

## Autumn Statement: Professor Andy Lymer



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Prediction:

Given the very limited options available for the Chancellor in the present climate, and the political pressure to see burdens spread more “fairly”, it seems likely that those at the relative wealthy end of the spectrum will see further tax rises announced. Additional property taxation in the form of further council tax bands seem unlikely given **No. 10’s recent announcement** (<http://www.bbc.co.uk/news/uk-20395650>), but another option could be a further rise in stamp duty on the most expensive homes.

New bands were created in each of the last two years (5% for homes costing more than £1m from April 2011 and to 7% for homes costing more than £2m from April 2012). However, such increases would not actually raise much money. Taxation of wealth is notoriously difficult to do effectively, which explains why we don’t do more of it already, or introduce an annual wealth tax, as is deployed by some European countries.

As the Chancellor attempts to cut a further £10bn from the welfare budget, I fear a freeze in benefits for any not protected by prior announcements (ie the announced 2.5% rise in the basic state pension from next April) with the justification that as public sector pay remains frozen and most private sector pay is also fairly static, benefit claimants should also share this part of the pain. However with inflation eating significantly into disposable incomes, such a freeze would hit the poorest most acutely.

There has been much speculation about a fresh assault on the tax relief available for pension contributions. Currently, £50,000 a year is the maximum that can be paid into a pension and receive tax relief but this could be cut to £40,000 or even £30,000. The coalition government carried out a similar move in the Emergency Budget of 2010, when the chancellor reduced the tax deductible sum that could be put into a pension from £255,000 to £50,000 per year.

Whatever happens, the current economic climates suggests that there will be no big give aways in this Statement for any hoping for some let-up in the taxation pressure. Whatever happens, the current economic climates suggests that there will be no big give aways in this Statement for any hoping for some let-up in the taxation pressure.