



Taxation: Policy & Practice – 2004/5

Tables of tax rates and allowances

Current rates and allowances for income tax, corporation tax, capital gains tax, inheritance tax and the pension schemes earnings cap are set out below.

Personal Income Tax Rates

	2004/05 £	2003/04 £	Increase £
Income tax allowances			
Personal allowance	4,745	4,615	130
Personal allowance – age 65–74	6,830	6,610	220
Personal allowance – age 75 and over	6,950	6,720	230
Married couple's allowance – age 65 before 6 April 2000	5,725	5,565	160
Married couple's allowance – age 75 or more	5,795	5,635	160
Married couple's allowance – minimum amount	2,210	2,150	60
Income limit for age- related allowances	18,900	18,300	600
Blind person's allowance	1,560	1,510	50
Capital gains tax annual exempt amount			
Individuals, etc.	8,200	7,900	300
Inheritance tax threshold	263,000	255,000	8,000
Death rate	40%	40%	0

Taxable bands 2004/5 (Note: unchanged from 2003/4)

	Non-savings	Savings/Capital Gains Tax	Dividends
£0 - £2,020 (0 - 1,960)	10%	10%	10%
£2,021 - £31,400 (1,961 - 30,500)	22%	20%	10%
over £31,400 (over 30,500)	40%	40%	32.5%

Corporation tax

Band	Rate	Marginal rate	Marginal relief fraction
0 - 10,000*	0%		
10,000 - 50,000*	0% - 19%	23.75%	19/400
50,000 - 300,000*	19%		
300,000 - 1,500,000*	19% - 30%	32.75%	11/400
1,500,000+*	30%		

No charges to rates or bands were made from the 2003/4 levels

*reduced where associated companies exist and/or for short accounting periods.

Marginal relief formula: $\text{Fraction} \times (M - P) \times I \div P$

National Insurance Contributions

Item	2004/05	2003/04
Class 1:		
Lower Earnings Limit (per week)	£79	£77
Upper Earnings Limit (per week – employees only)	£610	£595
Primary (employees) Threshold (per week)	£91	£89
Secondary (employers) Threshold (per week)	£91	£89
Employee's contributions (£91-£610 pw+1% over £610)	11%	11%
Employee's Contracted-out Rebate (£91-£610 pw)	1.6%	1.6%
Employer's Contribution Rates (all earnings over £91 pw)	12.8%	12.8%
Employer's Contracted-out Rebate Salary Related (£91-£610 pw)	3.5%	3.5%
Money Purchase (£91-£610 pw)	1.0%	1.0%
Married women's reduced rate (£91-£610 pw then +1% over £610)	4.85%	4.85%
Class 1A and 1B	12.8%	11.8%
Class 2: Self employed Contribution (per week)	£2.05	£2.00
Small Earnings Exception (per annum)	£4,215	£4,095
Class 3: (voluntary) Contribution (per week)	£7.15	£6.95
Class 4: Contributions – Upper Profits Limit	£31,720	£30,940
Contributions – Lower Profits Limit	£4,745	£4,615
Contribution Rate (£4,745 - £31,720 pa then 1% over £31,720 pa)	8.0%	8.0%

Working Tax Credit

	£ per year	Weekly equivalent £
Basic Tax Credit:	1,570.00	30.17
Second adult and lone parent element	1,545.00	29.68
30 hour element	640.00	12.32
Disabled worker element	2,100.00	40.32
Severe disabled adult element	890.00	17.08
Childcare element:		
Maximum eligible cost	200.00	
Maximum eligible cost for 1 child	135.00	
Max. percent of eligible costs covered	70%	

Child Tax Credit

	£ per year	Weekly equivalent £
Family element	545.00	10.50
Family element, baby addition	545.00	10.50
Child element	1,625.00	31.22
Disabled child element	2,215.00	42.49
Severe disabled child element	890.00	17.08

Pension Credit

Standard Minimum income guarantee	£
Single	105.45
Couple	160.95
Capital:	
Amount disregard	6,000.00
Amount disregard – care homes	10,000.00
Deemed income:	
£1 for each complete £500 or part thereof in excess of these amounts	

Personal Pensions and Retirement Annuity Premiums

Age at start of tax year	Retirement annuity (%)	Personal and Stakeholder pensions (%)
< 35	17.5	17.5
36-45	17.5	20.0
46-50	17.5	25.0
51-55	20.0	30.0
56-60	22.5	35.0
61-75	27.5	40.0

Pension maximum cap for tax relief £102,000 (£99,000 for 2003/04) - applicable to both employee and employer contributions. Maximum contribution to Personal Pension is the higher of £3,600 or the relevant age and earnings percentage.

