

PRESS RELEASE RE: TODAY'S PRE-BUDGET REPORT

9th December 2009

Ignore the Treasury spin and the media being sidetracked by a 50% levy on Bank bonuses over £25k.

The higher rates of Income Tax and NIC's from 6th April 2011 on earned income will be 42% on earnings above £43,870 and 52% on earnings above £150,000.

The refusal of the Tories to commit to a timescale for reversing the 50% income tax rate (but with a clear commitment to reverse the NIC hike), means that at best these rates will drop by 1%!

The UK now has higher Income Tax rates than Belgium and is on a par with the Netherlands!

The PBR also seeks to strengthen the Anti-Avoidance Laws against Tax Schemes and the Disclosure of Tax Schemes rules.

The only glimmer of hope might seem to be a 10% Corporation Tax Rate on Patents. This is however subject to a consultation and will only apply to Patents granted after the Finance Act 2011 and to income from those Patents only after April 2013.

Conclusion

Daniel Feingold, Senior Partner of Strategic Tax Planning Partnership commented:

"Non-Residence now seems a good option for those who can achieve it with many good locations to choose from that offer substantial tax savings on UK Income Tax rates.

The UK is only a viable location for High Income Net Worth Individuals ("HINWI") if they can restructure their earnings, investments and property to generate Capital Gains taxable at 18%, instead of income.

This should be the tax planning priority for HINWI remaining in the UK and achieving this without using aggressive "Tax Schemes", will be a considerable challenge for tax professionals".