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## Briefing

# Party political tax proposals

With the polls looking as unpredictable as ever, this guide covers the political parties' tax proposals following the publication of their general election manifestos and various announcements.



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Although an election was not due until May 2020, a call for a snap election by the prime minister received an overwhelming majority in the Parliamentary vote, resulting in the upcoming 8 June 2017 general election.

Tax remains a key battleground amongst the parties. While Labour has provided a more detailed funding document in an attempt to support its manifesto, the Conservative manifesto gives little away on tax detail beyond previous announcements.

As with the previous general election, tackling tax avoidance and evasion remains a key pledge for the main parties. The introduction of a land value tax also appears a popular option, although there is no detail of what exactly this would seek to tax and whether it would replicate the long-dead development land tax. There has been a strong reaction from many around plans to deal with the funding of social care, resulting in further announcements.

As we approach the election, the opinion polling for the popular vote appears to show an ever decreasing Conservative lead and therefore it is very difficult to predict which tax policies may come into force in any new government's first budget.

So, what do taxpayers, both individuals and businesses, need to think about before the election? It may sound

cynical, but it is not unusual for any new government to implement the majority of significant tax policy changes, including tax rate increases at the start of its term in office, well in advance of the next election. Will income tax and national insurance be merged? Will tax rates increase sharply, thresholds change or new taxes be introduced? The tax triple lock ends with the general election, so whichever party is in power taxes are likely to rise.

We suggest some particular areas to consider in the run up to the election and soon after. Taxpayers may decide to take pre-emptive action, while others may wait to see the colour of the Commons before taking action; however, it is important that decisions are driven by commercial or other non-tax reasons – though political events may understandably affect the timing of those decisions.

This guide is based on information available and analysed up to 30 May 2017. Thanks to my small team of tax gurus, who have trawled through the manifestos. We have set out an overview of the parties' proposals, split between those for businesses, private clients and in terms of general measures, as well as some actions you may wish to consider.

Note that we have imported terms and words from the manifestos, they are not all our own. We have not assessed the economics of the proposals; though we appreciate that tax is one side of the economics equation.

We live in interesting, if not nail-biting, times!

## Business tax

### Conservatives

#### Key tax policies:

- Reduce taxes on Britain's businesses.
- Reduce corporation tax to 17% by 2020, the lowest rate of any developed economy.
- No increase in the level of VAT.
- Continue to support small businesses through business rate relief and low tax.
- Continue with the fiscal rules announced by the chancellor in the 2016 Autumn Statement.

#### National:

- Identify the industries that are of strategic value to our economy and support and promote them through policies including tax.
- Help digital companies: help innovators and start-ups by encouraging early stage investment and considering further incentives under EIS and seed EIS.
- Seek to build upon the favourable tax arrangements that

have helped creative companies, including the creative industries tax credits scheme.

- Introduce a one year holiday on employers' NICs for firms hiring service personnel after they leave service.
- Introduce a one year holiday on employers' NICs for businesses employing former wards of the care system, someone with a disability, those with chronic mental health problems, those who have committed a crime but repaid their debt to society and those who have been unemployed for over a year.
- Update the rules that govern mergers and takeovers, to ensure that overseas investment is not driven by aggressive asset-stripping or tax avoidance.
- Require companies to explain pay policies better, particularly complex incentive schemes.
- Commission an examination of the use of share buybacks.
- Promote R&D investment to meet the current OECD average of 2.4% of GDP within ten years, with a longer-term goal of 3% (it is unclear whether this relates to R&D tax credit regime changes).
- Keep open option of changing the tax status of independent schools if sufficient progress is not made in involving independent schools with academy sponsorship or the founding of free schools in the state system.

#### International:

- Be a global nation that is competitive, outward-looking and open for business – the best country in Europe for doing business.

#### Regional

- Ensure local residents can veto high increases in council tax via a referendum.
- Continue to support businesses most affected by the recent revaluation of business rates.
- Make longer term reforms to the business rates system to address concerns about the way it works: make sure that revaluations are conducted more frequently to avoid large changes in expected bills; explore the introduction of self-assessments in the valuation process; and conduct a full review of the business rates system to ensure it is sustainable for the future.

#### Other measures:

- Ensure a greater percentage of tax revenues from shale gas directly benefit the communities that host the extraction sites.

#### Labour

##### Key tax policies:

- Increase the main rate of corporation tax to 21% from 2018/19, 24% from 2019/20 and 26% from 2020/21.
- Reintroduce the lower small profits (below £300,000) rate of corporation tax at 20% from 2018/19 and 21% from 2020/21.
- No increase in VAT rates.
- Introduce an excessive pay levy on companies with staff on over £330,000.