Car and Fuel Benefits in kind

CO ₂ g/km	Taxable %		CO ₂ g/km	Taxable %		CO ₂ g/km	Taxable %	
	Petrol	Diesel		Petrol	Diesel		Petrol	Diesel
< 150	15%	18%	180 to 184	22%	25%	215 to 219	29%	32%
150 to 154	16%	19%	185 to 189	23%	26%	220 to 224	30%	33%
155 to 159	17%	20%	190 to 194	24%	27%	225 to 229	30%	33%
160 to 164	18%	21%	195 to 199	25%	28%	230 to 234	32%	35%
165 to 169	19%	22%	200 to 204	26%	29%	235 to 239	33%	35%
170 to 174	20%	23%	205 to 209	27%	30%	240 to 244	34%	35%
175 to 179	21%	24%	210 to 214	28%	31%	245+	35%	35%

Authorised private car mileage rates

Business Miles	Allowance rate per mile
0 - 10,000	40p
10,000+	25p

Excess payments over these rates are taxable. Shortfalls can be claimed as tax relief by the employee.

VAT

	after 1 April, 2004	after 1 April, 2003
Standard Rate	17.5%	17.5%
Annual Registration Limit	£58,000	£56,000
De-registration Limit	£56,000	£54,000
VAT Fraction- standard rate	7/47	7/47
Cash Accounting Scheme		
- max. turnover	£660,000	£600,000
Annual Accounting Scheme		
- max. turnover	£660,000	£600,000
Optional Flat Rate Scheme		
- max. taxable turnover (ex VAT)	£150,000	£150,000
- max. total turnover	£187,000	£187,000

Capital gains tax

Capital gains tax indexation allowance for individuals for disposals after April 1998

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1982	-	-	1.047	1.006	0.992	0.987	0.986	0.985	0.987	0.977	0.967	0.971
1983	0.968	0.960	0.956	0.929	0.921	0.917	0.906	0.898	0.889	0.883	0.876	0.871
1984	0.872	0.865	0.859	0.834	0.828	0.823	0.825	0.808	0.804	0.793	0.788	0.789
1985	0.783	0.769	0.752	0.716	0.708	0.704	0.707	0.703	0.704	0.701	0.695	0.693
1986	0.689	0.683	0.681	0.665	0.662	0.663	0.667	0.662	0.654	0.652	0.638	0.632
1987	0.626	0.620	0.616	0.597	0.596	0.596	0.597	0.593	0.588	0.580	0.573	0.574
1988	0.574	0.568	0.562	0.537	0.531	0.525	0.524	0.507	0.500	0.485	0.478	0.474
1989	0.465	0.454	0.448	0.423	0.414	0.409	0.408	0.404	0.395	0.384	0.372	0.369
1990	0.361	0.353	0.339	0.300	0.288	0.283	0.282	0.269	0.258	0.248	0.251	0.252
1991	0.249	0.242	0.237	0.222	0.218	0.213	0.215	0.213	0.208	0.204	0.199	0.198
1992	0.199	0.193	0.189	0.171	0.167	0.167	0.171	0.171	0.166	0.162	0.164	0.168
1993	0.179	0.171	0.167	0.156	0.152	0.153	0.156	0.151	0.146	0.147	0.148	0.146
1994	0.151	0.144	0.141	0.128	0.124	0.124	0.129	0.124	0.121	0.120	0.119	0.114
1995	0.114	0.107	0.102	0.091	0.087	0.085	0.091	0.085	0.080	0.085	0.085	0.079
1996	0.083	0.078	0.073	0.066	0.063	0.063	0.067	0.062	0.057	0.057	0.057	0.053
1997	0.053	0.049	0.046	0.040	0.036	0.032	0.032	0.026	0.021	0.019	0.019	0.016
1998	0.019	0.014	0.011									

Note: For individuals, indexation allowance stops at April 1998 and taper relief is then applied. Only companies can continue to receive the indexation allowance for capital disposals after April 1998.

