

AUTUMN BUDGET

Surviving the budget

BY TREVOR ABRAHMSOHN

HERE IS no question that the present Labour Party did hoodwink the electorate into believing that its ingrained instincts, socialistically, were a thing of the past. As evidenced by the recent budget, the chancellor is going to tax, spend and borrow more money since any preceding budget from 1948.

Labour claimed the holy grail was to promote growth in the UK economy and improve the living standards of the “working people”.

Its budgetary plan is supposedly endorsed and modelled by the august Office for Budgetary Responsibility, which, somewhat paradoxically, has estimated there will be feeble growth as a result of these measures at the end of the electoral cycle, while inflation, interest rates and unemployment will be greater, with lower living standards than would otherwise be the case.

Hardly a resounding endorsement.

It appears that £25 billion will be raised from higher taxation on business, with the new national insurance contribution levels chargeable on employers. This, together with a change in working practices and a higher minimum wage,

will result in greater unemployment, lower salary payments and reduced living standards.

Raising the stamp duty tax on second homes by 2 per cent will not please the buy-to-let landlords but I believe that this will be absorbed into the values as time passes, in the same way as the higher stamp duty charges introduced by George Osborne in 2014 were accommodated by the markets.

Increased taxes on the sale of businesses will not impress the entrepreneurs of this world, and the changes to inheritance tax will affect farmers, which is a great pity for them, but not really for the general public.

Clamping down on non-dom, international residents is not clever, since they are very mobile and will take their considerable bounty elsewhere in the world, to other nearby countries, who are only too happy to welcome them.

Instead, the chancellor should have dramatically increased the charge for them to remain in the UK, while their worldwide assets and income were safe from the UK tax net. Both they and the country as a whole would have benefit-

ed from their substantial contribution. The changes to IHT on private pensions now present a positive incentive for senior members of the family to help the younger ones with a leg up on the property ladder by distributing monies earlier than would be the case otherwise and certainly before death, so as to avoid a double taxation liability afterwards.

Thankfully, there was no wealth tax or mansion tax, which would certainly have upset the middle classes, and the seven-year rule for distribution of assets, tax-free, still applies.

We have always believed that money invested in your personal, private home is a good thing and with lending institutions offering long-term mortgages, at sensible rates, it presents a wonderful opportunity to invest.

As long as you have stable employment and a predictable salary stream, you should stretch yourself as far as you can, since one's home will still be most people's largest tax-free asset, which not only provides a sanctuary for family use but also, a pension for the future.

Even though the government has not covered itself in glory, this should not mar the privilege it is for us to live in this safe, tranquil, liberal and beautiful country. We are blessed indeed.

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An incentive to help younger ones up the property ladder



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