##### National:

- Exclude small businesses with a turnover of under £85,000 from quarterly reporting (presumably under making tax digital).
- Extend stamp duty reserve tax to include derivatives and remove the intermediaries exemption.
- Close the 'Mayfair tax' loophole used by private equity fund managers to reduce income tax liabilities.
- Reverse tax giveaways on the bank levy.
- Implement the soft drinks industry levy, known as 'sugar tax'.
- Initiate an immediate independent review of the efficiency, range and scope of business tax reliefs.

- Renew pledge not to extend VAT to food, children's clothes, books and newspapers and public transport fares.
- Remove the VAT exemption on private school fees.
- Maintain the employers' apprenticeship levy.
- Scrap the Conservative's plans for schools to pay the apprenticeship levy.

##### International:

- Review and reform the CFC system to close the scope for tax avoidance.
- Introduce full country by country reporting across international tax jurisdictions.
- Close the eurobond loophole that allows securities listed on the Channel Island Stock Exchange to enjoy exemptions from withholding tax.
- Investigate the use of advanced thin capitalisation agreements used by large, multi-group companies to significantly reduce their tax liabilities.

##### Regional:

- Review the entire business rates system in the longer run and introduce a package of reforms to business rates including: switch from RPI to CPI indexation; exempt new investment in plant and machinery from valuations; ensure businesses have access to a proper appeals process; review extending the £1,000 pub relief business rates scheme to small music venues; and consider new options such as a land value tax.

#### Liberal Democrats

##### Key tax policies:

- Reverse Conservative plans to cut corporation tax from 20% to 17%.
- Create a new 'start up allowance' to help those starting up a new business with their living costs in the crucial first weeks of their business.
- Take tough action against corporate tax evasion.

##### National:

- Reform corporation tax to develop a system that benefits the smallest companies while ensuring the biggest multinationals cannot avoid paying sums comparable to nationally-based competitors.
- Consult on moving from a profits-based tax to one that takes account of a wider range of economic activity indicators, such as sales and turnover.
- Review business rates to reduce burdens on smaller businesses, while prioritising reforms that recognise the development of the digital economy.
- Encourage employers to promote employee ownership by giving staff in listed companies with over 250 employees a right to request shares, to be held in trust for the benefit of employees.
- End the anomaly that forces Police Scotland and the Scottish Fire and Rescue Service to pay VAT on their purchases.

##### International:

- Lead international action to ensure global companies pay fair taxes in the developing countries in which they operate, including tightening anti-tax haven rules.
- Require large companies to publish their tax payments and profits for each country in which they operate.

##### Regional:

- Consider the implementation of land value taxation.

##### Other measures:

- Reform vehicle taxation to encourage sales of electric and low-emission vehicles and develop electric vehicle infrastructure.
- Establish a coherent tax and regulatory framework for landfill, incineration and waste collection, including reinstating the landfill tax escalator and extending it to

the lower rate and consulting on the introduction of an incineration tax.

- Close loopholes in the sugary drinks tax.
- Introduce a levy on tobacco companies.

#### SNP

##### Key tax policies:

- Not support further reductions in corporation tax.
- Introduce a tax on bankers' bonuses.
- Support the reversal of the reductions to the bank levy.
- Press to phase the introduction of the quarterly digital tax reporting over a five-year transition period and consider exemptions to those who are not incorporated or VAT-registered.
- Extend the annual investment allowance from the current £200,000 per year to £1m a year.
- Back reduced employers' NICs by doubling the employment allowance.
- Back a freeze on other NICs and VAT.

##### Other measures:

- Support examining a reduction in VAT for the hospitality sector.
- Continue to make the case to the UK government to extend a VAT exemption to Scottish emergency services.
- Remain committed to a Treasury review of alcohol taxation to better reflect alcohol content.
- Secure an exemption from air passenger taxes on highlands and islands flights.
- Call for a freeze in further insurance premium tax hikes.
- Close the loopholes in the sugary drinks tax.
- Back the continuation of VAT-exemption on essential items like children's clothes.
- Hold the UK government to a commitment to remove VAT from sanitary products.
- Work to ensure appropriate action is taken on the taxation of late life oil and gas assets.

#### UKIP

##### Key tax policies:

- End the unfairness under which some large companies pay zero or negligible corporation tax.
- Cutting business rates for small businesses.
- To reduce household bills, removing VAT from domestic fuel and scrapping 'green' levies.

