AMitra&Co

CHARTERED ACCOUNTANTS

THE SPRING BUDGET 2006

BUDGET 22 MARCH 2006

This Summary covers all the main elements of the Chancellor's speech and includes tables of the various rates and allowances.

Alongside our text we have included tips and cautions which you may want to consider. At the back of the Summary you will find a notes page and a calendar of the tax year with important deadline dates shown.

We recommend that you review your finance plans throughout the year, as some aspects of the Budget will not be implemented until later in the tax year.

We will, of course, be happy to discuss with you any of the points covered in this report, and help you adapt and reassess your plans in the light of any legislative changes.

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INTRODUCTION

Each time the Chancellor delivers a Budget speech, everyone expects it to be his last – and yet Mr Blair is still at Number 10 and Mr Brown is still next door. He started this year's speech by reminding us that no Chancellor has presented ten successive Budgets for 180 years. It has become hard to imagine anyone else doing it. Maybe next year...

Mr Brown aimed for popularity by freezing the duty on spirits and champagne (in expectation of celebrating the World Cup), and nodded to the Green lobby by increasing Vehicle Excise Duty on gas guzzling cars. As usual, the speech contained a great number of statistics to demonstrate that the economy is thriving under the best possible management, much better than "the last lot" – all Chancellors say that.

What this speech did not include was much of the detail of the tax changes for individuals and businesses. That was contained in 156 pages of press releases and the Treasury "Red Book" that are published the moment the Chancellor sits down. This booklet summarises the main changes, reveals some of those details that the Chancellor did not mention, and outlines their likely impact on the average taxpayer.

Significant points

- Income tax allowances and thresholds increased in line with inflation
- Restriction of exemption for loans of mobile phones and computers to employees
- Increase in threshold for Stamp Duty Land Tax on houses to £125,000
- Abolition of 0% corporation tax rate, but no other changes to small business tax
- No changes to tax rules on main residences or husband and wife companies
- Changes to reliefs for Venture Capital Trusts and Enterprise Investment Scheme
- Closure of possible IHT loophole using pension funds
- IHT to be imposed on most new trust arrangements

Personal Income Tax

Tax rates and allowances

Personal allowances and tax rate bands were increased in line with inflation. The rates of tax for individuals are unchanged. The benefit is in the region of £225 for a higher-rate taxpayer. This benefit is much smaller for a person on a low income, but is likely to represent a larger share of that person's tax bill.

The overall effect is complicated by the different rates which continue to apply for general income, interest and dividends, the separate charge to National Insurance, and the possibility that a separate claim may be made for child and working tax credits to be repaid by the Revenue. The calculation of the tax position remains as complex as ever.

	2006/07	*2005/06*
Allowed at top rate of tax		
Personal Allowance	£5,035	£4,895
Personal Allowance (65 – 74)*	7,280	7,090
Personal Allowance (75 and over)*	7,420	7,220
Blind Person's Allowance	1,660	1,610
Allowed only at 10%		
Married Couple's Allowance (65 – 74)*+	6,065	5,905
Married Couple's Allowance (75 and over)*+	6,135	5,975
Income limit for age-related allowances	20,100	19,500

+ only available if born before 6th April 1935

*Age allowances are reduced £1 for every £2 by which income exceeds the income limit, until the age allowance is reduced to the normal allowance. Personal allowance is reduced before married couple's allowance. MCA is reduced to a minimum of £2,350 (2005/06: £2,280).

Bands	*2006/07*	*2005/06*
Lower	£2,150	£2,090
Basic	next 31,150	next 30,310
Higher	over 33,300	over 32,400

Rates differ for Dividend, Interest and Other income within each band:

Rates	*2006/07 and 2005/06*		
	D	I	O
Lower	10%	10%	10%
Basic	10%	20%	22%
Higher	32.5%	40%	40%

Income split between husband and wife

In December 2005, the Court of Appeal decided an important case about husbands and wives owning a company (Arctic Systems Ltd) between them in favour of the taxpayer. The Revenue are appealing the case to the House of Lords, but there was some speculation that Gordon Brown would change the rules for the future in case the Lords dismiss the appeal. However, no announcement was made, so it appears that the rules remain the same for the next year at least – whatever the judges decide the rules currently are!

