

Professional contractors group supports libdem motion on income shifting

On January 16, Liberal Democrat Shadow Deputy Leader [Sir Robert Smith](#) moved that the [income shifting legislation](#) proposed by the Treasury should be removed from the 2008 budget. The income shifting legislation, which will prevent contractors from [sharing dividend income](#) with their spouses or partners, will cost most small businesses a considerable part of their income.

Sir Robert, who is MP for West Aberdeenshire and Kincardine, said: "That this House notes with concern the proposals for a new tax on income shifting; is aware of the disquiet expressed at the proposals by small businesses, the self-employed, freelancers, accountants and other affected parties; is concerned that the new tax will make it impossible for jointly-owned businesses to self-assess their tax liability with any certainty... and urges the Government to reconsider its proposals ahead of the Budget." The motion was supported by seven other Members of Parliament.

Government Urged--Again! -To Reconsider

The London-based [Professional Contractors Group](#) immediately came out with a statement supporting Sir Robert's motion.

'Impossible to Apply...Hopelessly Vague...'

Unfortunately, there is little chance for us to see a good reception of the motion. The Government has made passing this legislation a matter of political priority. The bill is being upheld despite protests from every major tax expert organisation in the UK. They have been called 'badly drafted...impossible to apply...hopelessly vague...' and not by the contractors affected by the legislation, but by major professional associations and the Law Society.

Nonetheless income shifting rules are to be thrust upon us in the same way that the badly drafted [IR35](#) and [managed service legislation](#) has been by a bleakly partisan Labour majority.

Let Us Fight Back Anyway

PCG is doing its best to fight the good fight anyway. It is urging all freelancers and other small business owners to write to their MPs and to ask them to sign the motion.

"Now that MPs are beginning to see the dangers of this proposed new tax, the time is right for all freelancers to write to their MP and urge them to sign the motion, if they have not already done so," commented PCG managing director John Brazier.

"We are grateful to Sir Robert Smith MP for drawing the issue to the House's attention," continues Brazier. "If it is properly supported by MPs, this motion will send a clear signal to the Government that it must re-think its proposals before they inflict disaster on family businesses throughout the UK."

Both PCG and the London-based [Federation of Small Business](#) point out: family businesses are often owned jointly by family members, who then share any profits equally among themselves - it can often be tax-efficient to do so. "This is a standard way of doing things, but the Government has now arbitrarily decided that it constitutes 'income shifting' and wants to put a stop to it," says Brazier.

Guidance

PCG has produced [guidance](#) on writing to MPs on this subject,

PCG's [e-petition](#) against the measure on the Number 10 website has so far attracted over 3,000 signatures and is already in the top 100 petitions on the site.

We should all indeed write our MPs and ask that they sign Sir Robert Smith's motion. It may well have no effect, but it will show at least just how unpopular and unreasonable this move by the Treasury is. Perhaps with enough protest, some reconsideration will be possible.

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“ The cost of employing someone do to my wifes jobs would cost more than she gets paid ”

Steve - London

[Send us your comments](#)

“ This House notes with concern the proposals for a new tax on income shifting and that it will make it impossible for small business to assess their tax liability ”

Shadow Liberal Democrat Leader Sir Robert Smith

“ This is a standard way of doing things but the Government has now arbitrarily decided that it wants to put a stop to it ”

John Brazier - PCG

Join the debate...

What are you doing about income shifting rules?

The income shifting rules will be upon us with little delay, probably in spite of all efforts like this one in the House of Commons. What are you doing about them?



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