##### Other measures:

- Freeze insurance premium tax.

#### Green

##### Key tax policies:

- Reinstate the higher level of corporation tax for large businesses.
- Introduce a 'Robin Hood' tax on high value transactions on the finance sector.
- Phase in the abolition of the cap on employee's national insurance.

##### Other measures:

- Support and promote small businesses.
- Support start-ups and creative enterprises through community credit and green investment.
- Introduce a tax on superstar performances.
- Introduce tax incentives for employers who provide support facilities at the workplace such as childcare, job-sharing and flexible working.
- Remove VAT from sanitary products.
- Trial a land value tax.

##### Green taxes:

- Increase vehicle excise duty on new diesel vehicles.
- Phase out fossil fuel subsidies.

- Reform tax relief for smaller-scale projects to democratise energy ownership.
- Introduce green ISAs.
- Promote green bonds by allowing tax-free bonds for green projects and issuing government backed green bonds.

#### Plaid Cymru

##### Key tax policies:

- Cut VAT for the tourism industry to put Wales ahead in the international tourism market.
- Introduce a targeted tax discount for new and existing businesses in Wales as a central part of the new UK regional policy.
- Transfer control over corporation tax arising in Wales to Wales.

##### Other measures:

- Introduce a fuel duty regulator to stop rising fuel costs.

#### Private clients

##### Conservatives

##### Key tax policies:

- Reduce taxes on Britain's working families.
- Increase the personal allowance to £12,500 by 2020.
- Increase the higher rate band to £50,000 from 2020.
- Continue with the fiscal rules announced by the chancellor in the 2016 Autumn Statement.

##### Other measures:

- Means-test winter fuel payments.
- Promote long-term savings and pensions products, including the lifetime ISA.
- Ensure that interests of employees on traditional contracts, the self-employed and those people working in the 'gig' economy are all properly protected.

#### Labour

##### Key tax policies:

- Increase income tax for the top 5% of earners to help fund public services.
- Lower the threshold for the 45p additional rate to £80,000.
- Reintroduce the 50p rate on earnings above £123,000.
- Guarantee no rises in income tax for those earning below £80,000 a year.
- Guarantee no increases in personal NICs.

##### Other measures:

- Reverse tax giveaways on CGT and IHT.
- Scrap the married persons' tax allowance.
- Clamp down on bogus self-employment, this includes: assumption that a worker is an employee unless the employer can prove otherwise; and a ban on umbrella companies, which create a false structure to limit employers' tax liabilities and limit workers' rights.
- Set up a dedicated commission to modernise the law around employment status.
- Increase the tax on private medical insurance premiums.
- Guarantee winter fuel allowance as universal benefit.
- Abolish the bedroom tax.
- Initiate a review into reforming council tax.

#### Liberal Democrats

##### Key tax policies:

- Ensure those with the highest income and wealth are making a fair contribution.
- Increase immediately basic, higher and additional rates of income tax by 1%.
- Raise the employee NI threshold to the income tax threshold, while protecting low earners' ability to accrue pension and benefit entitlements.



- Reform CGT and dividend tax relief.
- Refocus entrepreneurs' relief.
- Reverse a number of the Conservatives' unfair and unjustified tax cuts including: a reversal of CGT cuts and CGT extended relief; and a reversal of the marriage allowance and the raising of the IHT threshold.
- Establish a review to consider the introduction of a single rate of tax relief for pension contributions, which would be designed to be simpler and fairer and set more generously than the current 20% basic rate relief.

#### Other measures:

- Commission the development of a dedicated health and care tax, to replace the 1% income tax rise, possibly based on a reform of NICs.
- Modernise employment rights to make them fit for the age of the 'gig' economy.
- Scrap the bedroom tax.
- Ensure pensioners who pay tax at the higher rate of 40% are not eligible for the winter fuel payment.
- Introduce a legal regulated market for cannabis – this would raise the amount of tax collected by the government.
- Enable local authorities to levy up to 200% council tax on second homes and 'buy to leave empty' investments from overseas.
- Remove the requirement to hold local referenda for council tax changes.

#### SNP

##### Key tax policies:

- Reintroduce the 50% additional rate of tax across the whole UK from 2018/19.
- Back a review for a fairer pension system.
- Freeze NICs.

##### Other measures:

- Reverse the married couples allowance.
- Abolish the bedroom tax.
- Call for an end to Conservative gimmicks like the lifetime ISA, which can disincentivise other forms of retirement savings that offer a greater return.

