Budget Report 2015

The main taxation provisions announced by the Chancellor of the Exchequer on 18 March 2015

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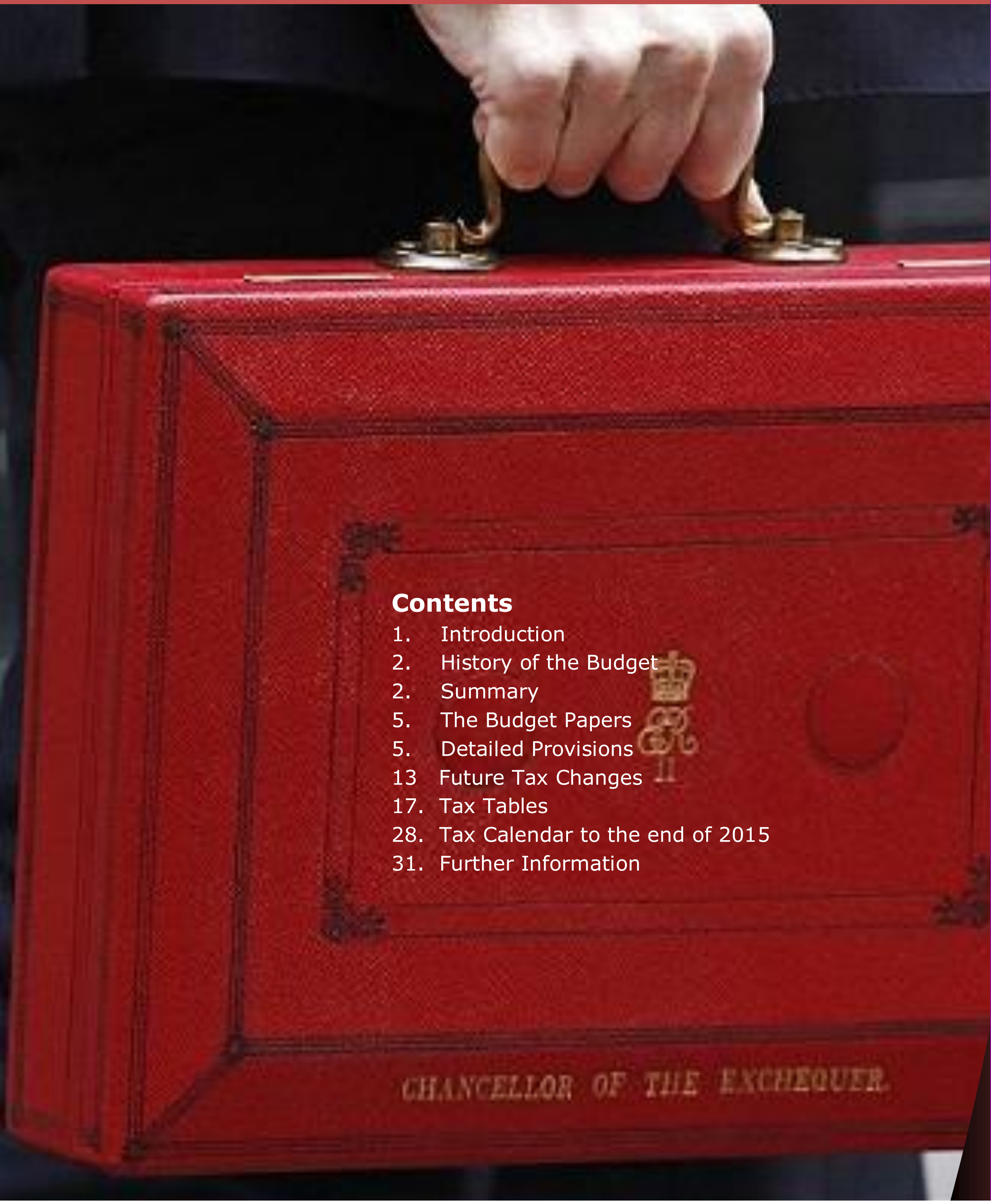

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Introduction

Today, the Chancellor of the Exchequer George Osborne delivered his Budget to the House of Commons. It is the last Budget of the present Government prior to the General Election in May this year.

Full details of all announcements, supporting documents and information are available from the Budget 2015 Gov.uk page, including Budget documents published by HM Treasury on 18 March 2015.

Measures announced this week

On 15 March 2015, the Chancellor announced that the government will extend pension freedoms to around 5 million people who have already bought an annuity. From April 2016, the government will remove the restrictions on buying and selling existing annuities to allow pensioners to sell the income they receive from their annuity without unwinding the original annuity contract. For details, see: https://www.gov.uk/government/news/pension-freedoms-to-be-extended-to-people-with-annuities

On 16 March 2015, the government announced that it is conducting a review of business rates in England in response to concerns from some business ratepayers that the system is in need of reform to make it fit for a 21st century economy. For details, see: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/413070/business_rates_review_final.pdf

Rumours

As ever, there are plenty of rumours that float about before the Chancellor delivers his proposals. The government was expected to use the Budget to introduce online tax accounts for individuals and small businesses, signalling the death of the annual tax form.

The Guardian reported that the Chancellor has drawn up plans to allow parents to pass a main property worth up to £1m to their children without paying any inheritance tax, according to Treasury papers leaked ahead of today's budget. However given the long-standing divide between the coalition partners on Inheritance tax these measures were blocked by the Liberal Democrats and are expected to appear in the Conservative election manifesto instead.

About the Budget

When the Government publishes the Budget, the Chancellor gives a speech to Parliament in which he sets out the key decisions on tax, borrowing and spending, and his reasons for taking those decisions. This speech is known as the Budget Statement.

The official forecast on which the Chancellor bases the Government's Budget is provided by the Office for Budget Responsibility (OBR). The Budget Responsibility and National Audit Act 2011 require the OBR to publish two economic and fiscal forecasts for each financial year, including one published at the Budget. The OBR's duty is to examine and report on the sustainability of the public finances and it is required to do so objectively, transparently and impartially.

History of the Budget

The early Exchequer was once described as an occasion not an institution, referring to the somewhat ad hoc nature of its foundation and early days. Over 9 centuries later, the modern Exchequer retains a similar place in our national consciousness – once a year the Chancellor holds up a battered red despatch box outside No.11 Downing Street for photographers, before delivering his budget speech to the House of Commons.

The first Exchequer budget was prepared in 1284; it did not balance and showed that the Crown was spending far more than it could possibly bring in, hence the rapid introduction of taxation to cover the shortfall. The Chancellor of the Exchequer is the most senior minister at HM Treasury and acts as the nation's primary finance minister.

The Treasury dates back to the time of the Norman Conquest, but the information within HM Treasury's website and interactive explorer begins in the 1550s, when the role of the Chancellor of the Exchequer as we know it today really began. Even before 1066, the Anglo-Saxon Treasury collected taxes (including the *Danegeld*, first levied as a tribute to the Vikings to persuade them - sometimes unsuccessfully - to stay away) and controlled expenditure.

The first "Treasurer" was probably "Henry the Treasurer", who owned land around Winchester; the site of most royal treasure of both the Anglo-Saxons and the Normans. Henry is referred to in the Domesday Book (a systematic tax assessment of the whole country undertaken by the Treasury) and is believed to have served William the Conqueror as his Treasurer.

For most of the medieval period, the office of the Treasurer was within the Exchequer, which managed and accounted for the royal revenue, as well as collecting and issuing money. The Exchequer wasn't always effective at its job: in 1433, for example, war with France led to a deficit of £30,000, the equivalent of over £100 billion today.

