



## Private Client Law Bulletin

## SIGNIFICANT TAXATION CHANGES PROPOSED

The Coalition Government will announce a second budget for 2010 by the end of June. As yet, it is unclear what the details will be, however an increase in Capital Gains Tax (CGT) and a delay in raising the nil rate band for Inheritance Tax (IHT) are proposed.

## CGT

It is suggested that the current CGT rate of 18% could rise to nearer 40% and possibly, up to 50% in line with income tax and would apply to all non-business assets. The Government has stated however that there will be 'generous exemptions' for entrepreneurial business activities.

It is not known whether the increase will come into effect in June 2010 or at the start of the 2011/12 tax year and whether there would be any consequences for Entrepreneurs' Relief. If the increase is effective from June, it leaves very little time to make provisions for these changes

## Practical tips

- Any proposed gifts or sales of assets including, say, second homes or investments should be finalised sooner rather than later.
- It may be worth restructuring the ownership of assets by incorporation, transferring assets into trust or fragmenting holdings between family members to minimise the impact of a rate rise
- If we can be of assistance, please let us know as soon as possible so that we can ensure any dispositions can be documented before the deadline.

## IHT

The Conservative's proposal to increase the nil rate band for Inheritance Tax from the current, frozen rate of £325,000 to £1 million appears to have been, perhaps unsurprisingly, put on hold for the time being.

If you require any specific advice in connection with the material contained in this bulletin, or on any other Private Client issues, please contact: Duncan Bailey in Liverpool on 0151 600 3451, Richard Bate in Manchester on 0161 836 8840 or Stephen Marriott in Preston on 01772 229 816.

If you no longer wish to receive the bulletin please let us know by return e-mail to [helen.calvert@brabnerscs.com](mailto:helen.calvert@brabnerscs.com)

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