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# CLIENT NEWSLETTER

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# CONTENTS - **brief overview**

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## **THE DOG THAT DID NOT BARK**

In early April, the investment markets were pricing in the chances of an interest rate rise in May at around 90%. Inflation was running at 2.5% and UK economic growth, while nothing sparkling, looked to be continuing along its new, post-crisis, post-referendum, modest trajectory. The markets' volte face reflected a miserable flow of news from mid-April onwards.

**Will rising interest rates have many effects? Are interest rates likely to boost returns on some investments? What impact will interest rates have on the property market? How will this affect your investment and financial planning?**

## **A MISSED INHERITANCE TAX SAVING?**

The residence nil rate band (RNRB) was introduced in April 2017 following a 2015 election pledge by the Conservatives to raise the effective inheritance tax threshold for married couples and civil partners to £1,000,000. In the first nine months of its existence to December 2017, just over 3,000 claims for the RNRB were made in IHT returns, according to HMRC data obtained as a response to a Freedom of Information Request.

**Are you aware of the RNRB's basic features? Have you reviewed your estate planning? What impact could this have on you?**

## **STUDENT DEBT INCREASES**

Last year's general election saw the issue of student loans come to the fore, with the Labour Party saying in its manifesto that it would reintroduce maintenance grants and abolish tuition fees. The estimated cost was £11.2bn a year – by far the most expensive single proposal in the Party's manifesto. There were also hints – not in the manifesto – that all student debt would be written off, at a theoretical cost of up to £100bn according to the Institute for Fiscal Studies (IFS).

**Are you aware of the loan repayment threshold? What are the options for providing funds for future graduates? What action can be taken?**

## **THE GROWING PENSIONS TAX BILL**

Pensions are generally thought of as a highly tax-efficient way of saving, but this is not true in all circumstances. There are two features built into the original "simplified" pension tax regime which, after a series of detrimental changes, could now start to make a pension tax inefficient for you; the lifetime allowance (LTA) and the annual allowance (AA).

**Are you potentially affected by the LTA or AA? Have you got LTA protection? Is it time to revise your retirement strategy? Have you considered alternative was of building sufficient capital for when work ends?**

## **COMPANY CARS: BEWARE THE RULE CHANGE**

If your company car is due for a change this year or next and you can choose a mix of cash and/or car, be warned. There has been a change in the tax rules on optional remuneration arrangements which may colour your choice of car or even whether to opt for cash.

**Are you aware of the old and new rules? Is your company care considerably more taxing than the cash alternative? Is this a sensible benefit? What is the most efficient treatment of salary sacrifice?**

*Past performance is not a reliable guide to the future. The value of investments and the income from them can go down as well as up. The value of tax reliefs depend upon individual circumstances and tax rules may change. The FCA does not regulate tax advice. This newsletter is provided strictly for general consideration only and is based on our understanding of law and HM Revenue & Customs practice as at September 2016 and the contents of the Finance Bill 2016. No action must be taken or refrained from based on its contents alone. Accordingly no responsibility can be assumed for any loss occasioned in connection with the content hereof and any such action or inaction. Professional advice is necessary for every case.*