



The UK Autumn Budget 2017

Preparing for the exit – in what is likely to be the penultimate Budget before Brexit, the challenges for the Chancellor, both from a fiscal and political perspective, have moved into sharper focus since the last Budget in March 2017. Noting that negotiations with the EU are in a “critical phase”, Mr Hammond struck a positive tone, speaking of a “world on the brink of technological revolution” with Britain “at the forefront”, whilst acknowledging the “challenges ahead”.

The most eye-catching announcement to abolish stamp duty for the majority of first-time buyers concentrated on the younger demographic, against a backdrop of perceived intergenerational inequity. There were no other major giveaways. Despite expectations, there were also no significant announcements affecting pensions, other routes to long-term saving or tax on inheritances, which will be a relief to many.

Income Tax - The personal allowance will increase in line with inflation to £11,850 from April 2018, whilst the higher-rate threshold will also increase in line with inflation to £46,350. The 0% rate of savings allowance remains at £5,000.

National Insurance - As previously announced, the abolition of Class 2 NICs has been delayed to allow time for review and the intended increase in Class 4 NICs will no longer proceed.

Capital Gains Tax - The annual allowance will increase to £11,700 from April 2018.

Inheritance Tax - There were no changes announced for Inheritance Tax.

Pensions - The State pension will increase by 3% (CPI rate for September) in April 2018. The standard minimum guarantee in the pension credit increases by a similar amount. There are no changes to the annual allowance, tapered annual allowance or money purchase annual allowance, and the lifetime allowance for pension funds increases by CPI to £1,030,000 from April 2018 as previously legislated.

ISAs - The ISA allowance is held at £20,000, and the JISA allowance increases by CPI to £4,260 in April 2018.

Enterprise Investment Schemes - The Chancellor has doubled the Enterprise Investment Schemes (EIS) investment limit for Knowledge Intensive Companies. This means the maximum annual tax exemption on EIS investment would rise from £1 million to £2 million. Part of the change ensures EIS are not used as a shelter for low-risk capital preservation schemes.

Stamp duty - With immediate effect stamp duty will be abolished for first-time buyers on properties worth up to £300,000, or the first £300,000 of a property worth up to £500,000.

Taxation of trusts - The Government will publish a consultation in 2018 on how to make the taxation of trusts simpler, fairer and more transparent.

Corporation Tax - The indexation allowance on capital gains will be frozen from 1 January 2018. This removes relief for inflation, which is not available elsewhere in the tax system.

Anti-avoidance measures - The bulk of the spending in the Budget was paid for by a swathe of anti-avoidance measures (along with the freeze in indexation for Corporation Tax). The Government will also consult on extending the changes implemented for off-payroll working rules (known as IR35) for the public sector to individuals in the private sector.

The value of investments and the income from them may go down as well as up and you may not get back your original investment. Past performance should not be seen as an indication of future performance. Changes in rates of exchange between currencies may cause the value of investments to decrease or increase.

Information valid at 23rd November 2017.
Tax regimes, bases and reliefs may change in the future.

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