ATT welcome

Welcomes

01 April 2021

What have been the highlights of the month of March for you?

My first was definitely the Budget on 3 March. In the preceding months, I recall there was quite a lot of speculation (or scaremongering) that the rates of capital gains tax on assets, other than residential property, would increase from 10% and 20% to rates potentially equivalent to income tax rates (20%, 40% and 45%). Some commentators considered that increasing those rates at a time when we are trying to exit lockdowns and stimulating the economy might have the opposite effect.

It was interesting that the rate of corporation tax will increase to 25% from 1 April 2023 where a company's taxable profits exceed £250,000, with a tapered rate applying between £50,000 and £250,000. I also noticed the re-introduction of 'associated' companies so the £250,000 threshold was allocated equally among those associated companies.

I was somewhat shocked at the introduction of the new 'super-deduction', especially considering our pressing the government to consider extending the period for the £1 million Annual Investment Allowance beyond 31 December 2020. You may recall that last November the period was indeed extended until 31 December 2021.

One hopes that, through a combination of super-deduction and Annual Investment Allowance, businesses make good use of these reliefs while they are available. Might the Annual Investment Allowance cease on 31 December 2021 for incorporated businesses because they can benefit from a super-deduction?

While the personal allowance did increase to £12,570 from 6 April 2021, there will be no further increases for several years. This freeze to the allowance, combined with the similar freeze to the threshold at which higher rate tax becomes payable, is expected to collect more income tax to begin paying down the UK's debt mountain.

I heard some commentators mention that those individuals with taxable income in excess of £150,000 will not notice any effect, whereas those of us at the other end of the scale will notice – especially as the freeze is expected to bring more workers within the liability to the higher rate of income tax and, as another consequence, more families may become liable to the High Income Child Benefit Charge.

When I heard these announcements, I wondered if this was another example of the government expecting us to pay our fair share of tax? Might there be a suggestion that those hardest hit by the pandemic, being furloughed for example, could be the workers who are required to pay more tax to pay down the debt mountain?

My second highlight of this month was the virtual conference ‘UK and Ireland: doing business post-Brexit’. Even though the transition period ended over three months ago, businesses and their advisers are struggling with the complexity of the new rules. I introduced the event before Peter Rayney, the President of the CIOT, chaired the conference.

While the theory of what should be happening might be rather straightforward, the actual implementation of the Trade and Cooperation Agreement has stumbled a few times already. And in recent weeks, both the UK and EU appear to have become embroiled in legal disputes.

Besides thanking the panel of Sally Jones (EY Trade Strategy and Brexit lead), John O’Loughlin (PwC Dublin), Daniel Taylor (HMRC’s Head of EU Exit VAT Negotiations and NI Policy) and Rose Tierney (Tierney Tax Consultancy – Dublin), a special thank you must also be directed to those people working tirelessly behind the scenes on the day – George Crozier and Ieva Liepina. It is not until one becomes more closely involved in putting together such an event that one can really appreciate the time and effort involved.

My third and final highlight is the knowledge that ATT and CIOT are in safe hands with Jane Ashton and Helen Whiteman. During this pandemic, right from Spring last year to date, both Jane and Helen have worked to ensure that we, as Members of ATT and/ or CIOT, have the support from the virtual Monck Street office when we need it. I extend my gratitude to all staff working in the virtual Monck Street.

There was one other big event during March – the televised Royal interview on the evening of 7 March (shown in the UK on the evening of 8 March). By the time you are reading this in April, I suspect the interview will still be a topic of conversation.

But anyway, continue to stay safe, and hopefully we will all be able to meet up again in three or so months.

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