



Private Client Law Bulletin

FINANCE BILL 2004

This Bill has now been through committee stage and the provisions of Schedule 15, being the new charge to income tax on pre-owned assets, have been subject to scrutiny.

The main thrust of the legislation remains unaltered. In particular, the tax charge will bite on any transaction after 17 March 1986 where the relevant conditions have been met. Whilst we are aware that the Government's intention was to attack "double-trust" or debt based planning schemes involving principle residences and their contents, it will nonetheless impact on many other arrangements including gifts of holiday homes.

The good news is that the provisions have been amended to increase the *de minimis* threshold from £2,500 to £5,000 per year, per taxpayer. This, in most cases, should ensure that holiday home arrangements will no longer be caught by these provisions though clearly they will have to be reviewed on a case by case basis.

If you would like an informal chat or require any specific advice in connection with the material contained in this bulletin, or on any other Private Client issues, please contact the Liverpool office on 0151 600 3451 or the Manchester office on 0161 836 8800.

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**LIVERPOOL 0151 600 3000**

Horton House, Exchange Flags, Liverpool L2 3YL
Fax: 0151 227 3185
MDX 14118 Liverpool
email: law@brabnerscs.com

MANCHESTER 0161 836 8800

55 King Street, Manchester M2 4LQ
Fax: 0161 836 8801
MDX 14431 Manchester
email: law@brabnerscs.com

PRESTON 01772 823921

7-8 Chapel Street, Preston PR1 8AN
Fax: 01772 201198
MDX 17118 Preston
email: law@brabnerscs.com