

Autumn Statement 2010

CHANCELLOR GEORGE OSBORNE has delivered his Autumn Statement this afternoon in response to the Office of Budget Responsibility's (OBR) updated growth forecasts. The OBR have revised their forecasts for UK economic growth for 2010 up from 1.2% to 1.8% but have said the prospects for 2011 and 2012 will not be as good as previously hoped.

In the past the Chancellor has also gone on to set out the Government's draft tax plans in what had become a mini-Budget under the previous Government. Some time ago, George Osborne had said he intended to amend the nature of the Autumn Statement so there was very little new tax policy announced today and we will have to wait for next year's main event, already scheduled for **23 March 2011**.

However, the Chancellor did announce his intention to consult with the business community over the reform of the corporate tax system to enhance the UK's tax competitiveness. Two areas highlighted where the current system is not seen as competitive are the taxation of income earned abroad and the income from intellectual property especially the taxation of patents.

The current rules which protect the UK against artificial diversion of business profits to low tax jurisdictions are over 25 years old and need modernising to keep pace with a globalised economy. Interim changes to the so-called Controlled Foreign Companies (CFC) rules and an opt-in tax exemption for foreign branch profits are therefore expected to be published ahead of the Spring Budget and will come into force in 2011.

Further changes to the CFC rules and to the tax treatment of intellectual property (including a proposed 10% rate of corporation tax for profits derived from the exploitation of patents) are subject to further consultation and draft legislation for inclusion in the 2012 Finance Bill will be published once further representations have been received. The Government are also reviewing the effectiveness of the research and development (R&D) tax credit system with the view to making it more targeted and to further reward genuine innovative activity.

There were no specific personal tax announcements either, so we will have to wait until the 2011 Budget for confirmation of the personal allowance for 2011/12, the level of income at which the 40% higher rate of income tax will apply, and some detail of the workings of the clawback of child benefit from higher rate taxpayers.

We also expect the Government to publish other draft tax legislation on 9 December, for introduction into the Finance Act 2011, again to allow for further consultation and scrutiny. As soon as we have further details we will be able to comment further.

Contact

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

Philip Rogers

philipr@cooperparry.com or

Stephen Jones

stephenj@cooperparry.com

Alternatively, visit our [Business Tax](#) or [Wealth Strategies](#) section on www.cooperparry.com

cooperparry.com

COOPER • PARRY
Now for the future™

This email is published by Cooper Parry LLP and Cooper Parry Wealth Strategies Limited (Cooper Parry). While all possible care is taken in the compliance and presentation, no responsibility for loss occasioned by any person acting or refraining from actions as a result of the material in this email can be accepted by the authors or Cooper Parry. Any opinions or representations made are the opinions of and representation of the authors and do not necessarily represent the views of Cooper Parry. Cooper Parry LLP is a limited liability partnership registered in England.

Registered No OC301728. Registered Office 3 Centro Place, Pride Park, Derby DE24 8RF. Cooper Parry Wealth Strategies Limited are independent financial advisers and are authorised and are regulated by the Financial Services Authority, Registered Firm No. 197193.

Registered Office: 14 Park Row, Nottingham, NG1 6GR. Registered in England No. 4220777

This email was sent to advice@cooperparry.com - instantly unsubscribe.

View the web version in your browser. Forward to a Friend.