

REMINDER ABOUT CAP ON UNLIMITED TAX RELIEFS

It was announced in the 2013 Finance Bill that a cap was going to be introduced on certain unlimited income tax reliefs. The cap will limit, previously, the amount of tax reliefs that can be claimed by an individual to 25% of income, or £50,000, if greater. This cap took effect from 6 April 2013.

Whilst the government intended for this cap to target very wealthy individuals who reduce their income tax bills to zero by using these income tax reliefs to excess, the restriction will however have a negative effect on a wide range of taxpayers.

Small concessions have been earned along the way so that Gift Aid is no longer caught and share loss relief on Enterprise Investment Schemes (EIS) and Seed Enterprise Investment Schemes (SEIS) will not be caught by the cap. Otherwise you need to keep an eye on claims you might trigger or make and take care & advice so that relief is not wasted.

