



A Simple Guide to Budget 2015

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This is a basic guide, prepared by ACCA's Technical Advisory team, for members and their colleagues or clients. It is an introduction only and should not be used as a definitive guide, since individual circumstances may vary. Specific advice should be obtained, where necessary.

Growth and fairness were the themes of the Budget, you can read the individuals measures below.

Rates and allowances

	2014/15	2015/16
	£	£
Income tax rates - (non-dividend income)		
10% lower rate tax - savings rate only	Up to 2,880	Up to 5,000
20% basic rate tax	Up to 31,865	Up to 31,785
40% higher rate tax	31,866 - 150,000	31,786 - 150,000
45% additional rate tax	Above £150,000	Above £150,000
Personal allowance		
Personal allowance those born after 5 April 1948	10,000	10,600

Marriage allowance

This change applies from 6 April and allows for the transfer of £1,060 of a personal allowance to a spouse or partner where the transferor's income is less than £10,600 and the recipient doesn't pay tax at the higher or additional rate.

Corporation tax

As announced previously, the main rate of corporation tax will be reduced to 20% from April 2015. The small profits rate of corporation tax will remain at 20%.

Employment Allowance of £2,000 for National Insurance now includes carer and support workers

From 6 April 2015 the 'employment allowance' relief will be available to individuals who employ care and support workers. Employers will be entitled to deduct up to £2,000 per annum from their liability to pay secondary Class 1 ('employer') National Insurance contributions (NICs).

Annual Investment Allowance

The annual investment allowance is £500,000 per annum and is available for companies and for unincorporated businesses up to 31 December 2015. It will revert back to £25,000 per annum with effect from 1 January 2016 unless reviewed and changed by the next government

Research and development tax credit reform

Legislation will be introduced in Finance Bill 2015 to amend the R&D provisions in CTA 2009 in order to increase the rate of the expenditure credit from 10% to 11% and the rate of the SME scheme from 225% to 230%. To qualify as an SME for R&D purposes, the company must not exceed the following limits:

	Limits for expenditure incurred on or after 1 August 2008
Number of employees	< 500
Annual turnover	≤ EUR 100m
Balance sheet total	≤ EUR 86m

Income tax: statutory exemption for trivial benefits-in-kind

From 6 April 2015 any employer who provides to their employees certain low value benefits-in-kind (BiKs) will, in some circumstances, become exempt from income tax. The exemption provides a number of conditions that must be met for a BiK to qualify as trivial, including an upper limit per individual BiK of £50.

Simplifying self-employed National Insurance Contributions (NICs)

From the 2015-16 tax year onwards the collection of Class 2 NICs will be through self-assessment (SA), allowing the self-employed to pay their income tax and Class 2 and Class 4 NICs together through one process.

Farmers averaging

Changes to farmers averaging; highlighting that from April 2016 the period over which they can average will be increased from the current two year years to five years. The government states that it will engage with stakeholders later in the year on the detailed design and implementation.

Improving the operation of the Construction Industry Scheme

Changes will be in place from April 2015 to remove the obligation to file a return in cases where the contractor has not paid any subcontractors in a tax month.

VAT

	2014/15	2015/16
	£	£
VAT		
Standard rate	20%	20%
Registration threshold	81,000	82,000
Deregistration threshold	79,000	80,000

CGT: non-UK residents and UK residential property

Legislation will be introduced in Finance Bill 2015 to bring non-UK residents within the charge to CGT when they dispose of a UK residential property interest. Non-UK resident individuals and trustees may be able to benefit from private residence relief if they meet new qualifying conditions.

SEIS

The Scheme was not permanent, and runs until 5 April 2017. The investment limit for a qualifying individual in a fiscal year is £100,000 and cannot claim tax relief until the company has spent at least 70% of the money invested. The scheme will be affected by the new rules, which include the requirement for companies to be less than 12 years old when receiving their investment.

Changes to pensions

People with defined contribution schemes who are at least 55 years old can make withdrawals up to the value of the funds invested in the scheme. The first 25% will be tax free. An individual who makes a withdrawal will be restricted to making future pension contributions of no more than £10,000.

The lifetime allowance for pension contributions will reduce from £1.25m to £1m from 6 April 2016.

Business rates

From 1 April 2015 the government is:

- increasing the business rates discount for smaller retail premises with a rateable value of £50,000 or below to £1,500 to 31 March 2016
- doubling small business rate relief for a further year to 31 March 2016
- capping the rise in the business rates multiplier at 2%
- extending transitional rate relief to support 16,000 small business facing significant rates bill increases due to the ending of transitional rate relief.

ATED

From 1 April 2015 the annual charges for the annual tax on enveloped dwellings (ATED) will be increased by 50% above inflation (Consumer Prices Index).

	2014/15	2015/16
	£	£

Annual Tax on Enveloped Dwellings (ATED)		
More than £1m but not more than £2m	n/a	£7,000
More than £2m but not more than £5m	£15,400	£23,350
More than £5m but not more than £10m	£35,900	£54,450
More than £10m but not more than £20m	£71,850	£109,050
More than £20m	£143,750	£218,200

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