



Private Client Law Bulletin

THE 2007 PRE-BUDGET REPORT

All change for Capital Gains Tax

It is proposed that as from 6 April 2008, CGT will be charged at a single rate of 18% and taper relief and the indexation allowance will be abolished.

The losers will include those who are currently able to take advantage of 10% business asset taper relief (e.g. private company shareholders, those with AIM shares) and those who currently have the benefit of significant indexation allowances (such as landowners).

The winners will include those with second homes.

There has been a meeting between the Chancellor, the Federation of Small Businesses, the Confederation of British Industry and others where it is said that the Chancellor has agreed to enter into further consultations.

The Times reported on 31 October rumours that there may be a CGT climb down in that £100,000 tax relief may be given to those who sell up and retire (therefore some form of retirement relief may be re-introduced).

Subject to the terms of any such climb down the losers may wish to trigger a disposal before 6 April 2008.

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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