

Webinar

Thursday 29 April 2010

Tax policies of the three main parties
by Andy Scott



Kirkpatrick & Hopes
Accountants for life

"We nurture lifelong relationships with our clients, helping them develop their businesses and improve their lives."

The Party Manifestos

- Promises only - they may not become law
- They are all very long
 - Conservative: 131 pages
 - Labour: 76 pages
 - Liberal Democrats: 57 pages



What we are trying to do

- Give information about each tax for each party policy
- Try and make it as simple as possible
- Give polls so you can all 'vote' on the policies you like



Don't shoot the messenger

- Neutral: we have no axe to grind
- Objective: policies not politics
- Hope it helps you decide where to put your 'X' on May 6th

Agenda

- **Personal Tax**
 - Allowances
 - Tax Rates
 - Pensions
- **National Insurance**
- **Corporation Tax**
- **VAT**
- **Capital Gains Tax**
- **Inheritance Tax**
- **Other**

Personal allowances

➤ Labour

- No change in personal allowances (remains at £6,475)

➤ Conservative

- No mention of personal allowances
- Recognise marriage and civil partnerships in the tax system

➤ Lib Dem

- Will increase personal allowances to £10,000
- Tax reduction of about £700 a year for basic rate taxpayers



Personal Tax Rates

➤ Labour

- Commitment to keeping the tax rates as they are

➤ Conservative

- No mention of increases in tax rates
- Will retain top rate of 50%

➤ Lib Dem

- No mention of increases in tax rates



Personal Pensions

➤ Labour

- Restrictions in tax relief on pension contributions for those earning £130,000 a year or more

➤ Conservative

- Abolish the need to buy an annuity with pension fund
- Reverse effects of dividend tax credit for pension funds

➤ Lib Dem

- Reduce tax relief to basic rate on all contributions
- No need to purchase an annuity with the pension fund
- Access to fund early in times of hardship



National Insurance

➤ Labour

- Extra 1% on National Insurance from 6 April 2011
- Those earning £20,000 or less will not pay more
- 1% on employer's contributions

➤ Conservative

- Will still increase National Insurance but those earning £35,000 or less will not pay more reduced increase for employers

➤ Lib Dem

- No mention



Corporation Tax

➤ Labour

- Small companies rate of 21% and main Corporation Tax rate of 28%
- Annual Investment relief of £100,000

➤ Conservative

- Small companies rate of 20% and main Corporation Tax rate of 25%
- Scrapping of Annual Investment allowance
- Review of IR35

➤ Lib Dem

- No mention of Corporation Tax rates
- Will target tax avoidance



VAT

- Labour
 - No increase in the scope of VAT
- Conservative
 - No mention of VAT increases
- Lib Dem
 - No mention of VAT increases

Capital Gains Tax

➤ Labour

- Will double Entrepreneur's Relief to £2 million

➤ Conservative

- No mention of Capital Gains Tax - assume status quo

➤ Lib Dem

- Capital Gains Tax at same rate as income
- No mention of lower rate of tax on business disposals
- Reduction in annual exemption to £2,000



Inheritance Tax

- Labour

- Exemption to remain at £325,000

- Conservative

- Increase exemption to £1,000,000

- Lib Dem

- No mention of Inheritance Tax – assume status quo

Giving to Charity

- Labour

- No change

- Conservative

- No change

- Lib Dem

- Limit Gift Aid tax relief to 23%
- No extra tax relief for higher rate taxpayers



Stamp Duty Land Tax

➤ Labour

- 0% for first-time buyers for two years on properties of £250,000 or less

➤ Conservative

- 0% for first-time buyers indefinitely on properties of £250,000 or less

➤ Lib Dem

- No mention – assume retain Labour proposal



Other Taxes

➤ Labour

- 50p levy proposed on land telephone lines

➤ Conservative

- No mention of new taxes
- Will abolish levy on land lines

➤ Lib Dem

- Mansion tax of 1% a year on all residential properties worth £2 million or more
- Levy is only paid on amount above £2 million



Other Points

- Labour

- No changes to Tax Credits and Child Trust Fund

- Conservative

- Will reform Tax Credits

- Lib Dem

- Will reform Tax Credits



Contact details

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Thank you

- Thank you for attending
- We would very much appreciate your feedback on the event



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