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In his first speech as Chancellor, George Osborne has set out his plans to reduce the enormous deficit inherited by the coalition. This will be achieved by a combination of cuts in public expenditure and increases in taxation.

Whilst everyone will be hit by the increase in VAT, which rises to 20%, the Chancellor has made efforts to alleviate the tax burden on low income families. He has announced an increase in the tax free personal allowances for basic rate taxpayers by £1,000 to £7,475 with effect from April next year. According to the Government, this should mean that around 880,000 people will no longer be paying tax.

As expected, the Chancellor introduced a new rate of Capital Gains Tax in relation to disposals made on or after 23 June 2010. The existing rate of 18 per cent continues to apply to individuals whose taxable income and gains fall within the tax basic rate band. Any gains above this limit will now be taxed at the new 28 per cent rate.

Interestingly, speculation that the capital gains tax free allowance would be reduced proved unfounded and the exemption remains at £10,100 for the current tax year.

One welcome, but unexpected, announcement was the postponement of the previously announced changes to the tax reliefs for Furnished Holiday Lettings. The coalition intends to introduce legislation to reverse the changes brought in by the last Government and will, for now, re-instate the benefits given to owners of holiday lettings - this will come as a great relief to that sector.

The Chancellor has clearly set out his plans for the future, and with the press speculation now put to bed we should all take time to assess the impact of the proposals on our own financial affairs whilst, as always, taking care to note that it does take time for the fine detail to emerge following Budget speeches.

There will be huge implications for many following the Chancellor's announcement that he intends to cut some £11 Billion over 4 years from benefits and welfare payments. This, coupled with the future changes to state pensions also announced, makes the Emergency Budget one of the most draconian for decades. Britain reacted to the budget with equal measures of relief and disbelief.

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