

## Tax, Tax or more Tax

Welcome to the first of what we hope to be a series of topical and informative articles on a variety of subjects. This one aims to look at some of the issues raised by the new Coalition Government's proposals on taxation.

If you have read a paper, listened to the radio or watched the news you cannot have missed the debate and conjecture surrounding potential increases in Capital Gains Tax. The way CGT is calculated was changed in April 2008 to be a flat rate tax of 18% on gains over and above your nil rate or tax-free allowance, which currently stands at £10,100 per annum.

Although we will not know the details until the budget on 22nd June, in the recently released 'Programme for Government' they made the following statement, 'Capital Gains Tax rates to rise to a level "*similar or close to those applied to income*" '. Just seventeen words that could have a dramatic effect on peoples tax position when selling a variety of assets including, shares, unit trust portfolios, second homes and buy to let properties to name but a few.

The Lib-Dem half of the Government want to reduce the CGT allowance at the same time to £2,000 although the Tories have not publically accepted this step as yet. Overall according to accountants at Deloitte the changes could mean that the amount of people paying CGT could rise from around 250,000 to 1,000,000.

The difficulty many clients are faced with is that we don't know exactly what the changes are and when they will be implemented. We fully expect that CGT rates will rise from 18% and given the Government's statement this could be up to 40% or even 50% for the highest earners.

So what can you do? Firstly you need to look at what assets you have and assess the overall gains you have accrued. Then you need to take some advice on how best to utilize your current nil rate allowances to mitigate the gains made. We can offer you advice on using nil rate allowances, spousal exemptions and tax efficient investments to ensure your assets incur the minimum amount of tax exposure.

If you have or even think you might have a potential tax liability we would urge you to contact us at your earliest convenience to discuss the matter. It won't cost you anything but may save you a great deal of tax.

You will appreciate that this note is for general guidance; we would strongly recommend that before taking any action you take professional advice.