

SPRING BUDGET 2017

Here are the key points contained in the Budget. Please contact us if you wish to discuss any of the measures and how they will affect you.

Personal Taxation

- Personal Tax Free Allowance to rise to £11,500 for 2017/2018 and to £12,500 by 2020.
- Higher rate threshold increasing by £2,000 to £45,000 from 2017/2018.
- Dividend Allowance to be reduced from £5,000 to £2,000 from April 2018.
- 2 new allowances being created of £1,000 each for trading and property income. These allowances will be available instead of actual expenses.
- Class 4 National Insurance was to be increased from 9% to 10% from April 2018 and to 11% from April 2019. This change has now been withdrawn. Class 2 National Insurance is being abolished from April 2018.
- No change to the rates of tax on basic, higher and additional rate bands.
- ‘Making Tax Digital’, the new record keeping and reporting requirements initially for Landlords and the Self Employed, is being delayed by a year and will start in April 2019.
- As previously announced, new rules are being implemented from 6th April 2017 to remove income tax and employers NIC advantages where Benefits in Kind are provided through Salary Sacrifice Schemes. Schemes involving pension contributions, childcare vouchers and cycle schemes will not be affected.
- Legislation is being enacted to reform the taxation treatment of Termination payments. Any changes will start from April 2018.
- ISA Allowance will be increased to £20,000 for 2017/2018.

Capital Gains Tax

- No changes are proposed.

Inheritance Tax

- There are provisions for reform of the Domicile rules with a non UK Domiciled individual being deemed UK Domiciled if resident in the UK for 15 of the past 20 years.

Corporation Tax

- As previously announced, the rate of Corporation Tax is being reduced to 19% from April 2017 and down to 17% from April 2020.
- The rules for the offset of trading losses are being reformed. After 1st April 2017, brought forward trading losses will be able to be offset against all income of the company rather than just trading income. Profits above £5 million will be restricted to an offset of only 50%.

VAT

- Registration threshold increased to £85,000 from 1st April 2017 and deregistration threshold to £83,000.

Tax Avoidance

- Measures are being taken to tackle aggressive tax planning including sanctions aimed at promoters of tax avoidance schemes.