



E-Update: June 2010

This month Robert Bradley takes a look at the proposed budget changes and the tax planning opportunities that arise before they are implemented.

This month focuses on how to beat the increases in capital gains tax (CGT) which are going to be announced in the budget later this month and other proposed measures which will affect personal taxation and corporation tax.

What has actually been announced?

There has been a huge amount of comment and speculation about what might happen but there is very little solid information.

The full text of the announcement is:

“We further agree to seek a detailed agreement on taxing non-business capital gains at rates similar or close to those applied to income, with generous exemptions for entrepreneurial business activities”

The principle is clear but there are many important questions unanswered, including when does any change take effect?, what rate of tax will apply? and what is meant by entrepreneurial business activities?

This is all the information that it in the public domain at the moment so, any decision which you make about your CGT position will therefore have to be based on assumptions as to the most likely way that the legislation will be drafted.

What is likely to happen?

On the basis of the government statement I think that we can take it as certain that some business activities not qualify as an entrepreneurial business activity and thus you will be facing significant increases in capital gain tax when you come to sell. At the moment I think that the rate is likely to be 40% but it could well be as high as 50%. At a minimum therefore the CGT which you would have to pay on a disposal would more than double from the current 18%.

CGT rates have never increased mid-way through a tax year before, but there is a real possibility that some sort of anti avoidance legislation could be introduced with immediate effect from 22 June (Budget day).

If you want to reduce the impact of the CGT increases, then you will need to act before Budget day. Please contact me for more help regarding this.

Robert Bradley

Bradley & Associates is the trading name of Robert J Bradley Limited Registered in England and Wales Company No. 04387789, Registered Office: Office 5, 16 New Street, Stourport, Worcs. DY13 UW. Visit us at www.bradleyandassociates.co.uk. Email: robert@bradleyandassociates.co.uk with “Unsubscribe” as the subject to remove yourself from our “E-Update” mailing list. No responsibility can be accepted for any action undertaken or refrained as a consequence of using this material.