



New World Order?

The election brings to mind the famous quote by US president Abraham Lincoln:

"You can fool some of the people all of the time, all of the people some of the time but you can't fool all of the people all of the time."

Following the election, some might say nice Mr Corbyn is edging towards stage, at least for 12 million of us. In addition, the result appears to have destroyed the perceived idealism of youth as it seems they can be bribed just like the rest of us.

Looking back at history (Who on earth does that? Certainly not John MacDonnell and his cohorts) shows that at some stage, minority governments are inevitably forced into holding another election.

"Not another election, there is too much politics!"

screams Brenda from Bristol, but it is likely... and this could very well result in a Labour victory.



History has shown that if you put taxes up to levels perceived to be unfair, people will take greater steps to avoid paying it. This is why when income tax rates once went to 50%, the actual amount of tax collected fell. This will be the great problem

facing Corbyn. The Institute for Fiscal Affairs thinks that he will only raise about half of the figure he claims he will receive because of action taken by the rest of us to avoid tax. This ignores the cash he needs for re-nationalisation, abolishing student fees and training pigs to fly.

There are a number of reasons why the tax take would fall. We would expect businesses to perhaps issue non-voting shares to other family members, say sons and daughters, to spread dividends, thereby taking advantage of the dividend tax free allowance and reducing the overall tax payable. People might start employing more family members on a part time basis, avoiding tax as well as national insurance.

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Investors will hide more of their cash in ISAs, pensions and investment bonds, further avoiding dividend tax.



Wages are likely to remain low as companies face increased corporation tax on their profits so again the tax take may not be as great as expected. Even if wages do rise, as Corbyn has promised to remove the public sector pay cap, all that will happen is a bigger increase in inflation. In turn, this will eat into the value of any wage increase so that there will be no benefit.

Inflation is already picking up so the good news is that for all those invested in real assets such as we manage for you in your portfolio, you will have at least some protection from the comrades.