%	1%	12.8%	12.8%
Employers				
<i>Weekly earnings</i>				
First £91	Nil	Nil	Nil	Nil
On balance up to £610	12.8%	9.3%	12.8%	11.8%
On balance over £610	12.8%	12.8%	12.8%	

Employees' rates are nil for men over 65 and women over 60. They are reduced to 4.85% for married women and widows with valid certificates of election but the 1% charge above £610 still applies. Normal employers' contributions are still payable. Employers receive a rebate of 3.5% for salary-related schemes and 1% for money purchase schemes on earnings from £79 to £91 per week. A rebate of 1.6% on earnings from £79 to £91 per week is given to employees (or employers where insufficient contributions have been paid for offset).

Class 1A and Class 1B – 12.8%

Class 2 (Self-employed) – Flat rate £2.05 a week. Small earnings exemption £4,215 a year.

Class 3 (Voluntary contributions) – £7.15 a week.

Class 4 (Self-employed) – 8% of profits between £4,745 and £31,720 a year. 1% of profits above £31,720 a year.

Individual Savings Accounts

	Overall limit	Cash limit	Life assurance limit
2004/05	£7,000	£3,000	£1,000
2003/04	£7,000	£3,000	£1,000

Savings are exempt from income tax and capital gains tax. Until 5 April 2004, a 10% tax credit was payable on dividends from UK equities. The capital from a 'TESSA' maturing after 5 January 1999 (but not the accumulated interest) may be transferred to an ISA.

Capital Gains Tax

Annual exempt amounts (2004/05)	£
Individuals, personal representatives for year of death and two years thereafter	8,200
Trusts generally	4,100

Rates

Individuals – 10%, 20% or 40% (taxed in line with interest: see column under *Income Tax Rates*)
Trusts and personal representatives – 40%

Taper relief (disposals after 5.4.2002)

Complete years held after 5.4.1998*	% of gain relieved	
	business assets	non-business assets
1	50	–
2	75	–
3	75	5
4	75	10
5	75	15
6	75	20
7	75	25
8	75	30
9	75	35
10 or more	75	40

*Including one bonus year for **non-business** assets held on 17 March 1998.

Corporation Tax

Financial Year to	31/3/2005	31/3/2004
Full rate	30%	30%
Starting rate	0%	0%
0% rate limit	£10,000	£10,000
marginal relief limit	£50,000	£50,000
marginal relief fraction	19/400	19/400
effective marginal rate	23.75%	23.75%
Small companies rate	19%	19%
19% rate limit	£300,000	£300,000
marginal relief limit	£1,500,000	£1,500,000
marginal relief fraction	11/400	11/400
effective marginal rate	32.75%	32.75%
Small company distributed profits minimum rate	19%	–