

Tax Tables

2005/2006

Income Tax	1
Car Assessment	2
Individual Savings Accounts (ISAs)	2
Capital Gains Tax	3
Inheritance Tax	3
Social Security Benefits	4
National Insurance Contributions	5
Value Added Tax	5
Personal Pensions, Stakeholder Pensions and Retirement Annuities	6
Corporation Tax	6
Stamp Duty	6



FRIENDS PROVIDENT

Income Tax

Allowances

	2004/05 £	2005/06 £
Personal allowances		
Basic	4,745	4,895
Age 65–74 °	6,830	7,090
Age 75 or over °	6,950	7,220
Married couple's allowance †		
Age under 75 & born before 6.4.1935 °	5,725	5,905
Age 75 or over °	5,795	5,975
Minimum allowance *	2,210	2,280
Income limit for age related allowances	18,900	19,500
Blind person's allowance	1,560	1,610

† Allowance attracts tax relief at 10%.

° Allowances reduced by £1 for every £2 in excess of age allowance income limit.

* This is the minimum amount applicable where one spouse was born before 6 April 1935 and income exceeds age allowance threshold.

Bands

2004/05 Taxable income £	Rate of tax %	2005/06 Taxable income £	Rate of tax %
Up to 2,020	10	Up to 2,090	10
2,021 to 31,400	22	2,091 to 32,400	22
Over 31,400	40	Over 32,400	40

Rates

Dividends and Interest

	Rate of tax (%)	
	Dividends	Interest
Non-taxpayer	10	20*
Starting rate taxpayer	10	20*
Basic rate taxpayer	10	20
Higher rate taxpayer	32.5	40

* Excess tax deducted at source is recoverable.

Trusts

	Rate of tax (%)	
	Dividends	Interest
Discretionary and accumulation & maintenance trusts*	32.5	40
Other trusts	10	20

* From 6 April 2005 the first £500 of income will be taxed at 10% for UK dividend income, 20% for savings income and 22% for other income.

Reliefs

	2004/05	2005/06
Life assurance premium relief (pre 14 March 1984 policies)	12.5%	12.5%
Enterprise Investment Scheme	£200,000*	£200,000*
Venture Capital Trust	£200,000**	£200,000**

* Relief limited to 20%

** Relief available up to 40%

Car Assessment

Car benefit

Company cars are taxed on a percentage of their price, which will vary according to their level of carbon dioxide (CO₂) emissions, measured in grams per kilometre. Cars registered prior to 1 January 1998 and cars without an approved figure of CO₂ emissions will be taxed according to their engine size.

Annual Taxable Value (ATV) £ 2005/06 Registered after 1 January 1998

CO ₂ emissions in grams per kilometre		% of car's price to be taxed
2004/05 tax year	2005/06 tax year	
145	140	15
150	145	16
155	150	17
160	155	18
165	160	19
170	165	20
175	170	21
180	175	22
185	180	23
190	185	24
195	190	25
200	195	26
205	200	27
210	205	28
215	210	29
220	215	30
225	220	31
230	225	32
235	230	33
240	235	34
245	240	35

There will be a supplement of 3% on the list price for diesel cars, up to the maximum charge of 35%.

There will be discounts for certain cleaner, alternatively fuelled cars.

Registered before January 1998 without a CO₂ emissions figure

Engine size cc	Pre 1998 Car	1998 or later without a CO ₂ emissions figure
below 1400	15%	15%
1401 to 2000	22%	25%
2001 and over and cars with no cc	32%	35%

Fuel benefit

There will be a separate tax charge on the benefit of free fuel provided for private motoring in a company car.

The charge is calculated by multiplying a set figure, £14,400 for 2005/06, by the percentage of the ATV. There will be a 3% supplement for diesel (overall maximum charge of 35%).

Individual Savings Accounts (ISAs)

Annual Investment Limits

2005/06

	mini ISA	maxi ISA
Overall maximum	£7000	£7000
– Maximum cash investment	£3000	£3000
– Maximum stocks and shares (including life assurance) investment	£4000	£7000

- The age limit for cash ISAs was lowered to age 16 from 6 April 2001.

