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Solicitors & Notaries

Any Budget shortly before a General Election has an eye on the polls.

In this year's Budget on 18th March the 'abolition of tax returns' was one of the most striking announcements. It could be a vote-winner: but what is to replace them, seeing as tax will still need to be assessed and collected? The new 'digital tax account' is a tax return by another name and in a different format.

There were increases in Income Tax allowances for future years. The transfer of allowances between couples was introduced, in a small way at 10%, with a maximum benefit of £212.

From 2016 a £1,000 Savings Income Allowance was introduced, with an annual benefit of up to £200 at the basic rate and £400 at the higher rate. It is estimated that this will mean that 95% of taxpayers will have no tax to pay on bank and building society interest and so banks etc. will no longer deduct tax from interest. This simplification will surely be most welcome.

Flexible Pension Benefits continue to hit the headlines. Defined Contribution Pension funds can be accessed flexibly from this 6th April 2015. 25% can be drawn down tax-free and the other 75% drawn subject to the marginal rate of income tax.

Improvements to ISAs were introduced along with the Help to Buy ISA for the first-time buyer.
Entrepreneurs' Relief for Capital Gains Tax now reduces the rate on qualifying disposals to 10% on up to £1M of lifetime gains.

Inheritance Tax was unchanged at the Budget but since then the Chancellor has announced that he intends to remove IHT from inheritances from couples of up to £1M.

A politically-expedient change was made so as to exempt from IHT the estates of members of the emergency services who die on or as a result of their service. This includes humanitarian workers and is backdated to 18th March 2014.

Corporation Tax is simplified and a single rate of 20% applies from 1st April 2015.

Farmers, who are particularly prone to profit-fluctuations, are now allowed to average their profits over 5 years, up from two.

The taxation of foreign-domiciled people under the 'Remittance basis' was increased and the rules tightened.

Further specific measures against tax evasion and avoidance were introduced with much trumpeting. The law continue to be tightened; but one might well argue that this is for political purposes since the laws required to fight evasion are already there. Harsher sanctions are to apply.

If you require advice on this matter please contact Miranda on 01328 710210. If you require advice on any other legal matter please telephone our Wells office on 01328 710210or email law@hayes-storr.com.