

Budget Stuff

So far all the commentaries I have reviewed refer to an “Emergency Budget”. Why emergency? Are we at war or something? Have all the journalists been reading books about Churchill? I prefer to refer to Tuesday’s announcement as the June 2010 Budget Statement. After all, we all knew that there would be a June Budget irrespective of which party won the General Election, so what’s the point in making a drama of it? At least it wasn’t delivered by “Dopey Darling”. Whilst encouraging in most respects, the statement was not as harsh as we were expecting but we would liked to have seen more measures to encourage entrepreneurial business building. We have long held the belief that the economic recovery will be driven by the smaller businesses who are prepared to take risks, can embrace technology and can be flexible with decision making.

A summary of the measures announced :

- Personal allowance to be increased by £1,000 next year but higher rate taxpayers will not benefit.
- Slight tinkering with NI rates
- Capital Gains Tax to rise to 28% for higher rate tax payers (total income will include the gain!) but entrepreneurs relief increased to £5million (good boy George)
- Corporation Tax rates to reduce but benefit will be cancelled out from reduction in capital allowances. Annual Investment Allowance to be reduced to £25k in April 2012 (bad boy George).
- VAT rate to be increased to 20% in January 2011. The fraction to calculate the VAT element in a VAT inclusive price will be one sixth (currently three twentythirds).
- No change in Excise Duties
- Pensions tax relief likely to be revised downwards
- Regional tax relief scheme for new businesses but excludes London, South East and Eastern regions (bad boy George).
- Office of Tax Simplification to be established (How about a single rate across the board for all taxes of 15% with no reliefs or exemptions! You can’t get any simpler than that).
- Consultations to take place about how PAYE system could be made easier to operate.
- National Minimum Wage hourly rates from 1st October : aged 21 and over £5.93, aged 18-20 £4.92 and aged 16-17 £3.64

We have posted a little more detail on our web site www.thomascox.co.uk under the “Blog” tab so do take a look. Very importantly though, is the fact that none of our tax planning strategies have been affected so these remain available. Please contact Peter if you wish to learn more about them.

The new Administration

We can now release the “nicknames” we will be applying to our future references of our new leaders:

Prime Minister – DC (boy racer as in David Coulthard)

Chancellor of the Exchequer – Boy George (he looks as though he should be in short trousers)

Nick Clegg – Compo (last of the summer Lib/Dems)

Vince Cable – Calamity Cable (it will be if he ever gets near the Treasury)

Peter

30th June, 2010