For further information, see:
http://www.hm-treasury.gov.uk/about_history_index.htm

Summary

BBC News summarised the main points from Chancellor George Osborne's Budget statement as follows:

- George Osborne began: "Today I report on a Britain that is growing, creating jobs and paying its way." He said the government took "difficult decisions... and it worked. Britain is walking tall again.
- Living standards are quickly addressed - that's Labour's big line of attack but the Chancellor is seeking to meet it head on. "We're selling more bank shares and getting taxpayers' money back." He repeated the "walking tall" line.
- Sterling continues to fall in the wake of today's unemployment figures, with the pound down 0.7% against the US dollar to $1.4641.
- This will be a "truly national recovery", and savers and pensioners will benefit, the Chancellor said. "We have a plan that is working and this Budget works for you."
- The Office for Budget Responsibility confirms that Britain's growth in 2014 was 2.6% - "faster than any other major advanced economy in the world last year".
- Growth in 2015 was forecast to be 2.3% this time last year. It was revised upwards to 2.4% in the autumn statement and today the GDP growth forecast for 2015 is higher still at 2.5%, the Chancellor announced. That's lower than the 2014 rate of growth though.
- The OBR has also revised up next year's GDP forecast to 2.3%.
- George Osborne said that the Labour leader predicted Britain would lose a million jobs. In fact 1.9 million jobs have been gained.
- The Chancellor is underlining the importance of manufacturing. "Britain's manufacturing output has grown more than four and a half times faster than it did in the entire decade before the crisis." And over the last year, the North grew faster than the South, he said. "We are seeing a truly national recovery."

- George Osborne said that on the basis of figures announced in the Budget, "under this government, 1,000 jobs have been created every single day." He's also promised more apprenticeships.
- George Osborne said living standards have risen over the course of the last parliament - ordinary families are around £900 better off, he said.
- There's a promise that economic revival will help those people who may have suffered most during the recession. "It's the oldest rule of economic policy. It's the lowest paid who suffer most when the economy fails and it's the lowest paid who benefit when you turn that economy around."
- George Osborne made a unionist point when he spoke of the design of the new pound coin. It will feature a rose, thistle, leek and shamrock. "We are all part of one United Kingdom," he declared.
- George Osborne said £13bn of the mortgage assets still held from the bailouts of Northern Rock and Bradford & Bingley are to be sold off. There's a further £9bn of Lloyds shares being sold, too. That significantly boosts the room for manoeuvre the Chancellor has in making spending plans - but he said that he prefers to spend this money by paying down the national debt.
- The Chancellor gave the House a history lesson on debt, with a promise to redeem the last remaining undated British government bonds in circulation. "We'll have paid off the debts incurred in the South Sea Bubble, the First World War, the debt issued by Henry Pelham, George Goschen and William Gladstone."
- George Osborne's target of getting national debt falling as a share of GDP by 2015/16, he said, triumphantly, has been met. "The sun is starting to shine and we are fixing the roof."
- The Chancellor reeled off some figures to support his debt success claim: "Debt as a share of GDP falls from 80.4% in 2014-15; to 80.2% in the year 2015-16. And it keeps falling to 79.8% in 2016-17; then down to 77.8% the following year, to 74.8% in 2018-19 before it reaches 71.6% in 2019-20."
- Money raised from bank sales and the lower interest payments will be used to pay down the national debt, not increase spending. "We put economic security first," the Chancellor said.
- Britain will be running a surplus by 2018/19, he said, when it will be 0.2% of GDP. But it will be just £7bn by 2020, not the £23bn figure seen in the autumn statement.
- The Chancellor said: "This year, borrowing is set to fall to £90.2bn; a billion lower than expected at the Autumn Statement. It falls again in 2015-16 to £75.3 billion; then £39.4bn the year after that, before falling to £12.8bn - in total, that's £5bn less borrowing than we forecast just three months ago."
- George Osborne said that state spending by the end of this decade, as a share of national income, will be the same size as Britain had in the year 2000. "That's the year before spending got out of control and the national debt started its inexorable rise."
- The Chancellor turned to the scale of the cuts needed in the next parliament: £13bn from government departments, £12bn from the welfare budget, £5bn from tax avoidance/evasion. "We have done it in this Parliament; we can do it in the next," George Osborne said. That is a much lower number than the £70bn of cuts predicted by Labour - in a recent speech by Ed Balls.
- Inequality politics: The section on 'fairness' now - beginning with a claim that it's the rich who are making the biggest contribution to cutting the deficit. "I said we would all be in this together and here is the proof. Compared to five years ago:
  - Inequality is lower.
  - Child poverty is down.
  - Youth unemployment is down.
  - Pensioner poverty is at its lowest level ever.
  - The gender pay gap has never been smaller.
  - Payday loans are capped.
  - And zero hours contracts regulated."
- Labour's claims that the government protects the interests of the rich are addressed by the Chancellor highlighting that the top 1% of taxpayers will have to pay 27% of total income tax in 2015, up from 25% in 2010. "That is higher than in any one of the 13 years of the last government," the Chancellor said.
- More measures to curb the size of very large pension pots. From next year, the Lifetime Allowance will be reduced from £1.25m to £1m. This will save around £600 million a year, the Chancellor said.
- The Chancellor said "I want to ensure those still building up their pension pots are protected from inflation, so from 2018 we will index the Lifetime Allowance."
- The inheritance tax story arrives - but it's not quite as advertised. "We will conduct a review on the avoidance of inheritance tax through the use of deeds of variation," George Osborne announced. It will report by the autumn - by which time, he wonders, Labour might have implemented their own "deed of variation".
- Tory backbench MP John Baron's campaign for compensation for nuclear test veterans and their families is congratulated by the Chancellor - he's been successful in winning the Treasury over. "We will provide £25 million to help our eldest veterans, including nuclear test veterans," George Osborne said. He also said the government will help renovate the RAF museum in Hendon and provide charitable funding to every regiment.

The Opposition's View: 'Recovery for the few'

The Labour leader said: "it's astonishing that the hour-long Budget statement didn't include a mention of the NHS or other vital public services."

"People are earning less at the end of this parliament than they were at the beginning. The Tories and Lib Dems don't like that - they want to focus on living standards as George Osborne did, of course."

- The Chancellor wants banks to "make a bigger contribution to the repair of our public finances". So, with the financial sector now recovering, the rate of the bank levy is being raised to 0.21%, raising an additional £900m a year. Banks will also be stopped from deducting from corporation tax the compensation they make to customers for products they have been mis-sold, like PPI insurance. "The banks got support going into the crisis; now they must support the whole country as we recover from the crisis," Mr Osborne said.
- The Chancellor spoke about the devolution of powers to the regions. He called an agreement with Greater Manchester on an elected mayor "the most exciting development in civic leadership for a generation, adding: "We have now reached provisional agreement to allow Greater Manchester to keep 100% of the additional growth in local business rates as we build up the Northern Powerhouse."
- The Chancellor went through some local announcements, including:
  - Cambridge is to get a similar deal to Manchester on business rates
  - The West Midlands' Energy Research Accelerator gets £60m
  - A new rail franchise for the south-west
  - Negotiations on the Swansea Bay Tidal Lagoon are to begin
  - The Severn Crossing's toll rates are to be cut from 2018 -"a boost for the drivers of white vans"
- On the creative industries, George Osborne announced a series of measures: TV and film tax credits are being made more generous, the video games industry is set for more support and a new tax credit for orchestras is to be introduced. "Britain is a cultural centre of the world and with these tax changes I'm determined it will centre that way," the Chancellor said. He also had good news for the horse racing industry and said the government will look at ways to help the hard-pressed local newspaper world with tax relief.
- From the start of next month there will be a "single, simple and generous tax allowance to stimulate investment at all stages of the industry". There will be new seismic surveys in under-explored areas of the UK Continental Shelf. And, perhaps most importantly, from next year, the Petroleum Revenue Tax will be cut from 50% to 35% to support continued production in older fields.
- George Osborne said his oil industry measures amount to £1.3bn of support for the industry. He said the OBR's assessment is that it will boost expected North Sea oil production by 15% by the end of the decade.
- To support five million people who are self-employed, George Osborne announced, Class 2 National Insurance Contributions for the self-employed are to be abolished entirely. And the annual paper tax return is to be abolished "altogether". That was the big story in this morning's papers and it's now been confirmed by the Chancellor. "We believe people should be working for themselves, not for the taxman. Tax doesn't have to be taxing."