Tax Credits

Working Tax Credit (WTC) and Child Tax Credit (CTC) were introduced in 2003/04, so they are entering their fourth year. The rates of WTC and CTC for 2006/07 have been in many cases increased in line with inflation, but some elements have not (e.g. the amount of childcare cost that the Revenue will cover becomes 80% of £300pw for two children, while the basic family element remains £545).

The most important change relates to the rule for clawing back credits where someone's income goes up. This has caused substantial hardship, because many people have not realised that their claim is provisional based on last year's income and will be reduced or withdrawn if their current year income turns out to be higher. For 2006/07, an increase of £25,000 will be ignored, against the previous level of £2,500. This should make a clawback for income increases very unlikely.

Employees

Childcare

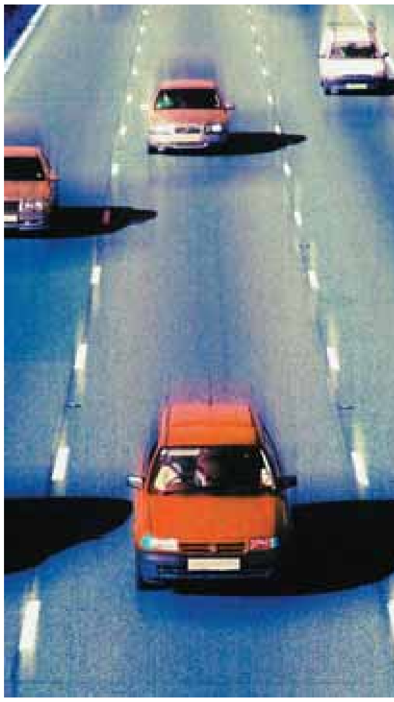
For some years, the provision of childcare by an employer through a "workplace nursery" has been a tax-exempt benefit. Since April 2005, indirect childcare funding by employers (including the use of vouchers) of up to £50pw has also been exempt from tax and NIC. This limit increases to £55pw from 6 April 2006.

Mobile phones and computers

For several years, there has been no tax charge where an employer loans a computer or a mobile phone to an employee, even if there is private use by the employee or a member of the employee's family. The limit on computer equipment has been an annual value of £500 (effectively £2,500 worth at cost), but there has been no limit on the number of mobile phones or the amount of calls.

From 6 April 2006, the exemption for private use of computers is removed altogether, and the exemption for mobile phones is restricted to one per employee (although private use will still not be charged for that one phone).

At the same time, a possible charge to NIC where an employer provides top-up vouchers to an employee is removed, as long as the employee only has one phone.



Company cars and fuel

The taxable benefit on most company cars will be unchanged in 2006/07, because the level of CO_2 emissions at which the minimum 15% charge starts to increase remains at 140g/km. The figure will not now change until 2008/09 – in that year, the 15% charge will apply at 135g/km (increasing the taxable percentage of list price by 1% for most cars) and a new 10% charge will apply for cars with emissions of 120g/km or less.

The tax charge on the benefit of free fuel for use in a company car also remains unchanged: it is based on the same percentage applied to a fixed figure of £14,400 (which has not changed since it was introduced in 2003).

3% is added to the CO_2-based figure for diesel cars. Some low-emission diesels used to be exempted from this addition, but this exemption was removed for cars registered from 1 January 2006 onwards.

