What might we expect of the Autumn statement in terms of tax changes?

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The University of Birmingham asked leading academics from across the campus for their expert opinions on this week's Autumn Statement and the likely impact it could have on everything from taxes to local service provision, the high street to personal wealth.

Professor Andy Lymer discusses tax including proposed changes to tax thresholds and capital gains tax.

I think we can expect little by way of tax giveaways given both the rhetoric of the need to continued collective belt tightening, and the fact we remain (probably) more than a year off the next general election so these will likely be held for political capital next year.

New measures can be expected on tax avoidance and evasion given the very public and personal focus the Prime Minister continues to place on this. This may include a specific UK consultation linked to aspects of the recent **'Base Erosion and Profit Shifting' report from the OECD (http://www.oecd.org/ctp/beps.htm)** (which **Bill Dodwell, Deloitte's UK Tax Policy Director, recently said (http://www.deloitte.com/view/en_GB/uk/b1ab464f0c6ff310VgnVCM1000003256f70aRCRD.htm)** offered the most significant potential change to international taxation for decades). **This report, and its subsequent action plan launched last summer (http://www.oecd.org/ctp/BEPSActionPlan.pdf)**, offers specific suggestions to address perceived abuses of tax systems by multi-nationals (and for which the UK is chairing a group looking at possible Transfer Pricing abuses currently).

A married couples'/civil partnerships' tax break was talked about by the Chancellor in the summer so something in this area could reasonably be expected (unless the very vocal Lib Dem dislike of the proposal wins out), and reversing the move away from the tax system expressly giving tax deductions linked to marriage that ceased for many in 2000. However, this is a poorly targeted break in terms of redistribution and fairness, one of the reasons it was removed in 2000.

Other ideas that are doing the rounds includes a cap on the sums you can hold in ISAs (£100,000 being proposed – at which level only about 2% of the wealthiest would be affected). The reduction of the tax free lump sums from pensions (down from 25%) continues to attract support, perhaps involving a move to a fixed cash cap rather than a percentage of the pension pot being used. A call to to follow Norway's recent lead and scrap inheritance tax and the Lib Dems apparently favour further increases to the personal tax free income allowance beyond the already promised increase this to £10,000 from next April (to £10,500 being the number commonly discussed). In each of these cases however, I think the likelihood of proposals at these suggested levels of change are unlikely.

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