- Tobacco duties aren't changing, the Chancellor said. But beer duty is being cut for the third year in a row - another penny is coming off the pint. Cider duty comes down by 2%, as does the duty on Scotch whisky and other spirits. But wine duty is frozen. "More pubs saved, jobs created, families supported - and a penny off a pint for the third year in a row."
- The fuel duty increase scheduled for September is cancelled. The Chancellor said it means the longest duty freeze in over 20 years and saves a family around £10 every time they fill up their car.
- The personal tax free allowance is to go up to £10,800 next year and then £11,000 in the year after next - a tax cut for 27 million people, said the Chancellor.
- George Osborne said the threshold at which people pay the higher tax rate is rising above inflation, not just with it. "It will rise from £42,385 this year to £43,300 by 2017-18," he said.
- A "radically more flexible ISA" is next on the list of announcements from the Chancellor. In a big move to assist savers, he said from this autumn, people will be able to take money out of their account and put it back at the end of the year without losing any of their tax-free entitlement. There's also a help-to-buy ISA on the way, he said: "For every £200 you save for your deposit, the government will top it up with £50 more. It's as simple as this - we'll work hand in hand to help you buy your first home."
- Just before the grand finale, George Osborne announced a new Personal Savings Allowance that will take 95% of taxpayers out of savings tax altogether. From April next year the first £1,000 of the interest earned on all of your savings will be completely tax-free. He said: "To ensure higher rate taxpayers enjoy the same benefits, but no more, their allowance will be set at £500. People have already paid tax once on their money when they earn it. They shouldn't have to pay tax a second time when they save it."

The Budget Papers

The various documents published on HM Treasury website on 18 March 2015 included draft clauses and Explanatory Notes for inclusion in Finance Bill 2015 together with measures previously announced. The Finance Bill 2015 will be published on 24 March 2015. Further information on various measures announced by the Chancellor can be found at:

- **The Budget 2015 speech in full**
  - https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/413949/47881_Budget_2015_Web_Accessible.pdf

- **Budget Factsheets – some important documents**
  - Help to Buy: ISA - factsheet
  - Personal Savings Allowance - factsheet
  - Debt and reserves management report 2015-16
  - Banking for the 21st Century: driving competition and choice
  - Creating a secondary annuity market: call for evidence
  - Help to Buy: ISA
  - The digital communications infrastructure strategy
  - Insurance Fraud Taskforce: interim report
  - Letter to the Chancellor advising on the sale of another part of the government's shareholding in Lloyds Banking Group
  - Letter to the Chancellor advising on the sale of UK Asset Resolution (UKAR) mortgage assets
  - Monetary policy remit: Budget 2015
  - Remit and recommendations for the Financial Policy Committee: Budget 2015
  - Specification of the new one pound coin
  - Improving the compulsory purchase process
  - Digital currencies: response to the call for information
  - Data sharing and open data in banking: call for evidence
  - Designation of payment systems for regulation by the Payment Systems Regulator consultation outcome

- **HMRC's collection of tax documents from today's Budget**
  - https://www.gov.uk/government/collections/budget-2015-hm-revenue-and-customs

Detailed provisions

Personal Allowances

The tax-free personal allowance is being increased in April 2017, to £11,000. It will rise to £10,800 in 2016-17, and £11,000 the year after. The increases to the personal allowance from £6,475 in 2010, to £11,000 in 2017-18 will save a typical taxpayer £905.

To make sure the full benefits of the personal allowance increase are passed on to higher rate taxpayers, the government will also increase

above inflation the point above which higher earners start paying 40% tax. It will increase by £315 in 2016-17, and by £600 in 2017-18 - taking it to £43,300 in 2017-18.

The higher personal allowance for those born before 6 April 1938 will be removed with effect from 2016-17, so that everyone regardless of their age, is entitled to the same personal allowance.

New Personal Savings Allowance

A New Personal Savings Allowance will take 95% of taxpayers out of savings tax altogether. From April 2016, a tax-free allowance of £1,000 (or £500 for higher rate taxpayers) will be introduced for the interest that people earn on savings.

If they are a basic rate taxpayer and have a total income up to £42,700 a year, they will be eligible for the £1,000 tax-free savings allowance.
If they are a higher rate taxpayer and earn from £42,701 to £150,000, they'll be eligible for a £500 tax-free savings allowance.

Access the Treasury Personal Savings Allowance one page explainer factsheet at:
https://www.gov.uk/government/publications/personal-savings-allowance-factsheet

Introducing the Help to Buy ISA

The government has already helped people to buy a home with Help to Buy, which allows people to purchase a home with just a 5% deposit. The government is now going further. To help first time buyers save for a deposit, it is introducing a Help to Buy ISA.

People will be able to open an ISA, save up to

£200 a month towards their first home, and the government will boost it by 25%. That's a £50 bonus for every £200 people save, up to £3000.

Access the Treasury's Help to Buy: ISA one page explainer factsheet: https://www.gov.uk/government/publications/help-to-buy-isa-factsheet

ISAs

People will have complete freedom to take money out of an ISA and put it back in later in the year: ISAs are being reformed so that instead of being able to put up to £15,240 in the 2015-16 tax year into an ISA in total, people can take out their money and put it back in within the same year, without losing their ISA tax benefits - as long as the repayment is made in the same financial year as the withdrawal.

£1.25 billion for children's' mental health services

An extra £1.25 billion will be spent on mental health services for children and new mums – helping more than 110,000 people.

Cancelling the fuel duty increase scheduled for September

Fuel duty will be frozen again; since 2011, the government has cut and frozen fuel duty, saving a typical motorist a total of £675 by the end of 2015-16.

By the end of 2015-16 fuel duty will have been frozen for five years, resulting in the longest duty freeze in over 20 years.

Annuity Freedom

Up to five million pensioners will be given the freedom to sell their annuity for a cash lump sum From April 2016, people who already have an annuity will be able to now effectively sell it on, so that they too can benefit from the pension freedoms announced at last year's Budget.

The government will legislate from April 2016 to allow people who are already receiving income from an annuity to agree with their annuity provider to assign their annuity income to a third party in exchange for a lump sum or an alternative retirement product.

Currently, people who have bought an annuity are unable to sell it without having to pay at least 55% tax on it. From April 2016, the tax rules will change so that people who already have income from an annuity can sell that when they choose and will pay their usual rate of tax they pay on income, instead of 55%.

Charities

Charities will be able to claim more gift aid on small donations

The amount of small donations charities can get an extra 25% top up payment on in gift aid without needing any paperwork is increasing from £5,000 to £8,000 a year. The government expects 6,500 charities to claim in full the higher new cash boost of £2,000 a year – nearly double the current amount.

Status for tax purposes of certain bodies

Legislation will be introduced in Finance Bill 2015 to ensure that certain bodies continue to be treated as charities for tax purposes.

Farmers will have more time to average their profits for income tax

This extends the period from two to five years, and will give farmers additional security as they typically have volatile profits due to uncontrollable factors such as the weather.

Death of Tax Returns (old-style) Tax Simplification

The government will transform the tax system over the next Parliament by introducing digital tax accounts to remove the need for individuals and small businesses to complete annual tax returns. Further details on the policy and administrative changes needed to deliver this will be published later in 2015.

The government will consult over the summer on a new payment process to enable tax and National Insurance contributions (NICs) to be collected through digital accounts instead of self-assessment.

Support for all regions across the UK

Working with Transport for the North, the government will look at rolling out better roads, quicker journeys and improved rail connections between the major cities of the north, as part of the government's plan to build a Northern powerhouse.

The government is also giving even more powers to local areas, with a new devolution deal for things like transport, business support and skills for West Yorkshire, and more planning powers for London.

Ten Enterprise Zones across the country are also being supported to go further to create growth and jobs.

The government is also working on a Cardiff city deal and opening negotiations on the Swansea Bay Tidal Lagoon.

Making sure banks pay their fair share

The government is increasing the rate of the bank levy (one of the taxes that banks pay) from 1 April 2015. This will raise an additional £900 million a year.

As announced at Budget 2015 legislation will be introduced in Finance Bill 2015 to increase the rate of the bank levy to 0.21 % from 1 April 2015. A proportionate increase to 0.105% will be made to the half rate, also with effect from 1 April 2015.

North Sea Investment Allowance & Petroleum Revenue Tax

To encourage further investment in the North Sea, the government will introduce a new Investment Allowance and reduce the supplementary tax charge on oil and gas companies further, from 30% to 20%, from 1 January 2015.

The rate of Petroleum Revenue Tax paid on older oil and gas fields will also be reduced from 50% to 35%.

