



And after the election...

There is unfinished business for the new government to deal with.

Past performance is not a reliable indicator of future performance. However, when it comes to general elections, there is plenty of history to suggest that tax increases are more likely in the first Budget to occur after the polls have closed. From a politician's viewpoint, it makes sense to deliver the medicine immediately, as that leaves the longest gap before the *next* election. For example, it was in the summer Budget after the May 2015 election that the new dividend tax rules, reduced tax relief on buy-to-let properties and 3.5% increase in insurance premium tax were announced.

In the post-election environment, whoever ends up as Chancellor will be presenting a new Finance Bill, probably in July. There is a raft of measures to reinstate because so many were dropped from the March Finance Bill in the rush to get it passed before parliament shut down. When reviving the spring Budget, the Chancellor will almost inevitably wish to add some new tax legislation based on what was (or, as important, was not) stated in their party's manifesto.

Changes which were not originally in March's Finance Bill are unlikely to take full effect before the start of the *next* tax year (2018/19), but even so there may be some "anti-forestalling" measures that bite immediately. One area which looks ripe for a further attack is tax relief on pension contributions. You may recall that the tapering of the annual allowance for high earners was announced in the July 2015 post-election Budget.

If you are contemplating large pension contributions in this tax year, it could be a wise precaution to make them before the new government's first Budget.

The value of your investment can go down as well as up and you may not get back the full amount you invested. Past performance is not a reliable indicator of future performance. The value of tax reliefs depends on your individual circumstances. Tax laws can change. The Financial Conduct Authority does not regulate tax advice.

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