



## A Budget is not a Finance Act

### ***Not all the contents of the March Budget reached the statute book.***

Democratic scrutiny is not always what it seems. Consider this year's (first?) Budget, presented by the Chancellor on 18 March. It was followed by the issue of a 300+ page Finance Bill on 24 March, which then went through three readings, a committee stage and a report stage in both the House of Commons and the House of Lords before receiving Royal Assent on 26 March.

The same frantic progress occurred five years ago, when the Budget and the election crashed into each other and, with fixed term parliaments, this juxtaposition looks set to be a five-yearly problem. One result which has drawn little comment is the failure of some of Mr Osborne's announcements to reach the Finance Act 2015. For example:

**Income tax** The £200 increases to the personal allowance in 2016/17 and 2017/18 became law, but the personal savings allowance, exempting £1,000 of interest from tax for a basic rate taxpayer (£500 if you pay higher rate) did not.

**Pensions** Although the Chancellor announced a cut in the lifetime allowance to £1m from 2016/17, a move Labour had already proposed, this change was not in the Finance Act. However, the cut is now virtually certain for the *next* Finance Bill, along with measures to restrict contribution tax relief proposed by both Labour and the Conservatives, albeit on different bases.

The plans to allow *existing* pension annuities were only put out for consultation and may never become reality, but the move to allow *new* annuities more flexible death benefits did reach the Finance Act.

**Venture Capital Trusts (VCTs) and Enterprise Investment Schemes (EISs)** The amendment to the list of qualifying businesses to block virtually any form of subsidised energy generation from 6 April 2015 made the Finance Act cut. However, other changes related to EU state aid rules were only issued in the form of draft legislation – on the same day as the Finance Bill was published.

The patchwork of legislation has created short-term opportunities until the new government is able to bring forward a Budget. Please contact us for more information.

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