These changes are expected to increase oil production by around 15% by 2019, and drive £4 billion of new investment over the next five years.

Faster broadband and better mobile networks

The government is investing up to £600 million to deliver better mobile networks, and is announcing a new ambition that ultrafast broadband of at least 100 megabits per second should become available to nearly all UK premises in the country.

Introducing postgraduate research loans

Loans up to £25,000 will be available for postgraduate PHD and Masters Research students. The government will also conduct a review into how the government can strengthen its funding for postgraduate research.

Further investment in science and innovation

Future economic success depends on future science success. The government is investing £140 million in world class research on the infrastructure and cities of the future, and £40 million in research into what is known as the Internet of Things. This is the next stage of the information revolution, connecting up everything from urban transport to medical devices to household appliances.

The government is also launching a new UK research initiative into the future potential of digital currency technology, supported by a £10 million increase in funding in this area.

Local Newspapers

The government will consult on a tax relief for local newspapers. Local newspapers are a vital part of community life, but they've had a tough time - so the government is announcing a consultation on how to provide them with tax support.

National Insurance limits

The National Insurance upper earnings and upper profits limits will increase to stay in line with the higher rate threshold.

Class 2 National Insurance contributions (NICs)

As part of the planned reforms to tax administration, the government will abolish Class 2 NICs in the next Parliament and will reform Class 4 to introduce a new contributory benefit test. The government will consult on the detail and timing of these reforms later in 2015.

Working tax credits

Strengthen self-employed test for Working Tax Credit – work being carried out should be on a commercial basis with a view to realising a profit

As announced at Autumn Statement 2014, regulations will be introduced to tighten the eligibility conditions for those claiming Working Tax Credit on the basis of self-employment, to prevent bogus self-employment and abuse of the tax credits system - while allowing HMRC to continue to support those who are genuinely self-employed. These include a new test to ensure that work being undertaken is 'genuine and effective', and a requirement that anyone claiming Working Tax Credit as self-employed registers with HMRC and provides their Unique Tax Reference.

Following further consideration, the new test will be based on the principle of self-employment needing to be "commercial" and "profitable" or working towards profitability for it to qualify. This test provides alignment of the principles already established in case law with the self-employment test for income tax and the self-employment definitions used for both Tax Free Childcare and Universal Credit. The test will apply to the working hours used to qualify for working tax credits as a self-employed claimant, which can vary between 16 and 30 hours depending on the circumstances of the claimant.

Lifetime allowance for pension contributions

The government will reduce the lifetime allowance for pension contributions from £1.25million to £1million from 6 April 2016. Transitional protection for pension rights already over £1million will be introduced alongside this reduction to ensure the change is not retrospective. The lifetime allowance will be indexed annually in line with CPI from 6 April 2018.

Benefits-in-Kind

Van benefit charge for zero emission vans

As announced at Budget 2014, legislation will be introduced in Finance Bill 2015 to increase the current van benefit charge of £nil for vans which do not emit CO2 (zero emission vans), beginning in 2015-16. The van benefit charge for zero emission vans will be 20% of the value of the van benefit charge for vans which emit CO2 in 2015-16, 40% in 2016-17, 60% in 2017-18, 80% in 2018-19 and 90% in 2019-20. From 2020-21, there will be a single van benefit charge applying to all vans.

Statutory exemption for trivial benefits in kind

As announced at Autumn Statement 2014, legislation will be introduced in Finance Bill 2015 to provide a statutory exemption from tax for qualifying trivial benefits in kind (BiKs) costing £50 or less. Following technical consultation on the draft legislation, an annual cap of £300 will be introduced for office holders of close companies, and employees who are family members of those office holders. Those affected by this cap will be able to receive a maximum of £300 worth of trivial benefits in kind each year exempt from tax.

Corresponding legislation will also be introduced for National Insurance contributions purposes. These changes will have effect from 6 April 2015.

Qualifying expenses payments – exemptions

As announced at Autumn Statement 2014, legislation will be introduced in Finance Bill 2015 to exempt from tax certain expenses payments and benefits in kind provided to employees. The legislation will apply where employees would have been eligible for tax relief if they had incurred and met the cost of the expenses or benefits themselves.

This exemption replaces the rules that require employers to either apply to HMRC for an agreement known as a ‘dispensation’ so that they can provide expenses and benefits free of tax and National Insurance contributions, or to report such expenses and benefits to HMRC. However the exemption will not apply where expenses are paid as part of a salary sacrifice arrangement. Following consultation, the legislation has been revised ensure that the exemption cannot be used in conjunction with other arrangements that seek to replace salary with expenses. These changes will have effect from 6 April 2016.

Tax Avoidance and Evasion

Corporation Tax loss refresh prevention

The government will introduce anti-avoidance legislation effective from 18 March 2015 to prevent companies from obtaining a tax advantage by entering contrived arrangements to turn historic tax losses of restricted use into more versatile in-year deductions.

Common Reporting Standard (CRS): new disclosure facility

In advance of the receipt of data under the Common Reporting Standard in 2017, the government will offer a new time limited disclosure facility from 2016 to mid-2017 on less generous terms than existing facilities.

Closing the Lichtenstein Disclosure Facility early

In advance of the new disclosure opportunity, the existing Lichtenstein disclosure facility will close at the end of 2015 instead of April 2016.

Closing the Crown Dependencies Disclosure facilities early

In advance of the new disclosure opportunity, the existing Crown Dependencies disclosure facilities will close at the end of 2015 instead of September 2016.

Maximising the yield from the CRS

The government will invest £4million in data analytics resource to maximise the yield from the Common Reporting Standard (CRS) data.

Laying of regulations to implement the Automatic Exchange of Information agreements

The government will lay the regulations to implement the UK`s Automatic Exchange of Information agreements and adopt the updated EU Directive on Administrative Co-operation shortly after Budget 2015.

Accelerated Payments additional cases

HMRC has continued to review cases after the Accelerated Payments legislation took effect and Budget 2015 announces that HMRC will be issuing an additional 21,000 Accelerated Payment Notices over and above the original estimated number.

Financial Intermediaries writing to their customers in advance of receipt of data under the common reporting standard

The government will take a power in legislation under which financial intermediaries can be required to notify their UK resident customers with UK or overseas accounts, to inform them about the Common Reporting Standard, the penalties for evasion and the opportunities to disclose.

Serial avoiders

The government will introduce legislation for tougher measures for those who persistently enter into tax avoidance schemes which fail (serial avoiders), including a special reporting requirement and a surcharge on those whose latest tax return is inaccurate as a result of a further failed avoidance scheme. The government will also look to restrict access to reliefs for the minority who have a record of trying to abuse them through avoidance schemes that don't work and intends to develop further measures to name those who continue to use schemes that fail. Legislation will be introduced in due course that will widen the current scope of the Promoters of Tax Avoidance Schemes regime by bringing in promoters whose schemes regularly fail. (Future Finance Bill)

Promoters of tax avoidance schemes

The government will introduce legislation that will enable HMRC to issue Conduct Notices to a broader range of connected persons under the Promoters of Tax Avoidance Schemes (POTAS) regime. The government will also legislate to ensure that the 3-year time limit for issuing Conduct Notices to promoters who have failed to disclose avoidance schemes to HMRC applies from the date when a failure is established.

General Anti-Abuse Rule (GAAR) penalties

The government will introduce legislation in a later Finance Bill that will increase the deterrent effect of the General Anti-Abuse Rule (GAAR) by introducing a specific tax geared penalty that applies to cases tackled by the GAAR.

Improvements to the Disclosure of Tax Avoidance Schemes (DOTAS)

The government will introduce legislation that will ensure that DOTAS remains an effective information tool.

Investment managers – disguised fee income

As announced at Autumn Statement 2014, legislation will be introduced in Finance Bill 2015 to ensure that all sums which arise to investment fund managers for their services are charged to income tax. It will affect sums which arise to managers who have entered into arrangements involving partnerships or other transparent vehicles, but not sums linked to performance, often described as carried interest, nor returns which are exclusively from investments by partners.

Following consultation, the legislation has been revised to better reflect industry practice on performance related returns, to restrict the charge on non-UK residents to UK duties, and to ensure that the rules apply to investment trust managers. The changes will take effect in respect of sums arising on or after 6 April 2015, whenever the fund was set up or the arrangements were entered into.