Tax free mileage allowance

	Higher Rate	*Lower Rate*
All cars	40p	25p
Motorcycles	24p	24p
Bicycles	20p	20p
Business passengers	5p	5p
Higher rate allowed up to 10,000 business miles		

Fuel-only allowances for company cars

	Petrol	*Diesel*	*LPG*
Up to 1400cc	10p	9p	7p
1401 - 2000cc	12p	9p	8p
Over 2000cc	16p	13p	10p

TAX TRAP

Have you more than one mobile phone from work?

Eye tests and corrective glasses

Employers are required by law to pay for eye tests and, if necessary, corrective glasses for workers who use computer screens. The Revenue would not normally charge tax on this, but there is a possibility that providing these benefits by means of a voucher could trigger a liability. The rules are changed from 6 April 2006 to prevent this.

National Insurance Contributions

Rates and limits

The percentage rates of NIC remain unchanged. There are small increases in the thresholds and upper limits, and also in the flat rate weekly payments under Class 3 (voluntary contributions). The weekly Class 2 contribution remains unchanged, although the exception for small earnings has gone up by inflation.

An increase in NIC rates has much the same effect as an increase in income tax, but it is argued by whoever increases it that it is not a tax – it's therefore seen as an easy place to raise money, but not this time.

Rates and limits for 2006/07

Class 1	*Weekly*	*Monthly*	*Yearly*
Primary Threshold – employees	£97	£420	£5,035
Upper Earnings Limit – employees	£645	£2,795	£33,540
Secondary Threshold – employers	£97	£420	£5,035

Employer's Contribution	*Contracted In*	*Contracted Out*	
		Salary related	*Money purchase*
On earnings up to threshold	Nil	Nil	Nil
On earnings between threshold and upper earnings limit	12.8%	9.3%	11.8%
On earnings above upper earnings limit	12.8%	12.8%	12.8%

Employee's Contribution

Contracted in: 11% on earnings between lower and upper limits, 1% above upper limit.

Contracted out: 9.4% on earnings between lower and upper limits, 1% above upper limit.

Earnings over £84 per week qualify for benefit, and must be reported under PAYE, but no NICs are payable until earnings exceed £97 per week.

The reduced Class 1 contributions payable by certain married women and widows is 4.85% for earnings between £97 and £645 per week, 1% above £645 per week.

Class 2 (Self-employed)	Earnings over £4,465 per year	£2.10 per week
Class 3 (Voluntary)	No limit applicable	£7.55 per week
Class 4 (Self-employed)	Profits between £5,035 and £33,540	8%
	Profits above £33,540	1%

Savings

Venture Capital Trusts (VCTs) and Enterprise Investment Scheme (EIS)

For new subscriptions to VCTs from 6 April 2006, the rate of income tax relief falls from 40% to 30%. This relief will become permanent once the shares have been held for 5 years (up from 3 years).

For new subscriptions to EIS companies from 6 April 2006, the annual investment limit rises to £400,000. The rate of tax relief remains 20%.

There are also changes to the types of company that qualify for investment through VCTs and EIS, the most significant being a reduction in the maximum size from gross assets of £15m before the issue and £16m afterwards, to £7m before the issue and £8m afterwards.

Child Trust Fund (CTF)

The Government pays a voucher for £250 into CTF accounts (£500 in poorer families) for each child born from 1 September 2002 onwards. Parents and others can add up to £1,200 a year in total into these accounts, which will be able to grow tax-free like an ISA. The child will only be able to touch the money at age 18.

The Chancellor announced that the Government will make further payments of £250 and £500 into CTF accounts when the child is 7.

Real Estate Investment Trusts (REITs)

The introduction of REITs in the UK is confirmed from 1 January 2007. A REIT will be a collective investment scheme which invests in property and meets certain conditions (including being a quoted company). It will enjoy exemption from corporation tax on income and gains from its property holdings, but distributions from these sources to shareholders will be taxed as property income. This means that the investors will only suffer one charge to tax (as if they owned the properties directly), rather than suffering two charges on the same money (once in the company and once on distribution). This new investment vehicle is supposed to increase liquidity and investment opportunities in the property market.

