



Chancellor will attack pensions

This month's budget is highly likely to see an unprecedented attack on those saving for their future through a traditional pension. That's according to Alan Suggett, Chartered Accountant and Media Officer for NASDAL (National Association of Specialist Dental Accountants and Lawyers).

"It's not often that there are very strong predictions of what the Chancellor's Budget intentions are – but this is not the case with the 2016 Budget," said Alan,

The increasing number of employees who will be included in the Workplace pensions/Auto Enrolment regime will lead to a huge reduction in tax paid to the Exchequer. This has led George Osborne to seek to compensate by increasing tax in other areas.

It is very likely that changes along the following lines will be enacted:

- 1) **Reduction of tax relief on pension contributions**– currently full tax relief is available, but perhaps a reduction to basic rate (20%) or even to nil.
- 2) **Reduction in the Lifetime Allowance**(this is the value of an individual's pension fund) - already being reduced from £1.25 million to £1 million on 6th April 2016, perhaps a further reduction to £750,000 is in the pipeline.
- 3) **Reduction in the Annual Allowance** (the amount of tax relievable contributions into a pension fund an individual can make annually) –Annual Allowance Taper Relief will apply from 6th April, reducing the Annual Allowance from £40,000 to £10,000 for those who earn more than £210,000 pa
- 4) **Reduction in the amount of cash which can be taken from a pension fund without tax payment** (currently 25% of the fund) – perhaps a lower percentage, or maybe payment of tax on all withdrawals.

"I am concerned that for some higher earners this will lead to a large increase in taxation and for higher earning self-employed NHS practitioners a significant increase in hassle and uncertainty."

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About the Author:

Alan is a Chartered Accountant and partner in UNW LLP chartered accountants and media officer of the National Association of Specialist Dental Accountants & Lawyers (NASDAL) as well as a member of the technical committee, and chair of the NHS Superannuation committee.

Alan is the editor of the quarterly NASDAL goodwill survey which analyses all member client practice sales, purchases, and valuations.