Capital Gains Tax

Capital Gains Tax (CGT) Entrepreneurs' Relief (ER)

The government will deny Entrepreneurs' Relief (ER) on the disposal of shares made on and after 18 March 2015 in a company that is a non-trading company in its own right .The government will also prevent individuals from claiming ER on the disposal of personal assets used in a business carried on by a company or a partnership unless they are disposed of in connection with a disposal of at least 5% shareholding in the company or a 5% share in the partnership assets.

This also affects disposals on or after 18 March 2015.

Capital Gains Tax: wasting assets

The government will clarify that the CGT exemption for wasting assets only applies if the person selling the asset has used it in their own business. These changes have effect from 1 April 2015 for Corporation Tax on chargeable gains and 6 April for CGT.

Exemption from withholding tax for private placements

As announced at Autumn Statement 2014 legislation will be introduced in Finance Bill 2015 to enable regulations to be made providing an exemption from the duty to deduct income tax from interest paid on unlisted securities known as qualifying private placements.

Following consultation, the primary legislation has been revised to remove a condition relating to the minimum term of the security. The power to make regulations will have effect from Royal Assent, and the regulations will be laid later in 2015.

Venture capital schemes – renewable energy

As announced at Autumn Statement 2014, legislation will be introduced in Finance Bill 2015 to exclude investments in companies that benefit substantially from subsidies for the generation of renewable energy from the tax-advantaged venture capital schemes, the Enterprise Investment Scheme (EIS), Seed Enterprise Investment Scheme (SEIS) and Venture Capital Trusts (VCTs), from 6 April 2015, unless the company is a qualifying community energy organisation. Following consultation, the legislation has been revised to ensure that investments in companies receiving foreign subsidies similar to contracts for difference will be excluded from the schemes from 6 April 2015.

As announced at Autumn Statement 2014 legislation will be introduced in Finance Bill 2015 to extend eligibility for social Investment Tax Relief (SITR) to qualifying community energy organisations. The annual investment limit of £5 million will apply to money raised under EIS, SEIS, VCTs and Social Investment Tax Relief (SITR).

Budget 2015 announced the transitional provisions for community energy organisations moving from the tax-advantaged venture capital schemes to SITR. Provisions to exclude all community energy organisations from EIS, SEIS and VCT will take effect 6 months after the confirmation of state aid approval for the expansion of SITR. Qualifying community energy organisations will be able to use SITR from that date. Co-operatives and other non-qualifying organisations that benefit substantially from subsidies for the generation of renewable energy will no longer be eligible for tax-advantaged investment under the schemes once the transition period has elapsed.

Corporation Tax

Corporation Tax rate

The government will legislate to set the rate of Corporation Tax at 20% for the financial year beginning on 1 April 2016.

R&D tax credits: access

Following a consultation on improving access to R&D tax credits for smaller companies, the government will introduce voluntary advanced assurances lasting 3 years for smaller businesses making a first claim from autumn 2015 and reduce the time taken to process a claim for 2016. The government will produce new stand-alone guidance aimed specifically at smaller companies backed by a 2 year publicity strategy to raise awareness of R&D tax credits. HMRC will publish a document in the summer setting out a roadmap for further improvements to the scheme over the next 2 years.

Country-by-country reporting

The government will introduce legislation that gives the UK the power to implement the Organisation for Economic Co-Operation and Development (OECD) model for country- by-country reporting .The new rules will require multinational enterprises to provide high level information to HMRC on their global allocation of profits and taxes paid, as well as indicators of economic activity in a country.

Corporation tax loss refresh prevention

As announced at Budget 2015 legislation will be introduced in Finance Bill 2015 to protect the exchequer against contrived arrangements to increase access to carried-forward corporation tax reliefs. The change affects arrangements that create profits to use the carried-forward relief whilst also creating newer and more versatile relief ('refreshing' the loss). The new rules are not intended to affect normal tax planning around mainly commercial transactions and apply from 18 March 2015.

Bank loss relief restriction

As announced at Autumn Statement 2014, legislation will be introduced in Finance Bill 2015 to restrict the proportion of banks' annual taxable profit that can be offset by carried-forward losses to 50%. Following the technical consultation the government has decided to include an allowance of £25 million for groups headed by a Building Society. This allowance will reduce the carried forward reliefs that are subject to the restriction.

High-end television tax relief

As announced at Budget 2015 legislation will be introduced in Finance Bill 2015 to reduce the minimum UK spend requirement from 25% to 10%. Changes will also be made to the cultural test to bring this in line with similar changes made to the film cultural test.

Children's television tax relief

As announced at Autumn Statement 2014, legislation will be introduced in Finance Bill 2015 to provide a tax relief for the producers of children's television programmes. Following consultation, the draft legislation has been revised to include children's game shows and competitions. The relief will have effect from 1 April 2015.

Film tax relief – increase of rate for all films to 25%

As announced at Budget 2015 legislation will be introduced in Finance Bill 2015 to increase the rate of payable tax credit to 25% for all films. The changes will have effect from 1 April 2015 or date of approval by the European Commission, if later.

Research and development tax credits – qualifying expenditure

As announced at Autumn Statement 2014, legislation will be included in Finance Bill 2015 to restrict expenditure in respect of consumable items that qualifies for R&D tax credits where a company sells the products of its R&D activity as part of its normal business.

The revised definition of qualifying consumable items makes it clear that the cost of materials incorporated in such products that are then sold will not be eligible for the relief. This ensures that R&D tax credits remain well targeted in incentivising R&D investment. Draft legislation was published for consultation in December 2014. Following consultation the legislation clarifies that the restriction will not apply where the product of the R&D is transferred as waste, or where it is transferred but no consideration is received.

Indirect Taxes

Revalorisation of the VAT registration and deregistration thresholds

From 1 April 2015 the VAT registration threshold will be increased from £81,000 to £82,000 and the de-registration threshold from £79,000 to £80,000.

Alcohol Duty rates

From 23 March 2015 the duty rates on general beer, sprits and lower strength cider will be reduced by 2%. The duty rate on low strength beer will be reduced by 6% and the total duty rate on high strength beer will be reduced by 0.75%. The duty rate on high strength still cider will be reduced by 1.3% and the duty rates on wine below 22% abv and high strength sparkling cider will be frozen.

Tobacco Duty rates

As announced at Budget 2014 duty rates on tobacco products will increase by 2% above RPI. These changes will come into effect from 6pm on 18 March 2015.

Gaming Duty bands

The government will increase gaming duty bands in line with RPI for accounting periods starting on or after 1 April 2015.

Fuel Duty

The government will cancel the RPI inflation fuel duty increase of 0.54 pence per litre scheduled for 1 September 2015.

Rural Fuel Rebate Scheme extension

The Council of the European Union has fully approved the government`s application to extend the Rural Fuel Duty rebate scheme to seventeen areas of the UK mainland. The scheme will be implemented on 1 April 2015 and will enable retailers in eligible areas to register for a 5 pence per litre fuel duty discount.

Air Passenger Duty (APD) rates for 2016 to 2017

APD rates will increase by RPI from 1 April 2016.

Aggregates Levy rate

The levy will remain at £2 per tonne in 2015 to 2016.

Landfill Tax rates

The standard and lower rates of Landfill Tax will increase in line with RPI rounded to the nearest 5 pence from April 2016.

Climate Change Levy (CCL) main rates

The Climate Change Levy main rates will increase in line with RPI from 1April 2016.

Charities

Gift Aid Small Donations Scheme (GASDS) Secondary legislation will be introduced to increase the maximum annual donation amount which can be claimed through GASDS to £8,000 allowing charities and Community Amateur Sports Clubs to claim Gift Aid style top-up payments of up to £2,000 a year with effect from April 2016.

Amendments to rules for Enterprise Investment Scheme (EIS) and Venture Capital Trusts (VCT)

Legislation will be introduced in Finance Bill 2015 to amend the rules for the Enterprise Investment Scheme (EIS) and Venture Capital Trusts (VCT).

