

ATT welcome: The devil is in the detail

Welcomes

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23 March 2023

Hello, and welcome to the Deputy President's page for April. I am writing this a couple of days after the Chancellor made his budget speech and the mainstream media are still digesting the announcements. As always, the devil is in the detail and behind the headline grabbing soundbites there is a plethora of information that adds meat to the bone.

The one announcement that seems to have generated the most debate is the move on the pensions lifetime allowance. To use Mr Hunt's words: 'Some have also asked me to increase the lifetime allowance from its £1 million limit. But I have decided not to do that. Instead I will go further and abolish the lifetime allowance altogether.'

We were all expecting the lifetime allowance to increase from its current level, given the coverage in the press in the lead up to the budget. The expected figure was £1.8 million, so the announcement of abolition was the inevitable rabbit out of the hat that we have come to expect. But it's not quite as simple as that. The Policy Paper to accompany the budget says: 'Nobody will face a LTA charge from April 2023. At a future fiscal event, the government will make the necessary changes to entirely remove the LTA from pensions tax legislation.'

The delay on removing it from the statute books is apparently due to the complexity of the legislation surrounding the lifetime allowance and all of the related protections. Furthermore, whilst the lifetime allowance charge is being abolished, the ability to take a tax-free pension commencement lump sum is being capped at 25% of the current lifetime allowance.

The Labour Party have pledged to reverse this change should they win the next election. This is leading some commentators to say that this could mean an increase in retirement, as people leave the workforce earlier than they would have done in order to take advantage of the new more generous rules before they disappear. This is exactly the reverse of what Mr Hunt was trying to do with his announcement. Whatever your views on the changes, the uncertainty that this creates isn't helpful – the law of unintended consequences could well be in point here.

Talking of the detail of the budget, the time surrounding the budget day is a very busy time for the Technical Teams at the ATT and CIOT as they digest the details behind the speech and try and make sense of them, not only for members, but also for the general public.

Many members won't be aware of the technical team and the incredible work that they do. Their work not only helps the ATT to fulfil its charitable objectives, but it also adds enormously to its standing in the wider world of tax. In particular, its reputation as a respected professional body with HMRC means that the ATT is able to be at the forefront of developments and discussions.

In recent years, the team has increased in number, providing a wide breadth and range of experience. Steven Pinhey and David Wright have recently joined Emma Rawson and Helen Thornley on the team following the retirement of longstanding member Will Silsby. This expansion of the team has meant that the ATT can expand

its output and widen its influence. For example, members of the team regularly speak on national television and radio to educate the wider public on tax matters. They also share their technical knowledge with members by speaking at Association events, webinars and conferences.

The team use their knowledge and experience to review consultation documents and to prepare detailed responses that help to achieve one of our key aims of helping to make the tax system as workable and fair as possible. The Technical Team are not only a key part of what we do but help the ATT to achieve its aims and objectives and we are very fortunate to have such an excellent resource.

Before I sign off, and continuing the education theme, I would remind you about the upcoming ATT Annual conferences. You can either attend the conference in person on 29 June as a full day event or join it as two morning half day online sessions on 21 and 23 June. It is an excellent way of keeping up to date with the latest developments and also helps to fulfil your CPD responsibilities. Our speakers will be Rebecca Benneyworth, and Helen Thornley, Emma Rawson and Stephen Pinhey from our excellent Technical Team.