

FINANCE

with Stefan Wissenbach, chairman of  
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# Tax changes cause confusion

*Does making the tax laws simpler also make them fair?*

In his Pre-Budget Report, the Chancellor Alistair Darling was reported in some sections of the media to have doubled the Inheritance Tax threshold for married couples.

The reality is somewhat different. What the Chancellor has done is make it possible for spouses to transfer their unused nil-rate band, currently £300,000, to the surviving spouse. This means that for some couples it will now be better not to use the nil rate band on first death, as two nil rate bands will be available at the second death at the rates applicable at that time.

In my view, the Chancellor has simply given clients what they are entitled to (and what all of our clients already had). Contrary to some reports in the press it is not a doubling of the allowances, clients will still require advice, particularly in the important aspect of lifetime planning in areas such as gifting.

Our advice guidelines have always led clients to using two nil rate bands and the pre Pre-Budget measures have reinforced the validity of that advice.

The other significant change the Chancellor announced was the new flat rate of 18 per cent on Capital Gains. The abolition of indexation, taper relief and the distinction between business and non-business assets has been called 'a speculators



charter' by some commentators as there is now no incentive to hold assets for the longer term. Business leaders reacted furiously to the proposals, forcing the Treasury to acknowledge that there had been absolutely no consultation with the business community on the proposed changes.

The implications of the changes are widespread. For example, they are great news for buy to let investors as their rate of tax on gains will reduce

**Further information:**

Stefan Wissenbach is chairman of the Meriden-based Wissenbach Group, a wealth management and investment specialist consultancy which offers innovative financial strategies and advice to high net worth clients. For a free copy of The Wissenbach Group Pre-Budget Report Summary or for any further information on the Group's services please tel: 01676 522333 or visit [www.wissenbach.co.uk](http://www.wissenbach.co.uk)

from a maximum of 40 per cent to only 18 per cent.

However, the real pain will be felt by entrepreneurs and business owners who suddenly find an 80 per cent jump in their tax bill. Whilst we have been able to help a number of our clients overcome these difficulties, it is becoming clear that as far as tax is concerned, the Government's desire for simplification could once again lead to complexity and unfairness.

As ever with this array of complex financial matters, there is no substitute for obtaining the professional advice of a specialist wealth management expert. ■