Capital Gains Tax

Annual exemptions and rates	2004/05	2005/06
Individuals and personal representatives	£8,200	£8,500
Trustees	£4,100	£4,250
Individuals – taxed as the top slice of personal income	10%, 20%, 40%	
Trustees	40%	

Taper Relief

Taper relief will reduce the amount of the chargeable gain according to how long the asset has been held for periods after 5 April 1998.

Complete Years	% of gain chargeable		Complete Years	% of gain chargeable	
	Business	Non-Business		Business	Non-Business
0	100	100	6	25	80
1	50	100	7	25	75
2	25	100	8	25	70
3	25	95	9	25	65
4	25	90	10 or more	25	60
5	25	85			

Non-business assets acquired before 17 March 1998 will qualify for an additional one year of ownership.

Inheritance Tax

Rates

2004/05	Rate	2005/06	Rate
Up to £263,000	Nil	Up to £275,000	Nil
Excess over £263,000	40%	Excess over £275,000	40%

Main exempt transfers

	£ max
Transfers between husband and wife	No limit
Annual exemption	3,000
Small gifts	250
Gifts to charities	Unlimited
Normal expenditure out of income	Varies
Gifts in consideration of marriage	
From parent	5,000
From grandparent, bride or groom	2,500
From others	1,000
Gifts	
Potentially Exempt Transfers	- Exempt if donor survives 7 years.
Chargeable Lifetime Transfers (e.g. transfers into a discretionary trust)	- 20% payable on excess above £275,000 Otherwise exempt if donor survives 7 years.
Tapering relief exists to reduce the tax charge on gifts made between 3 and 7 years of death and where the cumulative total exceeds £275,000	
Business or farming assets may attract relief at 100% or 50% depending on the circumstances.	

Social Security Benefits

		Note	From April 2004	From April 2005
Retirement Pension				
			£ p.w.	£ p.w.
Single person			79.60	82.05
Married couple			127.25	131.20
Age addition if over 80 (each)			0.25	0.25
State Pension Credit				
Single Person			105.45	109.45
Married Couple			160.95	167.05
These figures are reduced if savings income exceeds £82.05 p.w. (single) and £131.20 p.w. (married)				
Maternity Allowance				
standard rate		f	102.80	106.00
Child Benefit				
(per child)	eldest	f	16.50	17.00
	subsequent	f	11.05	11.40
Child Tax Credit				
Child element, per child		g	31.25	32.50
Family Element			10.45	10.45
Working Tax Credit				
Basic		g	30.15	31.15
Couple / lone parent addition		g	29.70	30.65
Child Care				
70% of eligible costs max:	one child	g	135.00	175.00
	two or more children	g	200.00	300.00
Incapacity Benefit				
<i>Short-Term</i>				
Lower rate	basic	a,b,c,f	55.90	57.65
Higher rate	basic	b,d	66.15	68.20
<i>Long-Term</i>				
	basic	b,e	74.15	76.45
Statutory Sick Pay				
Standard Rate		c	66.15	68.20
Increase of Long-Term Incapacity Benefit for Age				
Age at claim	under 35		15.55	16.05
	35 – 44		7.80	8.05
Jobseeker's Allowance				
Single Person	under 18		33.50	33.85
	18 – 24		44.05	44.50
	25 and over		55.65	56.20
a Not payable to those eligible for Statutory Sick Pay.				
b Additional benefit also payable in respect of dependent children.				
c First 28 weeks.				
d 29 – 52 weeks.				
e After 52 weeks.				
f Benefit not taxable.				
g Means tested.				