#### UKIP

##### Key tax policies:

- Raise the personal allowance to £13,500 by the next parliament.
- Raise the 40% income tax threshold to £55,000.
- When the economic conditions allow, restore the personal allowance to those earning over £100,000.
- Raise the inheritance tax threshold to £500,000, per individual, transferable for a married couple or those in civil partnerships, so up to £1,000,000 in total. Eventually eliminate inheritance tax altogether.

##### Other measures:

- Introduce a flexible state pension window.
- Abolish the bedroom tax.
- Maintain all pensioner benefits and the pensions triple lock.
- No quarterly returns (potentially for making tax digital) and no increase in class 4 NICs.

#### Green

##### Key tax policies:

- Include a wealth tax on the top 1% of earners.
- Ensure inheritance is taxed according to the wealth of the recipient.
- Support a higher rate of income tax.

##### Other measures:

- Abolish the bedroom tax.
- Axe buy-to-let tax breaks.

#### Plaid Cymru

##### Key tax policies:

- Reintroduce the 50p income tax rate for those earning over £150,000.
- Increase the level at which NICs are paid to the same level as income tax by the end of parliament.

##### Other measures:

- Abolish the bedroom tax.
- Devolve powers over Social Security to Wales.

#### General measures

##### Conservatives

##### General avoidance and evasion measures:

- Vigorous action against tax avoidance and tax evasion has already been taken, closing the tax gap to one of the lowest in the world. Go further now to: legislate for tougher regulation of tax advisory firms (this may refer to the provisions deferred from FA 2017 (penalties for enablers of defeated tax avoidance) and the provisions introduced in the Criminal Finances Act 2017); improve HMRC's capabilities to stamp down on smuggling; take further measures to reduce online fraud in VAT; and ensure overseas investment into the UK is not driven by tax avoidance.

##### Other measures:

- Found plans on the principles of low taxes.
- Continue with the fiscal rules announced by the chancellor in the 2016 Autumn Statement.
- Take a more proactive approach to transparency and misuse of trusts.
- Simplify the tax system, which remains too complicated, making it too hard for people, especially self-employed people and small businesses, to assess their taxes.
- Ensure that those who can should rightly contribute to their elderly care from savings and accumulated wealth, rather than expecting current and future taxpayers to carry the cost.
- Respect the devolution settlements and envisage that the powers of the devolved administrations will increase as we leave the EU.
- Remain committed to the devolution of corporation tax powers to the Northern Ireland Executive, subject to a demonstration of fiscal stability.
- Enact the Great Repeal Bill to convert EU law into UK law, correcting the laws that do not operate appropriately once we have left the EU.
- Parliament to pass legislation to amend, repeal or improve any piece of EU law, as will the devolved legislatures where they have power to do so.

#### Labour

##### General avoidance and evasion measures:

- Give HMRC the resources and skills necessary to clamp down on tax avoidance, including reversing cuts at HMRC.
- Act decisively on tax havens.
- Take on the social scourge of tax avoidance through the 'tax transparency and enforcement' programme and close down tax loopholes as follows:
  - Launch an immediate public inquiry into tax avoidance.
  - Scrutinise further MPs' interests to include mandatory publication of all offshore holdings.
  - Create a specialised tax enforcement unit.
  - Introduce a withholding tax for 'abusive' tax havens, based on a list that will be drawn up.
  - Require all large companies to publicly file tax returns with Companies House.

- Require all individuals earning more than £1m per year to publicly file their tax returns.
  - Prevent tax avoiders from being able to access public sector contracts.
  - Repatriate contracts awarded to contractors under the private finance initiative from offshore tax havens to the UK.
  - Introduce a public register of companies bidding for public sector contracts and procurements which will show their shareholders, directors, control and full disclosure of beneficial ownership. The companies must have a permanent establishment in the UK and pay taxes on profits made in the UK.
  - Require disclosure of all company shareholders above a minimal value, instead of only those holding more than 25%.
  - Create a public register of all trusts showing their assets and beneficiaries, particularly trusts transferring the residence of their trustees offshore and those tax avoidance schemes involving trusts disclosed to HMRC under current laws.
  - Work with the banking sector to promote good corporate governance and provide further information over beneficial ownership of all companies and trusts that they work for.
  - Introduce a general anti-avoidance rule to end sham transactions (any transaction lacking economic substance), including existing arrangements.
  - Introduce strict minimum standards for Crown Dependencies and Overseas Territories, including a public register of owners, directors, major shareholders and beneficial owners, in addition to a requirement for companies and limited liability partnerships to publish accounts.
  - Restore preferred creditor status for HMRC to allow less tax to be written off and remove the scope for tax avoidance.
- Other measures:**
- Introduce an offshore company property levy of 15% to apply to purchases of residential property by offshore trusts located in known tax havens.
  - Initiate an immediate independent review of the efficiency, range, and scope of tax-planning structures like trusts.
  - Seek consensus on a cross party basis about how to fund social care, including: wealth taxes; an employer care contribution; and a new social care levy.
  - Introduce a 'presumption of devolution' where devolved powers transferred from the EU will go straight to the relevant region or nation.

