

THE ADVISER.

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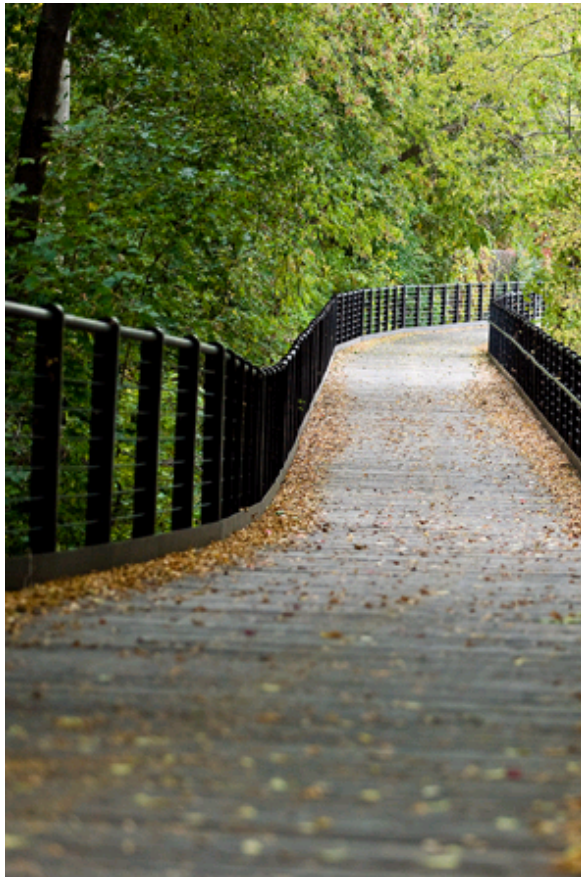
Welcome to the latest edition of The Adviser, our specialist update on developments in the world of financial services for accountants and solicitors. As well as the issues raised in this edition, EBS has qualified advisers for pension transfer, long term care & equity release advice.

Income Tax Changes

The recent Budget announced a series of income tax increases which will hit those with total taxable earnings of between £100,000 -112,950 the hardest, following the creation of a marginal rate of income tax of 60%. As financial planners we still have scope for legitimate tax-planning with this group through increased pension contributions (particularly when paid via salary sacrifice), changing the wrapper of some income-producing investments or transferring ownership of investments to reduce taxable income.

Equally hard hit are discretionary trusts and under the terms of the TIA 2000 it would seem prudent to offer the trustees a Review based upon these recent tax change triggers. EBS' Trust Review Service can provide a bespoke report covering taxation issues, an asset allocation review or both.

For those individuals penalised by the anti-forestalling rules, care should be taken when reviewing existing pension arrangements and contributions so as not to lose existing tax-reliefs or pension protection. If in doubt, please speak to Matthew Wright who has been studying the changes and advising potentially affected clients and would be happy to assist with any queries you may have.



50 before 05/04/10?

On 6th April 2010 the minimum age at which retirement benefits may be drawn rises from the current age of 50 to 55.

Anyone reaching their 50th birthday before this date has two options:

- Take all, or some of your benefits from age 50.
- Defer taking any benefits for a minimum further 5 years.

Releasing cash may sound tempting but serious consideration should be given to whether you really need to access these funds now or whether funds can be obtained elsewhere. Please bear in mind though that if you do not elect to take benefits before 5th April 2010 the right to do so will be deferred until you are aged 55 minimum. Please also see our comments regarding ISAs for those approaching age 50.

Contact Us:

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Legal Privilege

Synopsis: Taxpayer ordered to disclose tax planning advice given to him by Prudential as legal privilege is not available to accountants giving tax advice.

In the case *Prudential Plc & Anor, R v Special Commissioner of Income Tax & Anor*, a tax inspector had issued a notice under Section 20 of the Taxes Management Act 1970 ordering the taxpayer to disclose advice given to him by Prudential regarding a certain commercially marketed tax avoidance scheme. The accountants challenged this, noting the scheme had already been disclosed to HMRC, and the correspondence did not contain information relevant to any specific tax liability and cited HMRC's Tax Bulletin Issue 41, stating that 'references to legal advice...should therefore be read as covering all tax advice whether or not it is given by lawyers.'

Following appeal the High Court disagreed, holding that the privilege should not be extended to accountants giving tax advice.

This could be viewed as another step in HMRC's attempt to tackle tax avoidance, by preventing a taxpayer hiding behind accountant 'privilege or a backward step encouraging individuals to keep information to themselves.



Pensions Reform 2012

All employers will be impacted by the key reforms designed to make it easier for people to save for retirement. EBS is actively engaged in monitoring and discussing the developments and regularly updates its website to help our corporate clients remain up to speed. The key proposals are summarised below:

- Automatic enrolment into a Personal Account or employer scheme within 30 days.
- Non-joiners must be re-enrolled every 3 years.
- Employer's must contribute 3% of each employee's eligible earnings which is intended to encourage take-up. When combined with tax relief and the employee contribution, total contributions will amount to a minimum of 8%.

In order to minimise the burden the proposed key measures also state:

- Compulsory employer & employee contributions will be phased in.
- Many existing pension schemes may continue to be offered either alongside or complimentary to Personal Accounts as long as they enrol employees within 30 days.
- Automatic enrolment for schemes other than Personal Accounts can be deferred up to 3 months subject to a 6% employer contribution.

What is clear is that the additional process for employers adopting personal accounts look significant in the latest proposals.

Additional changes proposed for the provision of financial advice in the UK and changes in practice by the UK pensions providers combine to make a compelling case for employers to review their employee pension provision now.

Further, regularly updated information is available from our website. For more information please contact EBS.

Crèched to death?

Gordon Brown announced significant changes to the current Childcare voucher system at the Labour Party conference in September and the story became a major news item. So what exactly is happening? Existing voucher users will not be affected until April 2015, when voucher exemptions will be withdrawn completely. These changes affect childcare vouchers only, not workplace nurseries.

From April 2011, employees joining an employer-sponsored voucher scheme will not receive the current tax exemptions.

Further details of the proposals are expected in the pre-budget speech on 9th December.

Speak to EBS or visit our website for further guidance.