Taper Relief: Disposals after April 1998

Number of complete tax years in holding period	% of gain taxable	
	Business assets	Non-business assets
< 1	100	100
1	50	100
2	25	100
3	25	95
4	25	90
5	25	85
6	25	80
7	25	75
8	25	70
9	25	65
10 or more	25	60

(These percentages apply for disposals after 5 April, 2002, different percentages applied prior to this)

Retail prices index (January 1987 = 100.0)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1982	-	-	79.44	81.04	81.62	81.85	81.90	81.90	81.85	82.26	82.66	82.51
1983	82.61	82.97	83.12	84.28	84.64	84.84	85.30	85.68	86.06	86.36	86.67	86.89
1984	86.84	87.20	87.48	88.64	88.97	89.20	89.10	89.94	90.11	90.67	90.95	90.87
1985	91.20	91.94	92.80	94.78	95.21	95.41	95.23	95.49	95.44	95.59	95.92	96.05
1986	96.25	96.60	96.73	97.67	97.85	97.79	97.52	97.82	98.30	98.45	99.29	99.62
1987	100.0	100.4	100.6	101.8	101.9	101.9	101.8	102.1	102.4	102.9	103.4	103.3
1988	103.3	103.7	104.1	105.8	106.2	106.6	106.7	107.9	108.4	109.5	110.0	110.3
1989	111.0	111.8	112.3	114.3	115.0	115.4	115.5	115.8	116.6	117.5	118.5	118.8
1990	119.5	120.2	121.4	125.1	126.2	126.7	126.8	128.1	129.3	130.3	130.0	129.9
1991	130.2	130.9	131.4	133.1	133.5	134.1	133.8	134.1	134.6	135.1	135.6	135.7
1992	135.6	136.3	136.7	138.8	139.3	139.3	138.8	138.9	139.4	139.9	139.7	139.2
1993	137.9	138.8	139.3	140.6	141.1	141.0	140.7	141.3	141.9	141.8	141.6	141.9
1994	141.3	142.1	142.5	144.2	144.7	144.7	144.0	144.7	145.0	145.2	145.3	146.0
1995	146.0	146.9	147.5	149.0	149.6	149.8	149.1	149.9	150.6	149.8	149.8	150.7
1996	150.2	150.9	151.5	152.6	152.9	153.0	152.4	153.1	153.8	153.8	153.9	154.4
1997	154.4	155.0	155.4	156.3	156.9	157.5	157.5	158.5	159.3	159.5	159.6	160.0
1998	159.5	160.3	160.8	162.6	163.5	163.4	163.0	163.7	164.4	164.5	164.4	164.4
1999	163.4	163.7	164.1	165.2	165.5	165.6	165.1	165.5	166.2	166.5	166.7	167.3
2000	166.6	167.5	168.4	170.1	170.7	171.1	170.5	170.5	171.7	171.6	172.1	172.2
2001	171.1	172.0	172.2	173.1	174.2	174.4	173.3	174.0	174.6	174.3	173.6	173.4
2002	173.3	173.8	174.5	175.7	176.2	176.2	175.9	176.4	177.6	177.9	178.2	178.5
2003	178.4	179.3	179.9	181.2	181.5	181.3	181.3	181.6	182.5	182.6	182.7	183.5
2004	183.1	183.8	184.6	185.7	186.5							

Personal Benefit Rates

Item	2004/05 £	2003/04 £
Basic Retirement Pension (per week):		
- Single Person	79.60	77.45
- Married Couple	127.25	123.80
Child Benefit (per week):		
- First Eligible Child (couple)	16.50	16.05
- First Eligible Child (single parent)	17.55	17.55
- Each Extra Child	11.05	10.75
Statutory Sick Pay:		
normally receive £79 or more	66.15	64.35
Statutory Maternity/Paternity Pay		
Average Weekly Earnings of £79 or over		
- Higher Weekly Rate (first six weeks)	90% of weekly earnings	
- Standard Rate (next twelve weeks)	102.80	100.00
Job Seekers Allowance:		
- Single Person (over 25)	55.65	54.65
- Married Couple (both over 18)	87.30	85.75
National Minimum Wage:		
aged 22 and over	From October 2003 - £4.50 per hour From October 2004 - £4.85 per hour	
Incapacity Benefit		
Long term	74.15	72.15
Short term		
- under pension age	66.15	64.35
- over pension age	71.15	69.20

These rates are selected from a complex list of benefits available based on personal circumstances. For a full list of work and pensions related benefits see the Department of Work and Pensions website at <http://www.dwp.gov.uk>.

Landfill Tax

£	
Standard rate (per tonne)	15.00
Lower rate (per tonne)	2.00

Inland Revenue Interest Rates

Other rates (from 6/12/03) Payment (%)	Late (%)	Repayment
Income tax, NIC, CGT, Stamp Duty	6.50	2.50
Corporation tax	6.50	3.00
Inheritance tax	3.00	3.00

These rates change frequently - see the website for the latest details.

Average Official rate for 2003/04	5.00%
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