

Roffe Swayne Budget News

George Osborne today announced his five year plan for the British economy. The Budget press release declares "The plan sets out tough but fair action to tackle the unprecedented budget deficit, introduce a fairer tax system, encourage enterprise and support long-term growth across the economy."

As with all budgets there will be winners and losers but the real test will be whether it achieves the stated objectives!

There are significant cost reductions in public sector pay and welfare budgets whilst there are some tax reductions paid for by other tax increases.

Tax Winners

Immediate	Next	Future
Entrepreneurs relief to remain at 10% but the lifetime limit is increased to £5,000,000 from midnight tonight.	A reduction in the main corporation tax rate from 28% to 24% between April 2011 and 2014	A reduction in the main corporation tax rate from 28% to 24% between April 2011 and 2014
Capital gains tax to remain at 18% for basic rate taxpayers.	A reduction in the small companies corporation tax rate to 20% from April 2011	New employers in targeted regions to receive exemption from up to £5,000 of employers national insurance contributions for their first 10 employees (full details of the scheme to be announced in due course).
Tax rules for Furnished Holiday lettings restored.	Personal allowance for under 65's increased by £1,000 to £7,475 from April 2011 (but don't forget that those earning over £100,000 will lose all or part of their personal allowances).	A possible withdrawal of the pensions tax charge to be introduced for April 2011 (a full review yet to be completed)
	Increase in the limit at which employers pay national insurance contributions by £21 to £131 per week from April 2011.	

	A Council Tax freeze for 2011-12	

Tax Losers

Immediate	Next	Future
Capital gains tax to increase to 28% for higher rate taxpayers from midnight tonight.	Increase in the VAT standard rate and IPT standard rate from 17.5% to 20% from January 2011.	Threshold for higher rate taxes and upper earnings limit for NIC to reduce by approximately £2,500 and £1650 respectively from April 2011 and thresholds for higher rate taxes will be frozen until 2013/14.
Incentives for producers of video games will not now be introduced.	Threshold for higher rate taxes and upper earnings limit for NIC to reduce by approximately £2,500 and £1650 respectively from April 2011 and thresholds for higher rate taxes will be frozen until 2013/14.	Capital allowances will reduce from 20% to 18% and from 10% to 8% respectively from April 2012 and the Annual Investment Allowance will reduce to £25,000.
	The 1% increase in employee and employer national insurance introduced by the Labour government from April 2011 remains.	
	Introduction of a bank levy based on their balance sheets from January 2011.	

In addition there were measures providing helpful protection for the value of the state pension but a reduction in child and working tax credits and Child Benefit will be frozen for 3 years.

Further action on tax avoidance and a further review on the possible introduction of a general anti-avoidance measure were also announced.

As with all budgets there will be more detail to come and please refer to the Roffe Swayne website for the most up to date news.

These measures will mean that many people will need to review their affairs to ensure that they are structured in the most tax efficient manner and that they are making full use of all available reliefs and exemptions. If you would like to discuss how this affects you, please contact **Linda Warner or Liz Beadsley or your normal Roffe Swayne contact on 01483 416232**