



BLACKSTAR

An overshadowed Spring Statement

The Chancellor's Spring Statement was almost obscured by other events in mid-March.

Ever since he announced a move to an Autumn Budget in 2016, Mr Hammond has made it clear that he wanted to avoid the Spring Statement counterpart becoming a mini-Budget. His vision was that in March he would be presenting a brief response to the latest forecasts from the Office for Budget Responsibility (OBR). As the Treasury website stressed, "there will now only be one major fiscal event each year".

Nevertheless, it is unlikely that either the Treasury or the Chancellor wanted the Spring Statement to be an event that was completely overshadowed by other parliamentary business occurring on the same day, as it was by the votes on whether to rule out a no-deal Brexit. Ironically, the Chancellor made his statement on the assumption of "a smooth and orderly exit from the EU".

There were virtually no new tax initiatives in the Statement, although there were hints that a 'Deal Dividend' would help in "keeping taxes low" as well as allow increased public expenditure. In the background papers published alongside the Statement, there were reminders that the tax screw continues to be tightened in some areas. For example, Mr Hammond promised a consultation paper putting flesh on two measures announced in the October Budget, designed to restrict two long-standing capital gains tax reliefs on residential property.

The OBR's calculations explain why Mr Hammond did not mention fresh tax cuts, as opposed to maintaining low tax levels. In this new 2019/20 financial year, government borrowing is projected to increase by £6.5bn and to still be £13.5bn by 2023/24. Income tax and national insurance contribution receipts have been rising faster than expected and are the main reason why the OBR's overall finance figures looked rosier in March than last October.

As has been the case for some years now, if you want to see your tax bill reduce, the starting point is not to wait for government action, but to review your personal opportunities for improved tax planning

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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