

## **AUTUMN BUDGET 2017**

The Chancellor Philip Hammond presented his Budget today, the second of the year and the first since annual Government fiscal reporting reverted back to the autumn.

We have set out below a brief summary of some of the headline personal tax points:-

- The basic personal allowance will be increased to £11,850 in 2018/19 (£11,500 in 2017/18).
- The higher rate threshold will be increased to £46,350 in 2018/19 (£45,000 in 2017/18).
- The annual Capital Gains Tax exemption for 2018/19 will be increased to £11,700 for individuals and personal representatives (£5,850 for trustees).
- From 6 April 2018, drivers of company cars propelled solely by diesel, face an increased supplemental charge of 4%, unless the car meets certain emission tests.
- Individual ISA subscriptions will remain at £20,000 for 2018/19; the Junior ISA subscription rises from £4,128 to £4,260 from 6 April 2018.
- The lifetime allowance for pensions rises to £1,030,000 from 6 April 2018, previously £1M.
- With effect from April 2019, withholding tax obligations will be extended to royalty payments, and payments for certain other rights, made to some low or no tax jurisdictions in connection with sales to UK customers. The rules will apply regardless of where the payer is located.
- Following a consultation in spring 2018, assessment time limits for non-deliberate offshore tax non-compliance are planned to be extended, so that HMRC can assess at least 12 years of back taxes without restriction.
- The Government will explore further means for tackling the small minority of taxpayers who deliberately abuse the insolvency regime in trying to avoid or evade their tax liabilities, including through the use of 'phoenixism'. A discussion document will be published in 2018.
- Abolition of Class 2 NIC (previously announced in the 2016 budget) and other National Insurance reforms have now been deferred and will take effect from April 2019, rather than April 2018.
- Non-UK resident companies carrying on UK property business will be charged to corporation tax from 6 April 2020, rather than income tax at present. Similarly, gains arising to an offshore company on the disposal of UK residential property will be subject to Corporation Tax as opposed to Capital Gains Tax at present.



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- The VAT registration threshold will remain at £85,000 for two years until 31 March 2020.
- The annual tax on enveloped dwellings (ATED) will rise 3% from 1 April 2018.
- Stamp duty land tax for first time house buyers will be abolished on purchases up to £300,000 with immediate effect; the rate between £300,000 and £500,000 will be 5%. This amounts to a reduction of £5,000 in SDLT if purchasing a property at £500,000.
- Profit fragmentation – The Government will consult in 2018 on means to prevent UK traders or professionals from avoiding UK tax by fragmenting their UK income between unrelated entities.
- The annual limit for individuals investing in knowledge-intensive companies under EIS will be increased to £2 million, provided that anything above £1 million is invested in knowledge-intensive companies.
- The annual EIS and VCT limit on the amount of tax-advantaged investments a knowledge-intensive company may receive, will be increased to £10 million.
- The indexation allowance on corporate Capital Gains on or after 1 January 2018 will be frozen at the amount that would be due, based on the Retail Price Index for December 2017.

**22 November 2017**



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