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## A guide to Autumn Budget 2017

Think Ahead



### A SIMPLE GUIDE TO THE BUDGET 2017

This is a basic guide, designed to be an introduction only and should not be used as a definitive guide, since individual circumstances may vary. Specific advice should be obtained, where necessary.

You can read the individual measures and details of some of the numerous consultations below.

#### Rates and allowances\*

	2017/18	2018/19
	£	£
<b>Income tax rates - (non-dividend income)</b>		
0% lower rate tax - savings rate only	Up to 5,000	Up to 5,000
20% basic rate tax	11,500 to 45,000	11,851 to 46,350
40% higher rate tax	45,001 - 150,000	46,351 - 150,000
45% additional rate tax	Above £150,000	Above £150,000
<b>Personal allowance</b>		
Personal allowance	11,500	11,850

\*These rates are for the UK and exclude Scotland.

#### Dividend allowance

The tax-free dividend allowance will be reduced from £5,000 to £2,000 from April 2018. The reduction of the dividend tax free allowance impact is £225, £975 or £1,143 a year depending on whether recipients pay tax at the basic rate, higher rate or the additional rate.

#### Stamp Duty Land Tax: relief for first time buyers

From 22 November 2017 first time buyers paying £300,000 or less for a residential property will pay no Stamp Duty Land Tax (SDLT). This measure does not apply in Scotland. SDLT was devolved to Scotland on 1st April 2015. This measure will apply in Wales until 1 April 2018, when SDLT will be devolved to Wales.

Portion of consideration	Current rates	New rate for first time buyers
Up to £125,000	0%	0%
Over £125,000 and up to £250,000	2%	0%
Over £250,000 and up to £300,000	5%	0%
Over £300,000 and up to £500,000	5%	5%

## Corporation tax

The corporation tax rate will remain at 19% for the 2017/18 and 2018/19 tax years.

## Annual investment allowance

The annual investment allowance of £200,000 per annum remains available for companies and for unincorporated businesses.

## Making tax digital

The chancellor announced that the enabling legislation in the Finance (No.2) Act 2017 has been passed. This allows, subject to secondary legislation for HMRC to require businesses to keep records digitally. VAT is the only area mandated to use MTDfB and this is from April 2019.

## VAT

	2017/18	2018/19
	£	£
<b>VAT</b>		
Standard rate	20%	20%
Registration threshold	85,000	85,000
Deregistration threshold	83,000	83,000

A review of VAT thresholds has been announced, with the Chancellor stating that the thresholds will remain unchanged for two years.

## Relief from business rates increases

The Chancellor has announced that business rates will rise in line with CPI. This is lower than the inflation rate.

## ATED

From 1 April 2018 the charges for the annual tax on enveloped dwellings (ATED) will be increased by 3%. Returns for 2018/19 are to be filed electronically.

	2016/17	2017/18
	£	£
<b>Annual Tax on Enveloped Dwellings (ATED)</b>		
More than £0.5m but not more than £1m	3,500	3,600
More than £1m but not more than £2m	7,050	7,250
More than £2m but not more than £5m	23,550	24,250
More than £5m but not more than £10m	54,950	56,550
More than £10m but not more than £20m	110,100	113,400
More than £20m	220,350	226,950

## IR35

Unsurprisingly, it was announced that HMRC will consult on reforms to IR35 for the private sector. It is unclear if this will look at a more modern approach to self-employment or will keep the assessment used for the public sector which was enacted this year.

## Increase in Individual Savings Accounts (ISA) limits

The annual ISA allowance remains unchanged at £20,000.

## Interest relief for landlords

Landlords will be able to obtain relief as follows:

	Finance cost allowed in full	Finance cost allowed at basic rate
Year to 5 April 2016	100%	0%
Year to 5 April 2017	100%	0%
Year to 5 April 2018	75%	25%
Year to 5 April 2019	50%	50%
Year to 5 April 2020	25%	75%
Year to 5 April 2021	0%	100%

### **Apprenticeships**

The annual pay bill and levy rate remains unchanged.

### **Cash accounting**

The trading cash basis thresholds for unincorporated businesses will remain at £150,000. The exit threshold is also unchanged at £300,000.

### **Disincorporation relief**

The current relief will not be extended beyond 31 March 2018.

### **Taxation of trusts**

The taxation of trusts will be subject to a consultation and review in 2018.

### **Corporation Tax: removal of capital gains indexation allowance**

When a company makes a capital gain on or after 1 January 2018, the indexation allowance that is applied in order to determine the amount of the chargeable gain will be calculated up to December 2017.

### **R&D**

The Research and Development Expenditure Credit rate will increase by 1% to 12% for expenditure incurred on or after 1 January 2018.

### **Class 2 and Class 4 NIC**

The government has chosen to delay the abolition of Class 2 NICs by a year until 6 April 2019. Class 4 will remain at 9% and will not be subject to the increases previously announced.

### **Landlords**

Landlords, now have a choice on deductions in relation to travel expenses as they are now able to use mileage allowances for their property rental businesses

### **Diesel cars**

The benefit in kind will increase from 3% to 4% with the maximum percentage being 37%.

### **ACCA LEGAL NOTICE**

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