



## **The Finance Act 2008 – what does it change?**

Updated August 2008

We have reported on various taxes that have changed this year. The legislation has now received Royal Assent on the 21 July 2008. We have listed below bullet point descriptions of the significant issues now added to the statute books!

If you want more information on any particular point please call.

- Additional powers and penalties now available to HMRC!
- Capital Gains Tax – flat rate of 18% now applies (from 6 April 2008)
- Capital Gains Tax – business owners may qualify for reduced rate of CGT on certain disposals of business assets, equivalent to 10% of the chargeable gain. This entrepreneurs' relief may be extended to shareholders employed by the company.
- Residence and Domicile – changes to the rules that determine if you are resident in the UK for tax purposes. Introduction of an annual charge for some tax payers who have adopted the "remittance basis" for their assessment to tax in the UK.
- Various changes to the rates of income tax, including recent changes to soften the abolition of the 10% starting rate from 6 April 2008.
- Capital Allowances – annual writing down allowances reduced to 20%; introduction of a new annual investment allowance of £50,000 for certain qualifying expenditure; writing down allowances on industrial and agricultural buildings to be phased out, the final withdrawal by 2010/11.
- Enterprise Management Incentives – from 21 July 2008 this type of scheme is only available to qualifying companies with fewer than 250 employees. Companies involved in shipbuilding, coal and steel production no longer qualify.
- Inheritance Tax measures announced on 9 October at the Pre Budget Report allowing sharing of a couple's nil rate band.

Please call me if you have any queries.

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