#### Liberal Democrats

##### General avoidance and evasion measures:

- Take tough action against corporate tax evasion and avoidance: introduce a general anti-avoidance rule; and set a target for HMRC to reduce the tax gap.
- Continue to invest in HMRC staff.

##### Other measures:

- Make taxes fairer and simpler, help those on low and middle incomes and ensure large international companies and those on the highest incomes make a fair contribution.
- Conduct a full-scale review into the burden of taxation and spending between generations to ensure that government policy promotes fairness between generations.
- Reduce the reporting requirement for disclosure of shareholdings to 1% to increase transparency.
- Introduce a 5p charge on disposable coffee cups.
- Deliver home rule to each of the nations of a strong, federal and United Kingdom.
- Support devolution of power to Scotland, Wales and

Northern Ireland.

- Support an English-only stage in legislation affecting England, so English MPs can have a separate say, on a proportional basis, on laws that only affect England.
- Include a permanent Scottish Parliament that could only be abolished by the sovereign will of the Scottish people.

#### SNP

##### General avoidance and evasion measures:

- Back measures to improve tax collection and tougher action to tackle tax avoidance, including:
  - a moratorium and review of the closure of HMRC offices in Scotland and across the UK;
  - beneficial ownership of companies and trusts to be made public;
  - measures to improve the transparency of tax paid by major international companies; and
  - further action by the UK government to tackle international tax avoidance.
- Recognise that until more anti-avoidance powers are devolved, an increase in the additional tax rate increases in Scotland alone could encourage tax avoidance.

##### Other measures:

- Back tax proposals that promote fairness.
- Oppose scrapping the Human Rights Act.
- Push for a formal independently chaired review of the recommendations of the Office of Tax Simplification's recommendations to assess which should now be taken forward.
- Continue to call for the UK government to renegotiate a new, fair tax treaty with Malawi.

#### UKIP

##### General avoidance and evasion measures:

- Close the loophole allowing businesses to pay tax in whichever EU or associated country they choose, and bring in any further measure necessary to prevent large multinational corporations from using aggressive tax avoidance schemes.

##### Other measures:

- Leaving the EU, leading to greater control over tax policy.
- Abolish green taxes and levies and withdraw from the EU's emissions trading scheme, reducing fuel bill and enhancing industrial competitiveness.

#### Green

##### General avoidance and evasion measures:

- Ensure that everyone pays their fair share of tax and crackdown on tax dodging.
- Support the closing of tax evasion loopholes.

##### Other measures:

- Invest in more staff at HMRC.
- End the sale of tax records, for commercial or other ends.
- Achieve a taxation system that promotes fairness and rewards behaviour that is good for both society and the environment.
- Revive local government through the use of smaller community and district councils with enhanced powers including new tax-raising powers.

#### Plaid Cymru

##### General avoidance and evasion measures:

- Strengthen tax anti-avoidance legislation to make it harder for companies, individuals and other organisations to avoid paying their rightful amount.

##### Other measures:

- Oppose the centralisation of tax offices in Wales and fight to keep centres open.

## Possible actions to consider

Taxpayers may wish to consider whether there is any action they should take before the election or before the new government's first Budget. However, it is difficult to forecast what tax policies will be in place in the next few months, given the moving polls and uncertainty over who will be in power. Tax changes introduced by a new government could also be backdated to April 2017, or may come in part way through the tax year or indeed at a later date. Action before the election could therefore still be caught by a subsequent change.

While actions should be driven by commercial and other non-tax factors, deferring or accelerating decisions so as to take action in advance of potential changes to the tax legislation may be worth considering, subject to the above. Of course, backdated forestalling provisions may make steps ineffective.