Pension contributions

The whole system of tax advantages for pension savings changes fundamentally on 6 April 2006, but this was announced in advance and only a few details were adjusted in the Budget.

In outline, the most important changes are:

- personal pensions and employee pensions are brought within the same rules, instead of having radically different limits applying;
- individuals can enjoy tax relief on up to £3,600 (gross) or 100% of current year earnings up to £215,000;
- employers can contribute up to £215,000 for an employee in a year (less any contributions made by the individual), and will obtain a deduction for the expense if "wholly and exclusively for the trade";

TAX TIP

Consider your last chance to use the old rules.

- maximum tax advantaged fund at the time benefits are taken is £1.5m (above which a clawback income tax charge will apply).

The limit of 100% of current year earnings is significantly different from the previous personal pensions rule of a percentage (between 17.5% and 40%) of an "earnings cap" (£105,600 for 2005/06), where the individual could take account of the highest level of earnings in the current or previous five years. The rules allowing "carry back" of pension contributions are also finally abolished.

In the Pre-Budget Report in December 2005, Gordon Brown closed down a number of suggested ways of exploiting the new regime, including most investment in residential property and the "recycling" of tax-free lump sums into new pension policies. One further suggested benefit has been closed down: it had been suggested that pension funds could be passed on free of inheritance tax (IHT) to dependants by taking an "alternatively secured pension" at age 75. The rules will be clarified to provide that:

- in most circumstances where an investor dies before the age of 75, the pension fund can be passed free of IHT if benefits have not been drawn but have also not been deferred specifically because of a short life expectancy;
- over the age of 75, a "left-over" pension fund will be charged to IHT unless it is passed to a spouse, civil partner or "financially dependent" person.

Where the fund provides an income for a spouse, civil partner or dependant for a limited period, the IHT charge will be deferred until the end of that period but will then become due.

Trusts

Tax rates

The income tax rates for trusts remain unchanged. Trusts with an interest in possession pay income tax at the basic rate on general income, savings rate on interest and lower rate on dividends.

A discretionary trust pays income tax at the higher rates (40% on general and savings income, 32.5% on dividends), but a "standard rate band" of £500 was introduced for 2005/06. This is extended to £1,000 for 2006/07, and income up to this amount will only bear tax at 10% (dividends), 20% (interest) or 22% (general income).

Inheritance tax (IHT) changes

A very significant change to the IHT treatment of trusts will apply to new trusts set up, or property added to existing trusts, from 22 March 2006. Trusts with an "interest in possession" (where someone is immediately entitled to income or to use the trust property) have up to now been treated as if that person owned the property absolutely for IHT, which means that transfers to such a trust during the settlor's lifetime have not been immediately charged to tax. "Accumulation and maintenance trusts" (typically set up for beneficiaries within the same family up to the age of 25) have been exempted from certain IHT charges that are levied on "discretionary" trusts (in which the trustees have the power to accumulate or distribute income).

For new trusts, with very limited exceptions, there will be an immediate charge to IHT on entry even if the settlor is still alive; and there will be further IHT chargeable events on the property in the trust after 10 years, and on property leaving the trust, as there have been for many years on discretionary trusts.

These entry, periodic and exit charges will not apply to trusts set up for a disabled person; and the periodic and exit charges will not apply to a very restricted number of trusts set up in a will. They will also apply when an existing beneficial interest comes to an end from 22 March 2006 onwards and another beneficiary enjoys an interest in possession – this will be treated as if it is the creation of a new trust.

Unification of rules

As announced last year, the rules are being changed (mainly from 6 April 2006) so that the income tax and CGT treatment of trusts will be more consistent. This includes tests of what is a settlement, who is the settlor, and where trustees are treated as resident for tax (from April 2007).

