2019 Election Tax Pledges Factsheet

Following the publication of the manifestos by the main parties, we have reviewed those issued by the Conservative, Labour and Liberal Democrat parties for tax proposals which will potentially impact on you.

The table below includes the main tax changes announced by the parties alongside some helpful measures which you could take to mitigate their impact.Naturally, as is always the case with manifesto pledges, they are not set in stone and may be subject to change.

For advice tailored to your needs or for more information, please contact your Partner.

Income Tax

Conservatives	Labour	Liberal Democrat
No changes to the rates of income tax	The 45% tax rate will kick in at £80,000 (instead of the current £150,000) and 50% tax will be charged on income above £125,000	1% increase in income tax at all rates
	Dividends to be charged at marginal income tax rates of 20%, 40%, 45% and 50% instead of the current rates of 7.5%, 32.5% and 38.1%	Abolition of the marriage tax allowance
	Tax-free dividend allowance to be abolished (above a minimum £1,000 per year)	

Suggestions

- Accelerate the receipt of income such as dividends or salary before the Election.
- Hold off making tax deductible payments (such as pension contributions or charitable donations) until after the Election in case tax rates go up.

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Capital Gains Tax (CGT)

Conservatives	Labour	Liberal Democrat
Review and reform of Entrepreneur's Relief	Abolish Entrepreneur's Relief	Get rid of the CGT annual exemption
	Tax capital gains at income tax rates	
	The CGT exemption will be abolished (above a minimum £1,000 per year)	
	Re-instate a form of indexation allowance (a 'rate-of-return allowance')	
	Retain Principal Private Residence relief	

Suggestions

- Engineer a sale to make use of Entrepreneur's Relief before the Election. This could be achieved by gifting to children or settling into a trust
- Selling assets pre-Election in case CGT rates increase taking into account the commercial rationale.
- Deferring sales of assets which could benefit from the rate-of-return allowance in the event Labour win the Election.

Inheritance Tax (IHT)

Conservatives	Labour	Liberal Democrat
No changes	Indication that cuts to IHT from the Conservatives will be reversed. This could impact the main residence nil rate band or the ability to transfer the unused nil rate band to a surviving spouse.	No information

Suggestions

- As previous announcements from Labour have indicated possibly introducing a lifetime gifts tax, making lifetime gifts pre-Election should be considered.
- Consider transferring assets now which currently benefit from 100% Business Property Relief in case the relief is no longer available after the Election.

Stamp Duty Land Tax (SDLT)

Conservatives	Labour	Liberal Democrat
Non-UK residents will be charged an extra 3% when purchasing UK residential property	A 20% surcharge will be introduced on overseas companies buying UK residential property	A stamp duty surcharge on overseas residents

Suggestions

- Non-UK residents should consider completing on the purchase of UK property before the Election.

Corporation Tax (CT)

Conservatives	Labour	Liberal Democrat
The planned reduction of the rate of CT from 19% to 17% in April 2020 is to be deferred	Gradually reverse cuts to CT to reach 21% for small companies and 26% for others by April 2022. The lower rate would only apply to companies with a turnover under £300,000 per year	Increase CT rate to 20%

Suggestions

- Any increases would not happen until April 2020, but consideration should then be given to advancing income and deferring expenses in order to benefit from the current lower rates. This does, however, accelerate the payment of the tax.

Other Tax Issues

Conservatives	Labour	Liberal Democrat
Pledge to continue the Seed Enterprise Investment Scheme (SEIS) and Enterprise Investment Scheme (EIS)	A full review of all corporate tax reliefs	No information
	Introduce a second home tax equivalent to 200% of the property's council tax bill where a second home is used as a holiday home	

Conclusion

As mentioned above, the situation is fluid and there are no guarantees that the manifesto pledges will all be implemented. As a result, it may be prudent to delay any significant tax planning until the (albeit short) window between the Election and the new government's Budget.

As there is no way of knowing the final form of the tax legislation, you are advised to take care should you elect to base your tax planning on pledges based on manifestos or the likely outcome of the Election. You should also note that the above simply represents planning options.

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