

Contents

1	INCOME FROM COMPANIES	1
	Dividends or salary?.....	2
	Implications of the 'Arctic Systems' case.....	5
	Benefits in kind.....	6
	Termination payments.....	12
	Employee share schemes.....	13
2	SAVINGS AND INVESTMENT SCHEMES	22
	Enterprise Investment Scheme.....	23
	Venture Capital Trusts.....	25
	Community Investment Tax Relief.....	27
	Tax-exempt savings income.....	28
3	SOLE TRADERS AND PARTNERSHIPS	30
	Loss Relief.....	31
	Property income.....	38
4	INCOME TAX OF INDIVIDUALS	42
	Allowances.....	43
	Extension of basic rate band.....	44
	Overseas income.....	46

5	CORPORATION TAX	52
	Losses	53
	Groups	58
	Purchase of a company's own shares	64
	Substantial shareholding relief	65
	Corporate Venturing Scheme.....	66
6	CAPITAL ALLOWANCES	68
	Plant and machinery – general principles.....	69
	Cars	71
	First-year allowances	72
	Short-life assets.....	75
	Industrial buildings allowances	77
	Disclaiming capital allowances	77
7	CAPITAL GAINS	78
	Basic principles	79
	Taper relief.....	80
	Assets owned before 1 April 1982	82
	Annual exemptions.....	83
	Transfers between spouses.....	84
	Capital losses.....	85
	Principal private residences	88
	Reliefs	90
	Chattels	94
8	INHERITANCE TAX	96
	General principles	97
	Taper relief.....	98
	Exempt transfers.....	100
	Reliefs	104
	Domicile	107
	Interaction with Capital Gains Tax	108

9	TRUSTS	109
	Interest in possession trusts	110
	Discretionary trusts	112
	Accumulation and maintenance trusts.....	114
	Charitable trusts	115
	Overseas trusts.....	116
	Business Property Relief and trusts.....	116
	Comparison of trusts.....	117
10	VALUE ADDED TAX	119
	Registration	120
	Land and buildings	122
	Special schemes	123
	APPENDIX	126
	Income Tax – personal and married couple’s allowances	127
	Income Tax – rates and bands	127
	Gift Aid – limit on benefit received by donor	128
	Cash equivalent of company car 2005/06 to 2007/08.....	128
	VAT – fuel scale charge	129
	Corporation Tax – rates and bands.....	129
	Capital Gains Tax – annual exemption	129
	Capital Gains Tax – taper relief	130
	Inheritance Tax – nil rate band.....	130