

Budget 2018

Highlights for private clients

In advance of the budget, there were rumours of wide-ranging changes. In fact, the Chancellor made few announcements of relevance to private clients.

In particular, no changes were announced to the taxation of pensions, to inheritance tax business property or agricultural property relief, to the headline rate of capital gains tax, or to income tax rates. There were no further changes to the taxation of non-UK domiciled individuals (a welcome respite after the changes made in April 2017 and April 2018); nor was there any immediate announcement about imposing additional stamp duty land tax charges on overseas buyers of UK property.

The few points of relevance were as follows:

- Although there were rumours about the abolition of entrepreneurs' relief, in the event the Chancellor extended the qualifying holding period for assets to qualify for the relief from 12 months to 24 months (with effect from 6 April 2019). He also made some technical changes to prevent abuse of the relief for shareholdings in unquoted trading companies.
- Changes will also be made to principal private residence relief for capital gains tax purposes. Lettings relief will now only apply where the landlord is in shared occupancy with the tenant; and the "grace period" which presently applies where an individual ceases to use a property as his or her main residence before sale (currently 18 months), will be reduced to nine months with effect from April 2020.
- The personal allowance is being raised to £12,500 and the higher rate threshold to £50,000, in each case from April 2019 rather than in April 2020 as previously announced.
- There will be a consultation in January 2019 on the imposition of a 1 per cent stamp duty land tax surcharge for non-residents acquiring residential property in the UK.

Contact details

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