

TIP OF THE MONTH - THE TIMES THEY ARE A-CHANGING



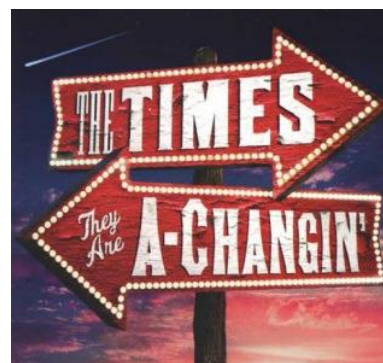
The polar ice cap is melting; increasing CO₂ and rising sea levels threaten wildlife and will change the way the human race lives for the next 100 years.

If that doesn't sound like accounting, it isn't, but the glacial impact of tax on individuals and businesses is set to become a frothy torrent of tax changes that could also change your life.

Let me explain: The Government is out of money but faces increasing costs, notably due to an ageing population and increasingly expensive health care. To meet these challenges Government must spend less or tax more, or both.

Specifics? Capped benefits for the poor, capped pension contributions for the rich. Over the life of this parliament, tax on dividends will rise and conventional ways of saving tax will be restricted. It's happening right now, with increased HMRC prosecutions for evasion and a deliberate policy of confusing illegal evasion with perfectly legal avoidance in order to discourage the latter.

If you had planned your retirement around the income from a portfolio of Buy-to-Let investments, you'd find that from April 2017 your interest would progressively only count at 20% whereas now you get relief at 40% (if you pay higher rate tax). It stands to reason that you will progressively earn less and less in your retirement. You could sell up, but if everybody does this you may not get your original investment back. Meanwhile the higher tax on dividends is in effect from early next year (ask for our flyer on the subject).



So, less income for investors and landlords with the extra tax funding state pensions and health care while the poor struggle, roads deteriorate, and local amenities wither.



So what do you do? Plant olive trees, grow grapes and think and plan a lot more about your tax. You can put more than ever into an ISA, HMRC allow you to pay small 'perks' free of tax, capital allowances and research and development reliefs are at really generous levels, and the first £1,000 of interest will soon be tax free. Inheritance tax will continue to be voluntary if you just plan for it and most ordinary taxpayers waste thousands in not making tax free capital gains that are available.

*Don't stand in the doorway,
 Don't block up the hall
 If your wealth is worth saving take heed of this call,
 For the times, they are a-changing.*