

## **RUMOURS OF PENSION CHANGES IN THE OCTOBER BUDGET**

Changes to pension tax relief seems to be top of the list of possible changes in the Budget and could yield more tax revenues than changes to CGT and IHT combined. As recently as 6 April 2023, we saw the abolition of the lifetime allowance charge and a significant increase in the pension annual allowance to £60,000 a year, which Rachel Reeves commented were too generous, so we may see those changes reversed or curtailed.

Possible changes to pensions to listen out for include:

- Limiting pension tax relief for individuals to basic rate or possibly a 30% flat rate;
- Further limiting (or abolishing) the 25% tax free lump sum;
- Freezing or reducing the £1,073,100 lump sum and death benefit allowance;
- Making the undrawn pension fund subject to inheritance tax; and
- Limiting the amount of employer pension contributions that can be paid by way of a salary sacrifice.

Pension changes normally take effect from the start of the tax year on 6 April, however there have been mid-year changes in the past. Taxpayers should therefore consider bringing forward pension planning just in case changes are effective from the date of the announcement.