

WiltonGroup eNews - Easter 2009

First may I wish you a very happy Easter and hope that you manage to have a holiday over the four day break.

We are also welcoming the new tax year in the UK on the 6th April, as I write this, and with it comes the prospect for the Budget and the tax consequences for the UK population. It is unlikely to make good reading as the amount of money that has been pledged to the economy has ballooned in recent months as central governments have sought to cope with the Credit Crisis and now accounts for an additional tax burden of some £1,250 per household per annum. We would regard it as unlikely that the majority of this can be achieved from reductions in spending on the Civil Service and so must eventually arise as an additional Tax Burden.

Tax therefore is likely to become a major issue and your accountant potentially will be able to advise you as to how to minimise this cost. However the politicians are in a cleft stick. On one hand they need to reduce taxes so as to stimulate the economy – while on the other hand they need to increase taxes to meet the additional expense in dealing with the problems in the banking system and the financial markets.

The announcements that have already been made will increase the **Income Tax Allowances** by £600 plus the rate of inflation per person but largely this will just compensate for the loss of the lower tax band. For people earning over £100,000 there is a much higher burden as their basic allowances are cut by £1 for every £2 they earn over this amount. From 2011 a new top rate tax band of 45% has also been introduced. This will prove to add a substantial additional tax burden on the higher paid.

VAT has also been cut to 15% from 17.5% but this is only until January 2010. It then reverts back to the old rate. This will mean that there is a short term benefit but the increase back to the old rate is already factored into the tax computations.

The situation in the UK is as problematic as anywhere but with the UK having a new tax year this week – we have a clearer view of the situation through the Government announcements. Most other countries will have to follow with similar measures.

Tax planning is probably one of the major opportunities which we can offer at this time. The lower asset levels mean that we can provide a whole range of easy solutions to mitigate tax expense. In order to do so it is imperative that you have a total picture of your financial affairs and we can very easily complete a **Tax and Asset Review**. This will provide for a good picture of your current situation and also make the planning process – whether it be for Inheritance Tax or your Pension.

As you will know we have a whole senior team here to support you and help you at any time. Please either call me or the managers of the appropriate department. **Jon** in Tax,

Martin or **Siva** in Accounting, **Natalie** in Private Client Services, **Debbie & Nicole** in the Isle of Man together with **Thomas Walford** or myself will be able to help.

We at Wilton remain available to assist you and look forward to answering your queries. Please give us a call at any time.

Again wishing you a very happy Easter.

Yours sincerely



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