

POSSIBLE CAPITAL GAINS TAX CHANGES IN THE OCTOBER BUDGET

Many commentators are suggesting that the rate of CGT might be aligned with the rates of income tax, a return to the regime that applied when Gordon Brown was chancellor. Rachel Reeves is known to be a disciple of Gordon, so maybe we will see a return to taper relief as well! One would hope that Business Asset Disposal Relief (BADR), or something similar, is retained to encourage entrepreneurship and growth. She might even reintroduce Business Asset Taper, one of Gordon's ideas, to reduce the effective CGT rate to 10% after 10 years' ownership? If some form of CGT relief to encourage entrepreneurs is retained then maybe the conditions for obtaining the relief will be tightened still further?

Other possible changes to CGT to listen out for include further restrictions to private residence relief and changes to hold over relief for transfers into and out of trust. A more controversial change would be the removal of the CGT free uplift to probate value on death, with beneficiaries inheriting the deceased's CGT base cost of their assets, as suggested by the now abolished Office of Tax Simplification (OTS).