



Get ready for the second Budget of the year

Last month's unexpected election result has been followed by the more anticipated announcement of a second 2015 Budget. Quite what it will be about is unclear for now – the Treasury's press release gave little more than the date.

In terms of what was in the Conservative manifesto on tax, there are two measures that could be fleshed out next month that were not mentioned in the March Budget:

- More changes were proposed to the pension annual allowance, following the Budget statement that the lifetime allowance would be further reduced to £1 million from 2016/17. The manifesto suggested that for those with income of over £150,000, the allowance would be reduced by £1 for each £2 of excess income, subject to a minimum of £10,000 if income exceeds £210,000.
- The cut in the annual allowance was intended to fund a new main residence inheritance tax allowance of £175,000 transferable between spouses and civil partners on gifts to children or grandchildren. The allowance would be phased out for estates above £2m, again at the rate of £1 for each £2 excess. It would be much easier just to increase the nil rate band to £500,000. This may yet happen, as the manifesto proposals met with some criticism on various grounds, e.g. discouragement of trading down.

Either of these ideas could disrupt your existing financial planning, so do make sure you keep in contact with us for post-Budget news.

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