

## Capital Gains Tax

The Chancellor confirmed the previously announced changes to CGT from 6 April 2008. These include the introduction of a flat rate of 18% and the withdrawal of taper relief and indexation allowance for individuals.

**NEWSFLASH: If you own land or property with significant accumulated indexation allowance contact us ASAP as you may be able to retain the allowances if you act before 6 April 2008.**

## Capital Allowances

<p><b>Industrial Buildings Allowance</b></p>	<p>The gradual phasing out of Industrial Buildings Allowance commences from 1 April 2008 with a reduction in the rate to 3%. The final year in which Industrial Buildings Allowance can be claimed will be 2010/2011.</p> <p>Balancing allowances and charges no longer apply on the sale of industrial buildings.</p>
<p><b>Capital Allowances</b></p>	<p>Planned changes to capital allowances take effect from 1 April 2008 for companies and 6 April 2008 for other businesses. Key points are:</p> <p>Annual Investment Allowance of £50,000</p> <p>Can be apportioned between assets to give best result</p> <p>New rate of 10% WDA for integral features eg. electrical systems lighting, cold and hot water systems and air conditioning</p> <p>This applies to both initial and replacement assets and there will therefore no longer be a revenue deduction for replacing integral features.</p> <p>Enhanced capital allowances for energy-saving assets will be eligible for surrender by loss-making companies in return for a repayable tax credit.</p>

## Planning Gain Supplement

No mention was made of the planning gain supplement in the Budget, hopefully confirming previous reports that this idea has been scrapped.

## Stamp Duty Land Tax

The key changes to Stamp Duty Land Tax are anti-avoidance provisions relating to group relief claw back

and alternative finance. Legislation will be introduced to prevent schemes currently being used to exploit the Stamp Duty Land Tax rules.

Clarification of Stamp Duty Land Tax legislation in connection with the transfer of interest in property investment partnerships will be included in FA 2008.

## Offshore Trading Partnership Structure

The widely known tax planning scheme involving the use of offshore trading partnerships to shelter gains appears to have been stopped both retrospectively and going forward.

## VAT and the option to Tax

The existing very complex legislation is to be replaced with simplified legislation on or after 1 June 2008.

A number of changes will also be introduced to deal with:

- properties held in VAT groups
- opted land and buildings purchased for residential use
- late applications for permission to opt
- the ability to exclude and new building where the land is subject to an option

**Comment:** the changes had been announced previously following a lengthy consultation process. Hopefully the legislation will be easier to understand.

## VAT and Housing – A Reminder

The Pre Budget report reduced the qualifying period from 3 years to 2 years for the reduced rate to apply to qualifying work with effect from 1 January 2008.

## Landfill Tax

The standard rate is to increase to £32 per tonne with effect from 1 April 2008 as introduced by the Finance Act 2007.

This year's Finance Bill will include a further increase to £40 per tonne with effect from 1 April 2009.

## Aggregates Levy

The current rate of £1.95 per tonne is to be increased to £2.00 per tonne with effect from 1 April 2009.

If you would like further information on the above issues please call your usual contact or telephone 0800 0665 894 and speak to:-

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