**Provisions left out of Finance Act 2017:** We expect, although we cannot be certain, that the significant provisions dropped from what is now FA 2017 will become law under a further Finance Act later this year. Many of the provisions were expected to be effective from 1 or 6 April 2017 but it is now not clear which date these provisions will take effect from. Retrospective legislation could mean a start date in April 2017. Another option would be a start date of 6 April 2018 with transitional rules for taxpayers who had taken action relying on these changes already being in place. Anyone considering taking decisions in these areas in the meantime should be aware of the uncertainty and carefully consider the implications of any possible outcome. Deferral may be worth considering. Measures affected include:

- making tax digital (though a Conservative government is expected to reintroduce this after the election);
- business losses and corporate interest restriction; and
- non-dom changes and inheritance tax on overseas property representing UK residential property.

Some specific points to consider, particularly around the timings of transactions, are set out below.

## Business

**Business income:** Whether you should defer or accelerate business income to access a different rate of corporation tax will depend on both your ability to choose when to take income and your view of the election outcome. A Conservative-led government plans to continue to decrease corporation tax rates, while a Labour-led one wishes to reverse reductions. However, none of the proposals appear imminent and therefore action may not need to be taken urgently.

**Start-ups:** Generally the parties appear to want to further support start-ups, although there is a dearth of exposure of specific tax policies, apart from a potential attack on incorporations. Where there is otherwise no urgency to move forward a business, deferring significant decisions until after the election and any Budget may be beneficial, apart from on incorporations.

**Incorporation:** If a business is considering incorporating, it may be worth considering accelerating the decision although advice should be taken on this.

**Restructuring:** If relief for loan interest is limited, raising finance by way of equity may become more attractive for the future.

**Disposal of business:** With few firm proposals in this area, business owners may wish to await further developments. However, with CGT in the firing line with both Labour and the Liberal Democrats, some may wish to consider accelerating the timing of intended disposals of businesses and business property to try to help 'bag' the use of entrepreneurs' relief and current CGT rates.

**Consider international business structures:** Where different tax jurisdictions are used, it may be sensible to review cross-border trading arrangements. This is likely to be relevant after the election too, especially as Brexit approaches.

**Investment:** Any proposal that requires defining an industry can be fraught with issues around the borderlines, but companies in 'industries that are of strategic value' to the economy, if they can predict how this would be defined, may want to consider the timing of investment as a future Conservative-led government may 'support and promote them through policies including tax'.

## Private client

**Non-doms:** Planning for non-doms is especially tricky given the uncertainties around the timing of dropped provisions. Deferring further action may be the safest route. In particular, non-doms may wish to defer any remittances from mixed funds or disposals of assets where rebasing may apply. However, some anti-avoidance provisions have been deferred until a later date and some action may be considered now; ongoing planning should be considered in any event for non-doms, regardless of the outcome of the election.

**Accelerating income:** It is not unusual for any new government to make most tax rises at the start of a parliament. With Labour and the Liberal Democrats both proposing tax rate increases and the Conservative's staying quiet on this point, although there were hints of the triple lock on tax rates going, taxpayers may wish to consider accelerating income where possible so that it is earned prior to the election and potentially taxed at a lower rate, although at an earlier date. Care should be taken where this results in the loss of personal allowance or slipping into the 60% marginal rate band as this may inadvertently increase the overall tax rate.

**Timing of future income:** A Labour government would lower the threshold for the 45p additional rate to £80,000. This would increase to 67.5% the effective marginal tax rate when the personal allowance is gradually withdrawn on income exceeding £100,000. Individuals may wish to reconsider when they take income or use allowances to minimise having their top income taxed in this marginal rate band, as the band below and the band above will be at lower rates of 40% and 45% respectively.

**Crystallising gains:** While CGT rates are low, making disposals before the election or a new government's budget may help to ensure a lower rate of CGT or the availability of current reliefs and exemptions, although tax may be payable at an earlier date.

**Pension contributions:** While the manifestos did not contain significant reform to tax relief on pension contributions, individuals may nonetheless wish to ensure they have utilised their current annual exemptions at their marginal tax rates before the election or forthcoming budget as this area of tax is constantly changing.

**Lifetime gifts:** IHT has not been a hot topic in most of the manifestos. However, it may still be a good time to consider whether any lifetime gifts should be made now to make use of currently available reliefs.

## Other

**Anti-avoidance rules:** It is possible that the tax regime will be tightened up further and taxpayers with complex affairs may wish to review the way they run their affairs. Trusts appear to be a particular target, especially where there is a perceived misuse, and should be reviewed appropriately with a view to getting their house in order. ■