

1. More measures to reduce unemployment

It is expected that further measures will be taken to help both 18-24 year olds and the long-term unemployed back into the work force to help rebuild the economy. It remains to be seen whether any jobs created under the current government schemes will be real, sustainable jobs, or if we are simply returning to the days of previous recessions where there were a multiplicity of 'schemes' for young people, few of which led to lasting employment.

Any measures announced in the Budget to aid unemployment are welcome, but many employers are concerned about the 1% National Insurance Contributions scheduled for April 2011 which could impact hiring decisions.

2. VAT to remain at 17.5%

We expect VAT to be left alone in this Budget. However, there is no doubt that any new Government of whatever political persuasion will consider that our comparatively low standard rate may need to be increased in the near future to reduce the spending deficit.

3. Increased anti-avoidance measures

To help close down aggressive tax planning and raise revenue, we expect to see a number of targeted anti-avoidance measures. These may include stringent requirements for tax advisers to inform HMRC of the activities of their clients. In addition, HMRC has been looking at specific measures to target 'wrong doing' tax advisers although it is now expected that specific legislation may not appear in the forthcoming Finance Bill as more consultation is being sought.

4. Tobin tax to win votes is unlikely

It is unlikely that the Government will commit to further tax measures in the banking industry along the lines of the so-called Tobin or 'Robin Hood' tax. There is still much debate around this area which may preclude any official announcement at this stage.

5. Rise of Green Taxes

Green taxes may seem more palatable for voters than an increase on alcohol or tobacco duty, particularly if targeted at the more anonymous business taxpayer. The car scrappage scheme was well received and a good way of raising revenue without harming the automotive industry. Consequently we believe the Government will capitalise on public sympathy towards environmental programs by creating similar schemes.

6. Tax Credits

Tax credits have proved to be a popular vote-winner and this will be at the forefront of Labour's mind as the election looms in May. We expect the Chancellor to enhance the tax credit system to aid less well-off voters. It is unlikely that we will see any more significant wholesale reform so close to an election.

7. Corporation tax rate to remain the same

It is unlikely that the corporation tax rate (mainstream or small company rate) will change in this Budget. The small companies' corporation tax rate is expected to remain at 21% in this Budget with the planned increase to 22% delayed until 2011/12.

There has been reform of the controlled-foreign company regime and the Chancellor may announce further amendments here to boost the UK's attractiveness as a location for business.

8. Statutory Residency Test for Non-Doms

The UK's tax rules on UK residency for tax purposes have come under close scrutiny in the courts. For some wealthy individuals, the Robert Gaines-Cooper case has thrown further doubt on what the tax position is of non-domiciles. The current Government has expressed

its support for a full statutory residence test in the longer term, subject to some conditions. We will not see any draft test make an appearance this time around but we might see some further commitment to keep this area under review in the Budget.

9. Basic state pension changes

The Chancellor may increase the basic state pension via a pension credit scheme. This is not without its complications but would be an attempt to help those on lower incomes. There may also be further amendments made to the state second pension (SERP) .

10. HMRC powers

There is likely to be another range of powers provided to HMRC. We would expect to see further legislation around aligning interest rates applicable to all taxes and more draconian provisions aimed at bulk repayment claims, some of which have been used to defraud HMRC.