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SPRING BUDGET 2017

The Chancellor Philip Hammond presented his first Budget today, the last ever Spring Budget as a result of the changes to Government fiscal reporting announced last November. The first Autumn Budget, at least in recent times, will follow later this year.

Possibly because of this opportunity to introduce further changes later in the year, few matters of immediate interest arose from his announcements. However, set out below is a brief summary of some of the headline personal tax points:-

- The dividend allowance, introduced in April 2016 at a rate of £5,000 p.a., is to be reduced to £2,000 with effect from 6 April 2018.

- The rate of Class 4 National Insurance Contributions, levied on Self Employed profits, will increase to 10% from 6 April 2018, and to 11% from 6 April 2019.

- The annual capital gains tax exemption for 2017/18 will be £11,300 for individuals and personal representatives (£5,650 for trustees).

- A consultation will be undertaken to review the taxation of benefits in kind in general, and accommodation benefits in particular, as well as the income tax relief for employee expenses.

- A consultation will also be launched on proposals to redesign rent-a-room relief, with a view to ensuring it is better targeted to support longer-term lettings.

- Unincorporated businesses, and landlords, with turnover below the VAT threshold will be allowed an extra year, until April 2019, before being obliged to comply with the Making Tax Digital rules otherwise coming into effect from April 2018. These rules impose new quarterly filing and, potentially, payment obligations for businesses and landlords.

- All profits realised by offshore property developers developing land in the UK, including those on pre-existing contracts, are to become subject to tax with effect from 8 March 2017.

- Transfers to QROPS requested on or after 9 March 2017 will be taxable at 25%, subject to exceptions. Furthermore, the UK taxing provisions are to be widened so that, following a transfer to a QROPS on or after 6 April 2017, they apply to payments out of those transferred funds in the five tax years following the transfer.

- With effect from 8 March 2017, businesses will no longer be able to convert capital losses into trading losses by appropriating a capital asset to trading stock. Similar changes are to be introduced to prevent non-ATED related losses being converted into ATED related losses.

8 March 2017

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