National Insurance Contributions 2005/06

Class 1 (Employed) Earnings £ p.w.	Contracted-in rate payable on earnings within bands	
	Employee %	Employer %
below 94.01	NIL	NIL
94.01 – 630.00	11.0	12.8
over 630.00	1.0	12.8
Class 2 (Self-employed) earnings over	£4,345 p.a.	£2.10 p.w.
Class 3 (Voluntary)		£7.35 p.w.
Class 4 (Self-employed, additional levy)		
Profits and gains between	- £4,895 and £32,760	8.0%
	- over £32,760	1.0%
Contracting-out rebates		
Contracted-out Salary Related Schemes		
Employer 3.5% of band earnings		
Employee 1.6% of band earnings		
Contracted-out Money Purchase Schemes		
Rebates start at 2.6% of band earnings (1.6% employee)		
Capped at 10.5% from age 54		
Appropriate Personal Pensions		
Rebates start at 4.2% of band earnings (1.6% employee)		
Capped at 10.5% from age 54		
Rebates doubled for COMPs and APPS for earnings between £4,264 and £12,100 p.a.		
Rebates halved for earnings between £12,100 and £27,800p.a.		
Band earnings = earnings between £4,264 and £32,760 p.a. (or £33,390 for APPS)		
Earnings Limits		
	£ p.w.	£ p.a.
Lower Earnings Limit	82	4,264
Primary Threshold	94	4,895
Lower Earnings Threshold	–	12,100
Upper Earnings Threshold	–	27,800
Upper Earnings Limit	630	32,760

Value Added Tax

	2004/2005	2005/06
Standard rate:	17.5%	17.5%
Annual registration limit	£58,000	£60,000

Personal Pensions, Stakeholder Pensions and Retirement Annuities

Contributions may be made to a personal pension or stakeholder pension up to £3,600 a year gross (£2,808 net) without 'net relevant earnings' provided the individual is not (1) an active member of an occupational pension scheme for the whole of the tax year and (2) a controlling director or earning over £30,000 a year. For those with net relevant earnings, the maximum is the higher of £3,600 a year gross (for personal pensions or stakeholder pensions) or the allowable percentages set out below. Where contributions are paid to both a personal pension (or stakeholder) and a retirement annuity contract, the total contribution may not exceed the limits below based on capped earnings.

Contribution Limits - Percentage of net relevant earnings

Age at start of tax year	Personal pension Schemes	Retirement annuity contracts
Under 36	17.5%	17.5%
36-45	20.0%	17.5%
46-50	25.0%	17.5%
51-55	30.0%	20.0%
56-60	35.0%	22.5%
61-74	40.0%	27.5%

Earnings Cap

	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
£	90,600	91,800	95,400	97,200	99,000	102,000	105,600

Term Assurance Premiums

For pre 6/4/01 pension arrangements, up to 5% of net relevant earnings.
For post 6/4/01 pension arrangements, up to 10% of pension contributions.

Corporation Tax

	Profit Limit	2004/05	2005/06
Starting rate	£10,000	0% }*	0% }*
Starting marginal rate	£50,000	23.75% }	23.75% }
Small companies rate	£300,000	19%	19%
Small companies marginal rate	£1,500,000	32.75%	32.75%
Main rate	Over £1,500,000	30%	30%
Profit threshold for quarterly instalments		£1,500,000	£1,500,000

* Subject to a minimum of 19% on any profits up to £50,000 distributed to non-corporate shareholders.

Stamp Duty

	2005/06
Land and Buildings	
Up to £120,000	Nil
£120,001 – £250,000	1%
£250,001 – £500,000	3%
Over £500,000	4%

All non-residential purchases up to £150,000 are exempt from Stamp Duty.
All residential property purchases up to £150,000 in certain designated disadvantaged areas are exempt from stamp duty.

Shares and marketable securities	0.5%
----------------------------------	------

The figures contained in these tax tables are based on those announced in the 2005 Budget and are subject to amendment as the legislation passes through Parliament.

Friends Provident Life and Pensions Limited
is a member of the Friends Provident
Marketing Group and is authorised and
regulated by the Financial Services Authority

Registered and Head Office: Pixham End, Dorking,
Surrey RH4 1QA. Telephone 0870 608 3678
Incorporated company limited by shares and
registered in England number 4096141

www.friendsprovident.com



FRIENDS PROVIDENT