Corporation Tax

Rates

The main rate of Corporation Tax is unchanged for the year commencing 1 April 2006 at 30% for companies with profits over £1.5m, and the small companies rate is also unchanged at 19% for companies with profits up to £300,000 (both limits are divided between associated companies). The marginal rate of tax for companies with profits between £300,000 and £1.5m remains 32.75%.

The 0% "starting rate", which was introduced in 2002 for companies with profits up to £10,000, led to many companies being set up to take advantage of the low tax opportunity. This in turn forced the Chancellor to introduce a minimum tax rate of 19% on dividends paid by small companies in 2004, which greatly complicated the tax affairs of small companies. From 1 April 2006, both the starting rate and the non-corporate distribution rate are abolished, putting corporation tax back to where it was before 2002. However no other changes were made to the taxation of small companies, which continue to enjoy tax advantages over unincorporated small businesses.

TAX TRAP

Take advice if paying a dividend before 1 April.

Group relief

Following a decision of the European Court of Justice, the rules on group relief are amended with effect from 1 April 2006 to allow UK companies to claim relief for the losses of subsidiaries which are not resident in the UK. The losses must be incurred either by a subsidiary resident in the European Economic Area (EEA), or by a subsidiary's permanent establishment in the EEA.

This extension of group relief only applies where the losses cannot be relieved in the subsidiary's country of residence.

Business Tax

Capital allowances

From April 2004 to April 2005, small businesses enjoyed first year allowances of 50% on most new plant and machinery. This was reduced to 40% a year ago, and is increased back to 50% again for another 12 months with effect from 1 April 2006 (companies) or 6 April 2006 (income tax traders). The range of assets which qualify for higher allowances (e.g. "energy saving plant") is unchanged, and cars continue not to qualify for first year allowances unless they have a CO_2 emissions rating of up to 120g/km.

Leased plant

Where plant is acquired under a leasing arrangement, traditionally the lessor has enjoyed capital allowances and the lessee has deducted the rental payments as an expense. With effect from 1 April 2006, a "financing transaction" – generally, a lease of 5 years or more – will result in the lessee claiming capital allowances and the lessor only being taxed on a proportion of the income from financing charges.

Landlords

The 2004 Budget introduced a relief for income tax-paying landlords who carry out works to improve the energy-efficiency of rental properties. Up to £1,500 can be relieved per property, if spent before 6 April 2009. The rules were extended from 7 April 2005 to allow solid wall insulation as well as loft insulation and cavity wall insulation, and are extended again from 6 April 2006 to cover draughtproofing and hot water system insulation.

TAX TIP

Delay purchases to enjoy 50% relief.

Film relief

The previous system of tax incentives for investment in British films gave tax relief to individual investors, and spawned a wide range of tax avoidance schemes which the government has closed down over successive years. As promised last year, this is now replaced by a new system of relief for companies which spend money on making British films. The Chancellor presumably hopes that this will encourage the film industry but not the tax avoidance industry.

Income recognition: "UITF 40"

A controversial new accounting rule came into force in 2005 which requires income to be recognised as a contract progresses, rather than only when the work is complete and invoiced. The government has responded to protests that this will advance the payment of tax by allowing the uplift in income resulting from the change to be spread over between 3 and 6 years, rather than all being taxed at once.

Employee securities

On 2 December 2004, the Chancellor announced that tax avoidance schemes based on employee securities would be rendered ineffective from that date onwards, even if the Revenue were unaware of them at that time and they therefore appeared to be effective under the law. This amounts to a "general anti-avoidance principle", or a declaration that retrospective legislation will be applied to such schemes. One measure was announced in the Budget to take effect from 2 December 2004 – the use of options over shares and securities will be fully taxable if it is part of a scheme to gain a tax advantage for employees.

On the other hand, there has been a relaxation in the requirement to file "Form 42" for every single situation in which an employee is issued with shares during a tax year. This will now be restricted to those situations which most people would recognise as an "employee share scheme", so excluding the requirement to report straightforward incorporations where the directors are issued with shares.