Flood defence relief

As announced at Autumn Statement 2014, legislation will be introduced in Finance Bill 2015 to ensure that contributions by both companies and unincorporated businesses to partnership funding schemes for flood defences will be deductible for both income tax and corporation tax purposes. The legislation will apply to contributions made on or after 1 January 2015, and relief is available both for monetary contributions and for the cost of the contribution of services. Following consultation, the list of exceptions to what is a "disqualifying benefit" has been expanded.

Landlord's energy saving allowance (LESA)

LESA will not be extended beyond 31 March 2015 for corporate landlords or beyond 5 April 2015 for unincorporated landlords of let residential properties.

Capital allowances – connected parties sale and leaseback.

As announced on 26 February 2015, legislation will be introduced in Finance Bill 2015 to clarify the effect of the capital allowances anti-avoidance rules for certain types of transactions. The legislation will be effective from 26 February 2015.

Oil and Gas Taxation

UK oil and gas fiscal regime – investment allowance

Autumn Statement 2014 announced that a new investment allowance will be introduced for oil and gas companies operating a ring fence trade in the UK or UK Continental Shelf to support investment and simplify the existing system of offshore field allowances.

Following consultation, the government has decided the allowance will remove an amount equal to 62.5% of investment expenditure incurred by a company in relation to a field from its adjusted ring fence profits for the purposes of the supplementary charge. The allowance will apply to the investment expenditure a company incurs on or after 1 April 2015, and will be available for projects in both new and existing fields. The current off-shore field allowances will not be available from 1 April 2015, but transitional arrangements will be put in place for companies currently developing projects. A response to the consultation will be published shortly after Budget 2015.

UK oil and gas fiscal regime – cluster area allowance

As announced at Autumn Statement 2014, legislation will be introduced in Finance Bill 2015 to introduce a cluster area allowance for oil and gas companies operating a ring fence trade on the UK Continental Shelf, to promote investment in high pressure high temperature cluster areas. Following consultation, the legislation has been revised to introduce a power to extend the definition of qualifying expenditure in the future by secondary legislation, and to introduce a restriction for expenditure incurred on the acquisition of a licence interest. The allowance has effect from 3 December 2014.

Rate reduction for supplementary charge

As announced at Budget 2015, Finance Bill 2015 will include legislation to reduce the rate of supplementary charge from 32% to 20% to encourage additional investment and drive higher production. The reduction will be backdated to 1 January 2015.

Petroleum revenue tax – rate reduction

As announced at Budget 2015, legislation will be introduced in Finance Bill 2015 to reduce the rate of petroleum revenue tax from 50% to 35% to drive investment in more mature fields and critical infrastructure. The reduction will have effect in respect of chargeable periods ending after 31 December 2015.

Inheritance Tax

Inheritance tax exemption for emergency service personnel

As announced at Autumn Statement 2014, Finance Bill 2015 will include legislation to extend the existing inheritance tax exemption for members of the armed services whose death is caused or hastened by injury on active service to members of the emergency services and humanitarian aid workers.

Legislation was published in draft on 10 December 2014. Following consultation on the draft legislation, the government has clarified that the legislation provides an exemption for serving and former police officers and service personnel targeted because of their status. The revised legislation will be effective for all deaths on or after 19 March 2014.

Future Tax Changes

This section summarises tax changes announced at Budget 2015 where the change will be legislated in a future Finance Bill or other future legislative vehicle.

Income Tax

Personal Savings Allowance

As announced at Budget 2015, legislation will be introduced in a future Finance Bill to apply a Personal Savings Allowance, such as bank and building society interest.

The Personal Savings Allowance will apply for up to £1,000 of a basic rate taxpayer's savings income and up to £500 of a higher rate taxpayer's savings income each year. The Personal Savings Allowance will not be available for additional rate taxpayers. These changes will have effect from 6 April 2016 and the Personal Savings Allowance will be in addition to the tax advantages currently available to savers from Individual Savings Accounts. In the lead-up to these changes, the government will discuss implementation issues with the savings and investment industry, and other interested groups.

Company car taxation (CCT)

Legislation will be introduced in a future Finance Bill to increase the appropriate percentage of the list price of company cars subject to tax by 3 percentage points for cars emitting more than 75 grams of carbon dioxide per kilometre (gCO2/km), to a maximum of 37%.

The 3 percentage point differential between the 0-50 and 51-75 gCO2/km bands and between the 51-75 and 76-94 gCO2/km bands will remain. The appropriate percentage for the 0-50 and 51-75 gCO2/km bands will, therefore, also increase by 3 percentage points.

These changes will have effect from 2019-20.

Ultra low emission vehicles

The government remains committed to reviewing incentives for Ultra Low Emission Vehicles in light of market developments at Budget 2016, to inform decisions on CCT from 2020-21 onwards.

Van benefit charge (VBC)

Regulations will be introduced to increase the VBC in line with inflation with effect from 6 April 2016. The increase will be based on the September 2015 RPI figure. The change will be introduced by secondary legislation later in 2015, in time for the usual tax code exercise in January 2016.

Fuel benefit charge (FBC)

Regulations will be introduced to increase the FBC multipliers for both company cars and vans in line with RPI with effect from 6 April 2016. The changes will be introduced by secondary legislation later in 2015, in time for the usual tax code exercise in January 2016.

Sporting testimonials

The government intends to preserve the current treatment of payments made from sporting testimonials while it considers representations made to the recent call for evidence on extra statutory concessions.

Bad debt relief on peer-to-peer lending

As announced at Autumn Statement 2014, new legislation will be introduced to allow individuals who make loans through peer-to-peer (P2P) platforms to offset bad debts arising against the interest they receive from P2P loans when calculating their taxable income. These changes will have effect for loans made from 6 April 2015. Legislation will be included in a future Finance Bill and the government will publish draft legislation in 2015. A technical note will be published shortly after Budget.

Annuity flexibility

The government believes people who have already bought an annuity should be able to enjoy the same flexibilities as those retiring from April 2015. The government will therefore change the tax rules in a future Finance Bill to have effect from April 2016 to allow people who are already receiving income from an annuity to sell that income to a third party as and when they choose. The government has therefore today published a consultation on how best to remove the barriers to the creation of a secondary market in annuities.

Gift Aid Small Donations Scheme

As announced at Budget 2015 secondary legislation will be introduced to increase the maximum annual donation amount which can be claimed through the scheme to £8000 allowing charities and Community Amateur Sports Clubs to claim Gift Aid style top-up payment of up to £2000 a year with effect from 6 April 2016.

Individual Savings Accounts (ISAs) and Child Trust Funds – Extending eligibility

As announced at Budget 2015, regulations will be introduced to extend the list of qualifying investments for ISAs and Child Trust Funds to include listed bonds issued by Co-operative Societies and Community Benefit Societies and SME securities that are admitted to trading on a recognised stock exchange, with effect from 1 July 2015. The government will also consult during Summer 2015 on further extending this list of qualifying investments to include debt securities (as announced at Autumn Statement 2014) and equity securities offered via crowd funding platforms.

Individual Savings Accounts (ISAs) – Making ISAs more flexible

As announced at Budget 2015, regulations will be introduced in Autumn 2015, following consultation on technical detail, to enable ISA savers to withdraw and replace money from their cash ISA without it counting towards their annual ISA subscription limit for that year.

Social Venture Capital Trusts

The government will set the rate of income tax relief for investment in Social Venture Capital Trusts (Social VCT) at 30%, subject to state aid clearance. Investors will pay no tax on dividends received from a Social VCT or capital gains tax on disposals of shares in Social VCTs. Social VCTs will have the same excluded activities as the social investment tax relief (SITR). Legislation will be included in a future Finance Bill.

Farmers averaging

As announced at Budget 2015, the government will extend the period over which self-employed farmers can average their profits for income tax purposes from 2 years to 5. The government will hold a consultation later in 2015 on the detailed design and implementation of the extension. This measure will come into effect from 6 April 2016 and be legislated for in a future Finance Bill.

Enhanced capital allowances – energy saving and water efficient technologies

These schemes will be updated:

- To adopt the Waste Heat to Electricity sub-technology, and
- To remove the Packaged Chillers sub-technology.

In addition, the qualifying criteria for some sub-technologies in both schemes will be amended. The government intends to make these changes by Treasury Order in summer 2015, subject to State Aid approval.

