



## **ASPIRATION OR MERELY WISHFUL THINKING**

## Budget 2013

George Osborne announced in his fourth budget speech that the UK will achieve economic recovery “by setting free the aspirations of this nation”. This statement was set against the disappointing announcement of a projected GDP forecast of only 0.6% growth for 2013.

With fewer amendments announced than in recent budgets was there enough to inspire businesses to grow and invest in the future and to provide confidence for individuals in relation to their personal financial security?

There were a number of positive headlines for businesses including:

- Further reduction in the headline rate of Corporation Tax by 1% to 20% from April 2015, thereby creating a single rate of Corporation Tax in the UK.
- A new Employment Allowance will eliminate the first £2,000 of Employer NIC costs for every business and charity from 1 April 2014 to encourage job creation.
- As previously announced an increase in the Annual Investment Allowance to £250K for 2 years until 31/12/15

And for individuals the main concessions included:

- A further increase for the personal allowance to £10,000 from April 2014, however the higher rate threshold only increases by only 1% to £41,865
- Tax free employer loan threshold doubled to £10,000 from 2014/15
- A new childcare scheme to provide basic rate tax relief for child care costs up to £6,000 per child provided neither parent earns over £150,000pa
- A new CGT relief to be introduced on sales of controlling interests in a business to an employee ownership structure
- An extension for the Seed Enterprise Investment Scheme to include 50% capital gains reinvestment relief for 2013/14 and 2014/15
- As previously announced the 50% rate on taxable income over £150,000 is reducing to 45% from April 2013.

Cont.

But the Chancellor also announced “one of the largest ever packages of tax avoidance and evasion measures presented at a Budget” and there are a number of measures including restrictions on some inheritance tax planning strategies and a general consultation on the use of partnership structures for tax avoidance.

Did George strike the right balance? Only time will tell but in the meantime it remains vitally important that you keep your finances and tax affairs under review.

Please do not hesitate to contact me if there are matters you wish to discuss.



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