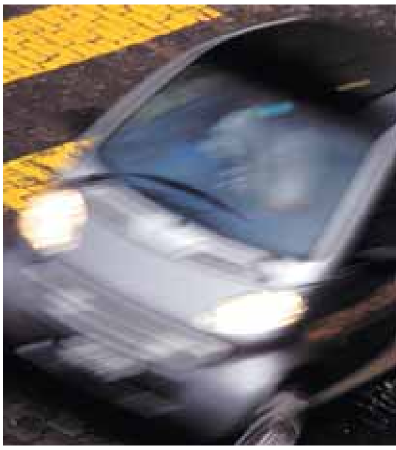
Value Added Tax

Registration thresholds

From 1 April 2006, the level of taxable turnover at which a business is required to register for VAT increases by £1,000 to £61,000. The level of predicted future turnover at which a business can deregister also rises by £1,000 to £59,000.

Scale rate charges

If a VAT-registered trader buys road fuel which is put to private use (by a proprietor, partner or employee), the trader has to account for output tax on the supply of the fuel. The fixed scale rates for this charge have been increased with effect from the first accounting period starting on or after 1 May 2006.



Last year, the government announced an intention to bring this charge into line with the income tax charges on the benefit-in-kind of providing free fuel for private use. That charge effectively penalises free use of business fuel by charging more than the benefit is usually worth. This change still appears to be at the discussion stage, and the 2006/07 VAT scale charges are intended to be in line with actual values.

VAT scale charge – from 1.5.06

	Monthly		*Quarterly*		*Annual*	
	Scale Charge	*VAT Payable*	*Scale Charge*	*VAT Payable*	*Scale Charge*	*VAT Payable*
Petrol						
Up to 1400cc	£91	£13.55	£273	£40.66	£1,095	£163.09
1401 – 2000cc	115	17.13	346	51.53	1,385	206.28
Over 2000cc	169	25.17	508	75.66	2,035	303.09
Diesel						
Up to 2000cc	86	12.81	260	38.72	1,040	154.89
Over 2000cc	110	16.38	331	49.30	1,325	197.34

Carousel fraud measures

The Exchequer has lost a great deal of money in recent years through so-called "carousel fraud", which involves the generation of VAT refunds on international trade in high value items such as mobile phones and computer chips, where someone disappears with the money before Customs can collect it. Customs' main attack on this – refusing to refund VAT to innocent traders who have been involved in dealings with fraudsters – has been

TAX TIP

Are you now eligible for annual accounting?

ruled out by the European Court of Justice. The government now proposes to introduce a new measure to make the purchaser of such goods account for the VAT on the purchase to Customs, rather than running the risk of the supplier disappearing with it. This change requires the approval of the European Commission, but will have a significant effect on anyone who deals in such goods if it is approved.

Finance sales

Where goods have been sold under a finance agreement and subsequently repossessed, the finance company has not been required to account for VAT on a second sale of the same goods. This led to a significant VAT saving in a case where the repossession terms allowed the finance company to reduce the output tax on the original sale.

The rules will be changed for finance agreements entered into on or after 13 April 2006, where the goods are delivered on or after 1 September 2006. If the VAT on the first sale is adjusted on the repossession, the second sale will become VATable.

Auctioneers' fees

The European Court of Justice recently held that the UK's treatment of auction sales was too generous, in allowing an effective rate of 5% on the whole price paid by the customer where goods are subsequent to temporary importation. This will be changed to comply with the judgment, to take effect after Royal Assent to the Finance Bill (probably in July 2006). The "Buyer's Premium" will have to be subjected to VAT at the full 17.5% rate.

Landlords

The rules on the "option to tax" for landlords have developed piecemeal over the 17 years since they were introduced in 1989. A completely rewritten version will be introduced this year in an attempt to rationalise and simplify the rules, without (intentionally) making significant changes to how they operate.

