

Seasons Greetings

Christmas Holidays - Office Closure Dates

Southport Office – This office will close at 12 o'clock on Friday 23 December and not re-open until Monday 16 January 2006. Please note that Paul Davison in the Leeds Office will be delighted to assist in any way from 3 January until my return from holiday. His direct dial number is 0113 203 1515. Any correspondence in the first fortnight in January should be directed to Leeds Office.

Leeds Office – This office will also close at 12 o'clock on Friday 23 December and will re-open Tuesday 3 January.

PRE BUDGET ANNOUNCEMENT ~ DECEMBER STATEMENT

Extra Tax on Development

The Chancellor has confirmed that he will be looking to enforce a new tax - "the Planning Gain Supplement". He hopes this will raise up to £3 billion a year, from 2008.

A consultation process has been set up, but detailed proposals have already been made by Government.

Their preference is for the tax to be based on the uplift in value when full planning permission is granted. This could have profound implications for cash flow planning on long term developments. Typically, getting planning permission adds value, but does not generate cash. We will have to see how the detailed rules are intended to work in practice, but developer clients may wish to send comments to the Revenue as part of the consultation process.

The rate of tax is as yet unknown, although speculation before the consultation was that it would be levied at 20% of the uplift.

The consultation is likely to attract many responses from developers who will be faced with additional cash flow and financing pressures.



Pension 'A' Day

When the tax return rush is over, there should still be time to consider pension 'A' day – 6 April 2006. It is not just a case of awaiting the new regime! The detailed changes in rules mean individuals may benefit from pension planning and action before the new rules come in.

Don't forget to consider, in the tax return rush, that pension contributions made before 31 January 2006 can be carried back to 2004/05.

We will be happy to assist with the planning, as required.



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