

## **Turning the Budget to your advantage**

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Following the Chancellor George Osborne's 2012 Budget, Streets Chartered Accountants held its traditional Budget presentation roadshow. In essence, whilst some announcements like the increase in personal allowances and the reduction in the rate of corporate tax were welcomed, the forthcoming changes to child benefit and pending increase in fuel levy were less well received. So too were the changes to what has become widely known as the 'granny tax', with the freezing of personal allowances for pensioners. And post Budget, the announcement of the 'pastie tax', certainly has stimulated much media hype.

It would seem that one of the biggest issues affecting both the local economy and wider national economy is still that of 'confidence' or rather a lack of it. It is difficult to see if this year's Budget has done anything to buck this trend.

As is often the case with the Budget, the devil's in the detail. With this in mind Streets Tax team set out, in their presentation and our post Budget commentary, to advise individuals and businesses on dealing with the challenges arising from the announcements.

With many local enterprises and new starts dependent on external funding, then the expansion of the Enterprise Finance Guarantee Scheme and the Finance Partnership can only be good news for our seed corn enterprises and embryonic ventures. For our budding young entrepreneurs it will be interesting to learn more the about student equivalents of enterprise loans. For the many small businesses, the proposed changes to corporation tax make it increasingly financial beneficial and tax efficient to consider incorporation and trading as a limited liability company.

For those 'husband and wife' businesses it might be worth looking at income splitting, the spreading of income between two parties to help safeguard or protect entitlement to Child Benefit. Equally by decreasing income in real terms, both as a higher rate and non higher rate tax payer, it can be possible to maximise the overall financial rewards received. Such tactics include increasing pension contributions, switching investments to those that are subject to capital gains tax as opposed to income tax, or simply deferring income.

If you drive a company car it is a good time to review whether it is still an attractive option to have one, not least with increasing benefit in kind charges and pending fuel hikes in prices at the pumps.

For those businesses with new ideas and innovative new products then the proposed tax cuts on patents must help to stimulate creative ideas and hopefully see more of these turning into viable commercially opportunities. Supporting this too are the proposed tax incentives in the form of Research and Development Tax Credits.

With the detail of the Budget announcements still hot off the press it is still early days to be able to comprehend and understand how it is likely to fully impact on businesses and individuals. We are sure though that many an accountant will be whiling away the hours looking at the impact the Budget has in store for their clients and how best to help them take advantage of the changes and or mitigate the tax burden. No doubt the game is a foot.

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