Annual accounting

The turnover limit for use of the annual accounting scheme is increased from £660,000 to £1.35m from 1 April 2006.

Inheritance Tax

Thresholds and rates

The starting point for IHT will be £285,000 from 6 April 2006 (2005/06: £275,000), an increase above the rate of inflation. The Chancellor announced that the limit will rise to £300,000 on 6 April 2007, £312,000 in 2008 and £325,000 in 2009 – making the assumption that there will be no change of government policy in the meantime. At these levels, it is estimated that only 6% of estates will pay IHT.

Capital Gains Tax

Annual exemption and tax rates

The annual exemption for individuals has been increased to £8,800 for 2006/07 (2005/06: £8,500). Trustees receive half this figure (£4,400 for 2006/07; £4,250 for 2005/06), although this is usually shared between trusts which have been set up by the same person.

No changes were announced to the exemption for a taxpayer's only or main residence or to the complications of CGT taper relief.

Anti-avoidance measures

As usual, the Chancellor attempted to close down some of the more cunning plans of clever lawyers to exploit the rules and avoid CGT. In particular, this year he has stopped a scheme which used the "bed and breakfasting" rules to make gains disappear when an individual or trust becomes non-UK resident. The courts had recently held that such a scheme was effective as the law stood.

Stamp Duty Land Tax

Thresholds and rates

The threshold at which SDLT becomes payable on the purchase of a residential property is raised from £120,000 to £125,000 for land transactions from 23 March 2006. As transactions above the threshold are charged in full at 1%, there is no saving for someone buying a house for £126,000, but a purchaser at £124,000 will save £1,240. The higher thresholds for the 3% and 4% rates remain at £250,001 and £500,001, and (in spite of some alarmist predictions) no higher rates were introduced.

Unit trust transfers

The property industry has enjoyed a relief from SDLT when properties have been transferred to a new unit trust. From Budget Day, such transfers will now attract SDLT based on their market value.

Scope of the tax

The rules will be amended to make clearer which transfers are charged to SDLT and which are not. In particular, transfers of interests in a partnership which has the main activity of carrying on a trade or profession will be outside the scope of SDLT.

Other Measures

Tax avoidance

People who market tax avoidance schemes now have to tell the Revenue what they are doing and how it is supposed to work; not surprisingly, the Revenue then change the rules at the earliest opportunity so that it will not work any more.

These disclosure rules will be extended from 1 July 2006 to cover the whole of income tax, corporation tax and CGT, as long as the scheme meets certain “hallmarks”. Up to now, the requirements were more restricted.

The Budget closes down a number of specific schemes, some of which have been revealed by the disclosure rules. These are mainly highly technical arrangements dreamed up by very clever lawyers, and only those who already know they are using them could be affected.

Restrictions are also to be imposed on reliefs enjoyed by a charity which has dealings with its substantial donors, or with a person who controls the charity.

Charities

Charities which carry on a trade can be exempt from tax on the profits as long as the carrying on of the trade is part of the charitable objectives (e.g. an educational establishment) or it is carried on by the beneficiaries of the charity (e.g. sales of goods produced by disabled people). The exemption can be lost altogether if the charity has a single trade which only partly qualifies, and the non-qualifying part has a turnover greater than £50,000 or more than 10% of the total.

The Budget has announced a relief which will formalise a Revenue concession to help charities in such a position. It will be possible to treat the charity as carrying on two separate trades – one that qualifies for exemption in full, and one that does not at all. This will apply for chargeable periods starting on or after 22 March 2006.

Olympics and Paralympics 2012

In long-term preparation for 2012, measures will be introduced to exempt from UK taxation the bodies running the Olympic Games and also non-UK resident athletes from the possibility of taxation on appearing in the UK at the Games. The Chancellor also took the opportunity to announce a number of funding measures to try to ensure success for British athletes.

