

BUDGET GUIDE 2017



Stafford&Co

ACCOUNTANCY • AUDIT • BUSINESS GROWTH • TAX

This Budget Guide provides an overview of how the 2017 Budget will affect your long-term planning for your family, your business and your future.

As always if you would like any advice or help on any of the items in the Budget Guide then please call us.

Personal Tax

From April 2018 the Personal Tax Allowance will increase to £11,850 for the lower threshold and for the higher 40% rate the allowance will increase to £46,350. As a result, in 2018/19 a typical basic-rate taxpayer will pay approximately £1,075 less income tax than in 2010/11.

The National living wage for those aged over 25 will increase from £7.50 to £7.83 per hour from April 2018. This represents a pay rise of over £600 a year for a full-time worker.

National Minimum wage is set to increase from April 2018:

21 to 24 year olds	18 to 20 year olds	16 and 17 year olds	Apprentices
£7.38 per hour	£5.90 per hour	£4.20 per hour	£3.70 per hour

There are no changes to National Insurance paid by the employed and employers or to income tax.

Air Passenger Duty will be frozen for all economy passengers and all short-haul flights meaning 95% of passengers will not see an increase. It will rise for premium fares on long-haul flights and on private jets.

Business Tax

The VAT threshold for all small business is to remain at £85,000 for the next two years.

£2.3 billion has been allocated for investment in Research & Development, helping the UK to remain an attractive place for businesses to invest in innovative research.

The index used to review Business Rates will change from the Retail Price Index (RPI) to the Consumer Price Index (CPI) from April 2018. The CPI is a different way of measuring inflation which tends to be lower than the RPI. Business rates revaluations will take place every 3 years, rather than every 5 years, starting after the next revaluation, currently due in 2022.

The capital gains indexation allowance for companies will be frozen from 1 January 2018

Pubs in England will continue to receive a £1,000 business rates discount next year; this will apply to pubs with a rateable value of up to £100,000.

Income tax is to be applied from April 2019 on digital economy royalties relating to UK sales which are paid to a low-tax jurisdiction, expected to raise about £200m a year.

To stop digital multinationals who hold intellectual property in low-tax countries from avoiding tax, the Government will look to change international corporate tax rules ensuring digital companies pay a fair amount of tax.

Don't forget, although the £5,000 annual tax-free dividend allowance was introduced less than a year ago, this will reduce to just £2,000 from April 2018, so Directors need to be prepared.

Other Topics:

The Chancellor cancelled a fuel duty rise for both petrol and diesel which had been scheduled for April 2018.

Stamp duty has been abolished for all first-time buyer home purchases up to £300,000 effective immediately.

At least £44 billion of capital funding, loans and guarantees over five years to support house-building and deliver 300,000 new homes a year.

Support for electric vehicles through the establishment of a new £400 million charging infrastructure fund, an extra £100m on the plug-in vehicle grants, and £40m for research into charging.

New £1.7 billion Transforming Cities Fund to give elected mayors the "fire power" to deliver local priorities.

Decisions taken in this Budget also mean £2 billion more for the Scottish Government, £1.2 billion more for the Welsh Government and over £650 million more for a Northern Ireland executive.

Duty on beer, wine, cider and spirits will be frozen whilst duty on tobacco will increase 2% above inflation.

We hope you have found the items covered in our Budget Guide of interest. If you wish to discuss any particulars, please contact us. We are always happy to hear from you & want to help you pay the least amount of tax you are legally due to pay.