

Tories reveal their tax plans

In a recent interview George Osborne, the shadow Chancellor, promised that an incoming Tory Government would cut the rate of corporation tax to 20% for small companies and 25% for larger companies. This tax cut would be announced in an Emergency Budget delivered once the Tory party is in power in June 2010.

It is proposed that this tax cut will be funded by the **abolition** of the Annual Investment Allowance, currently worth £50,000 per annum to businesses of all sizes.

To boost capital expenditure by businesses the Labour Government had reintroduced the 40% first year allowance for one year only. This allowance, which is available on any capital expenditure in excess of £50,000, will cease on 31 March 2010 for companies and 5 April 2010 for unincorporated businesses.

Tax Planning Point

If you are looking to incur significant capital expenditure in the next six months you need to consider investing in this equipment before the 31 March 2010 to take advantage of the additional first year allowances and certainly before the General Election to claim the Annual Investment Allowance before it's proposed abolition.