Notes

Kindly note that details of the Budget may be amended prior to finalisation by the Finance Act. The information contained in this report is intended for guidance only, and we recommend that you seek professional advice before acting on any of the matters contained herein. Neither the publishers nor the distributors will accept responsibility for any personal losses experienced as a consequence of action taken based on the contents of this publication.

April 2006

M	T	W	T	F	S	S
					1	2
3	4	**5**	6	7	8	9
10	11	12	13	14	15	16
17	18	**19**	20	21	22	23
24	25	26	27	28	29	30

5 End of tax year. Cut-off for income and gains between 2005/06 and 2006/07.
19 Employers pay PAYE for quarter or month March 2006.
19 'IR35' tax due.

May 2006

M	T	W	T	F	S	S
1	2	**3**	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	**19**	20	21
22	23	24	25	26	27	28
29	30	**31**				

3 Employers submit P46(car) form showing quarter's changes to company cars.
19 Employers pay PAYE for month April 2006.
19 Employers submit 2005/06 year end returns to Revenue: P14, P35, P38. P38A.
31 Employers send 2005/06 P60 to employees.

June 2006

M	T	W	T	F	S	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

19 Employers pay PAYE for month May 2006.

July 2006

M	T	W	T	F	S	S
					1	2
3	4	**5**	**6**	7	8	9
10	11	12	13	14	15	16
17	18	**19**	20	21	22	23
24	25	26	27	28	29	30
31						

5 Deadline for Tax Credit claim to commence from start of 2006/07.
6 Employers send P9D, P11D and Form 42 share scheme returns to Revenue. P11D to employees.
19 Employers pay PAYE for quarter or month June 2006.
19 Employers pay class 1A NIC for 2005/06.
31 Deadline for payment of second instalment of 2005/06 tax.

August 2006

M	T	W	T	F	S	S
	1	**2**	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	**19**	20
21	22	23	24	25	26	27
28	29	30	31			

2 Employers submit P46(car) form showing quarter's changes to company cars.
19 Employers pay PAYE for month July 2006.

September 2006

M	T	W	T	F	S	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	**19**	20	21	22	23	24
25	26	27	28	29	**30**	

19 Employers pay PAYE for month August 2006.
30 File 2005/06 return to take advantage of Revenue calculation and coding out of employment income underpayments.

October 2006

M	T	W	T	F	S	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	**19**	20	21	22
23	24	25	26	27	28	29
30	31					

1 Corporation tax payday for companies with 31 December 2005 year end.
19 Employers pay PAYE for quarter or month September 2006, also PAYE Settlement Agreement for 2005/06.

November 2006

M	T	W	T	F	S	S
		1	**2**	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	**19**
20	21	22	23	24	25	26
27	28	29	30			

2 Employers submit P46(car) form showing quarter's changes to company cars.
19 Employers pay PAYE for month October 2006.

December 2006

M	T	W	T	F	S	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	**19**	20	21	22	23	24
25	26	27	28	29	30	**31**

19 Employers pay PAYE for month November 2005.
31 Corporation tax filing deadline for companies with 31 December 2005 year end.

January 2007

M	T	W	T	F	S	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	**19**	20	21
22	23	24	25	26	27	28
29	30	**31**				

1 Corporation tax payday for companies with 31 March 2006 year end.
19 Employers pay PAYE for quarter or month December 2006.
31 Filing deadline for 2005/06 income tax and CGT return. Deadline for payments to avoid interest. Companies affected b y IR35 to file finalised P14 for 2005/06.

February 2007

M	T	W	T	F	S	S
			1	**2**	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	**28**				

2 Employers submit P46(car) form showing quarter's changes to company cars.
19 Employers pay PAYE for month January 2007.
28 Deadline for payment of balance of 2005/06 tax to avoid surcharge.

March 2007

M	T	W	T	F	S	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	**31**	

19 Employers pay PAYE for month February 2007.
31 Corporation tax filing deadline for companies with 31 March 2006 year end.