Corporation Tax

Tax treatment of banks' compensation payments

As announced at Budget 2015, the government will make banks' customer compensation expenses non-deductible for corporation tax purposes. The government will consult on the detailed design of the change and how it can be appropriately targeted.

The change will be legislated in a future Finance Bill.

Orchestra tax relief

As announced at Autumn Statement 2014, legislation will be introduced in a future Finance Bill for a new relief for orchestras. The relief will have effect from 1 April 2016.

Excise duties

Tobacco duty– tackling the illicit trade

The government is fully committed to tackling the illicit trade in tobacco to protect public finances and support health objectives. On 24 March 2015, HMRC and the UK Border Force will be publishing a refreshed strategy to address this fraud and the criminality behind it. This will focus on four themes:

- Creating a hostile environment for illicit global trade,
- Undermining the profitability at all points in the supply chain,
- Getting tougher on those involved through sanctions, and
- Changing the public perception that this is a crime that has little impact beyond those directly involved.

The package of measures to tackle illicit tobacco includes:

- Establishment of a cross-government ministerial group to oversee future evolution of the strategy,
- Plans to introduce a registration scheme for users and dealers in raw tobacco with appropriate enforcement sanctions,
- An informal targeted consultation on sanctions and
- Commissioning of academic research to provide evidence to galvanise action on the international stage.

Tobacco levy

The government will continue the recent consultation on whether to introduce a tobacco levy through further informal discussion with stakeholders.

Environmental Taxes

Air passenger duty rates for 2016-17

Legislation will be introduced in Finance Bill 2016 to increase air passenger duty rates in line with RPI from 1 April 2016.

Carbon price support rates

Budget 2014 announced carbon price support (CPS) rate per tonne of carbon dioxide (tCO2) will be capped at a maximum of £18 from 2016-17 until 2019-20. This effectively freezes the CPS rates for each of the individual taxable commodities across this period at around 2015-

16 levels. Budget 2015 confirmed that these CPS commodity rates for 2017-18 will be the same as in 2016-17. It also announced the indicative CPS rates for 2018-19 and 2019-20, at the same levels as 2016-17.

Landfill Communities Fund – proposals for reform

The government will consult on proposals aimed at ensuring the Landfill Communities Fund is spent on community projects as quickly and efficiently as possible.

Capital Gains Tax

Capital gains tax – entrepreneurs' relief and academics

As announced at Budget 2015, the government will consult on the capital gains tax treatment of gains made by academics on disposals of shares in 'spin-out' companies. Any necessary legislation will be introduced in a future Finance Bill.

Stamp Duty

Application of Stamp Duty Land Tax on certain authorised property funds

As announced at Autumn Statement 2014, the government intends to introduce a seeding relief for property authorised investment funds and co-ownership authorised contractual schemes (CoACSs) and intends to make changes to the SDLT treatment of CoACSs investing in property so that SDLT does not arise on the transactions in units, subject to the resolution of potential avoidance issues. Any changes will be legislated for in a future Finance Bill.

Inheritance Tax

Inheritance tax (IHT) online

As part of the introduction of the new IHT digital service HMRC will publish draft regulations to facilitate the use of electronic communications shortly after Budget 2015.

Inheritance tax and trusts

As announced at Autumn Statement, legislation will provide new rules about adding property to trusts on the same day, to target inheritance tax avoidance through the use of multiple trusts. Legislation was published in draft on 10 December 2014. This will be legislated in a future Finance Bill. Following consultation on the draft legislation, the government has made changes to the legislation so that the new rules apply only when property is added to more than one relevant property trust on the same day.

Stakeholders were also concerned that small same day additions by the settlor to a number of trusts for say, trustee fees, would result in the property in those other trusts being aggregated and brought into the 10 year charge calculation. The revised legislation therefore provides that where the value of the addition is £5,000 or less there will not be a same day addition. The period of grace for not applying the new rules about additions to existing trusts to a will executed before 10 December 2014 has been extended by 12 months. The exclusion will now be limited to deaths before 6 April 2017. The calculation of trust charges will be simplified by removing the requirement to include non-relevant property in the computation. Changes are also being made in certain areas of the relevant property trust legislation to close a gap and ease the effects of the legislation elsewhere.

Deeds of variation

The government will review the use of deeds of variation for tax purposes.

Tax Administration and Compliance

Making taxes easier

The government will abolish the tax return for millions of individuals and small business through the introduction of digital tax accounts.

A roadmap setting out the policy and administrative changes will be published later this year. In addition, the government will consult on a new payment process to support the use of digital tax accounts which allow tax and National Insurance contributions to be collected outside of Pay As You Earn and Self-Assessment, this will be legislated in the next Parliament.

New disclosure facility

As announced at Budget 2015, a new time limited disclosure facility that will run after the existing facilities close, with tougher terms than existing facilities, including penalties of at least 30% and no guarantee around criminal investigation.

Tackling offshore evasion – requiring financial intermediaries and tax advisors to notify their customers

As announced at Budget 2015, the government will take a power to legislate to require financial intermediaries, and tax advisers, to notify their UK resident customers with UK or overseas accounts to explain the full impact of the Common Reporting Standard, the opportunities to disclose and the penalties they could face for non-disclosure.

Shortening of the Liechtenstein Disclosure Facility

As announced at Budget 2015, the government will shorten the disclosure period of the Liechtenstein Disclosure Facility, changing the end date from April 2016 to December 2015.

Shortening of the Crown Dependencies Disclosure Facilities

As announced at Budget 2015, the government will shorten the disclosure period of the Crown Dependencies Disclosure Facility, changing the end date from September 2016 to December 2015.

HMRC Tax Enquiries – closure rules

As announced at Autumn Statement 2014, the government consulted between 15 December 2014 and 12 March 2015 on a proposal to introduce a new power, enabling HMRC to refer matters to the tax tribunal with a view to achieving early resolution of one or more aspects of a tax enquiry, whilst leaving other aspects of the tax enquiry open. The government are currently considering the consultation responses.

New Measures for Serial Avoiders

As announced at Budget 2015 and following the consultation Strengthening Sanctions for Tax Avoidance which closed on 12 March, legislation will be introduced in a future Finance Bill to introduce tougher measures for those who persistently enter into tax avoidance schemes which fail (serial avoiders). This will include a special reporting requirement and a surcharge on such serial avoiders whose latest tax return is inaccurate as a result of a further failed avoidance scheme. The government will look to restrict access to reliefs for the small hard core of people who have a record of trying to abuse them through avoidance schemes that don't work. The government also intends to develop further measures so that those who continue to use schemes that fail would be named. Legislation will be introduced in due course that will widen the current scope of the Promoters of Tax Avoidance Schemes regime by bringing in promoters whose schemes regularly fail.

Penalties for the GAAR

As announced at Budget 2015 and following the consultation Strengthening Sanctions for Tax Avoidance which closed on 12 March, legislation will be introduced in a future Finance Bill that will increase the deterrent effect of the General Anti-Abuse Rule (GAAR), by introducing a specific, tax-geared penalty that applies to cases tackled by the GAAR.

Direct recovery of debts

As announced at Autumn Statement 2014, legislation will be introduced to enable tax and tax credit debts due to HMRC to be removed from debtors' accounts in credit. This follows announcement at Budget 2014 and consultation last year. Draft legislation was published on 10 December 2014 for consultation.

The government intends to legislate this measure in a future Finance Bill.

Pensions

Pensions – lifetime allowance

Legislation will be introduced in the new Parliament to reduce the pensions' lifetime allowance to £1million. Fixed and individual protection regimes will be introduced alongside the reduction in the lifetime allowance to protect savers who think they may be affected by this change. This change will have effect from 6 April 2016. Legislation will also provide for increases of the allowance in line with the consumer prices index from 2018.

National Insurance Contributions

Abolition of Class 2 National Insurance contributions (NICs)

At Budget 2015 the government announced its intention to abolish Class 2 NICs in the next Parliament and reform Class 4 NICs to introduce a new benefit test. The government will consult on the detail and timing of these reforms later in 2015.

