

Press Release

22 June 2010

Bob Wheatcroft, Tax Partner at Armstrong Watson, comments on the Emergency Budget

"The Chancellor promised tough action to reduce the deficit and he delivered on that pledge. The increase in VAT to 20% was widely predicted but will be unpleasant nevertheless. Capital Gains Tax was another tax to increase and Tax Credits are to be restricted for those of middle incomes. Child benefit is to be frozen for three years.

"There was the expected rise in Income Tax thresholds and some welcome reductions in Corporation Tax rates but not many will come out of the Budget ahead.

"The biggest losers will be those on benefits who lose their entitlements and those reliant on public sector spending. The detail of the spending cuts will not be announced until the autumn but they are to be three times as big as this Budget's tax rises. Most Government departments will see cuts of 25% and there is bound to be a significant knock on effect on employment in the public sector and in those industries dependent on it.

"The medicine prescribed is going to be tough. Let us all hope the patient survives."

Bob Wheatcroft can be contacted on freephone 0808 144 5575.

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