Employment intermediaries

The government will consult on detailed proposals to restrict tax relief for travel and subsistence for workers engaged through an employment intermediary, such as an umbrella company or a personal service company, and under the supervision, direction and control of the end-user. This follows a discussion paper published shortly after Autumn Statement 2014 on Employment Intermediaries and travel and subsistence relief that furthered the government's understanding of the issues. Any legislative changes would take effect from 6 April 2016 and would be legislated for in a future Finance Bill.

Tax Tables

Bands of Taxable Income

Income tax bands of taxable income (£ per year)

	Tax year 2014-15	Tax year 2015-16	Tax year 2016-17	Tax year 2017-18
Basic rate 1	£0 - £31,865	£0 - £31,785	£0 - £31,900	£0 - £32,300
Higher rate	£31,866 - £150,000	£31,786- £150,000	£31,901 - £150,000	£32,301 - £150,000
Additional rate	Over £150,000	Over £150,000	Over £150,000	Over £150,000

NOTES

1 There is a starting rate for savings income only. The starting rate limit for savings is £2,880 for 2014-15 and £5,000 for 2015-16 and 2016-17. If an individual's taxable non-savings income (i.e. after deduction of their personal allowance) exceeds the starting rate limit, then the starting rate for savings will not be available for savings income. For 2014-15, the starting rate for savings income is 10%. From 6 April 2015, the starting rate for savings income is reduced to 0%.

2 The tax rates for dividends are 10 per cent dividend ordinary rate, 32.5 per cent dividend upper rate (effective rate 25%) and 37.5 per cent dividend additional rate (effective rate 30.6%).

Income Tax Allowances

	£ a year		
	2014-15	**2015-16**	**2016-17 and 2017-18**
Personal allowance 1			
Those born after 6 April 1948	£10,000	£ 10,600	£10,800 (£11,000 for 2017-18)
Those born between 6 April 1938 and 5 April 1948	£10,500	£ 10,600	£10,800 (£11,000 for 2017-18)
Those born before 6 April 1938	£10,660	£ 10,660	£10,800 (£11,000 for 2017-18)
Income limit for personal allowance 2	£100,000	£100,000	£100,000 (also for 2017-18)
Income limit for personal allowances (born before 6 April 1948) 3	£27,000	£27,700	To be advised 7
Married couple's allowance 4 (See Note 8 for new Marriage Allowance)			
Maximum amount 5	£8,165	£8,355	To be advised 7
Minimum amount 6	£3,140	£3,220	To be advised 7
Blind person's allowance	£2,230	£2,290	To be advised 7

NOTES

1 The amount of an individual's personal allowance depends on their date of birth and their income in the tax year.

2 The personal allowance reduces where the individual's income is above this limit by £1 for every £2 above the limit. This applies regardless of age or date of birth.

3 This allowance reduces where the individual's income is above the income limit (£27,700 for 2015-16) by £1 for every £2 above the income limit until they reach the level of the basic personal allowance.

4 Available to people born before 6 April 1935. Tax relief for this allowance is restricted to 10 per cent.

5 This allowance reduces where the individual's income is above the income limit (£27,700 for 2015-16) by £1 for every £2 above the income limit until it reaches the minimum amount. Any reduction applies after any reduction to the individual's personal allowance.

6 This is also the maximum relief for maintenance payments where at least one of the parties is born before 6 April 1935.

7 The married couple's allowance, blind person's allowance will increase on 6 April 2015 by the annual increase in the CPI.

8 A transferable Marriage Allowance is available to married couples and civil partners born after 5 April 1935. The relief for this allowance (£1,060 for 2015-16, and increases by £20 for each year up to 2017-18) is given at 20% (subject to certain conditions).

Class 1 National Insurance Contribution Rates 2015-16

Employee (primary)		Employer (secondary)	
Earnings 1	**NIC rate 2**	**Earnings 1**	**NIC rate 3**
£ a week	**per cent**	**£ a week**	**per cent**
Below £112 (LEL)	0.00	Below £156 (ST)	0.00
£112 – £155 (PT) 4	0.00	Above £156	13.80
£155 – £815 (UEL)	12.00		
Above £815	2.00		

NOTES

1 The limits are defined as: LEL - lower earnings limit; PT - primary threshold; ST - secondary threshold; and UEL - upper earnings limit.

2 The contracted-out rebate for primary contributions in 2015-16 is 1.4 per cent of earnings between the LEL and the upper accrual point (UAP) of £770 for contracted-out salary-related schemes (COSRS). Contracting out for money purchase schemes (COMPS) was abolished on 5 April 2012.

3 The contracted-out rebate for secondary contributions is 3.4 per cent of earnings between the LEL and UAP for COSRS.

4 No NICs are actually payable but a notional Class 1 NIC is deemed to have been paid in respect of earnings between LEL and PT to protect contributory benefit entitlement.

5 The **Employment Allowance** was introduced from April 2014, delivered through standard payroll software and HMRC's Real-Time Information system. Employers only need to confirm their eligibility through their regular payroll processes, which will ensure that up to £2,000 will be deducted from the employer's NIC liability over the course of the tax year.

Self-Employed National Insurance Contribution Rates 2015-16

Annual profits £ a year [1]	Class 2 £ a week [2]	Class 4: per cent
Below £5,965 (SEE) [3]	0.00	0
£5,965 to £8,060 (LPL)	2.80	0
£8,060 to £42,385 (UPL)	2.80	9.00
Above	2.80	2.00

NOTES
1 The limits are defined as SEE - small earnings exception; LPL - lower profits limit and UPL - upper profits limit.
2 Class 2 NICs are paid at a weekly flat rate of £2.80 by all self-employed persons unless they have applied for a small earnings exception.
3 The self-employed may apply for exception from paying Class 2 contributions if their earnings are less than, or expected to be less than the level of the small earnings exception.
4 The government says it will abolish Class 2 NICs in the next Parliament and will reform Class 4 to introduce a new contributory benefit test. The government will consult on the detail and timing of these reforms later in 2015.

Other NICs Rates

	2014-15	2015-16
Married Women's reduced rate (5.85%)		
	£	£
Special Class 2 rate for share fishermen	3.40 per week	3.45 per week
Special Class 2 rate for volunteer development workers	5.55 per week	5.60 per week
Class 3 rate	13.90 per week	14.10 per week

NOTES
1 Married Women's reduced rate is paid only by married women and certain widows with valid reduced rate elections.
2 Class 3 NICs are paid by contributors to make the year a qualifying year for basic State Pension and Bereavement Benefit purposes.

Working and Child Credit Tax Rates and Thresholds

	£ a year	
	2014-15	**2015-16**
Working Tax Credit		
Basic element	1,940	1,960
Couple and lone parent element	1,990	2,010
30 hour element	800	810
Disabled worker element	2,935	2,970
Severe disability element	1,255	1,275
Childcare element		
maximum eligible cost for one child	£175 per week	£175 per week
maximum eligible cost for two or more children	£300 per week	£300 per week
per cent of eligible costs covered	*70 per cent*	*70 per cent*

	£ a year	
	2014-15	**2015-16**
Child Tax Credit		
Family element	545	545
Child element	2,750	2,780
Disabled child element	3,100	3,140
Severely disabled child element	1,255	1,275
Income thresholds and withdrawal rates		
Income threshold	6,420	6,420
Withdrawal rate (per cent)	*41%*	*41%*
First threshold for those entitled to Child Tax Credit only	16,010	16,105
Income rise disregard	5,000	5,000
Income fall disregard	2,500	2,500

Child Benefit and Guardian's Allowance

	£ a week	
	2014-15	2015-16
Child Benefit		
First child rate	20.50	20.70
Rate for additional children	13.55	13.70
Guardian's Allowance	16.35	16.55

From 7 January 2013 taxpayers with adjusted net income between £50,000 and £60,000 are subject to an income tax charge (unless they withdraw their claim) of 1% of the amount of Child Benefit for every £100 of income that exceeds £50,000. For taxpayers with income over £60,000 the income tax charge is restricted to the Child Benefit received.

Giving to Charity

Gift aid

Every £10 donation is worth £12.50 to a charity or a community amateur sports club.

Taxpayers are able to carry back to the previous tax year donations made by the date of submission of the tax return (deadline 31 January after the end of the tax year) for the purpose of higher and additional rate tax relief.

Payroll giving

An employee or pensioner can request employer or pension payer to make deductions from gross pay. Amount of giving reduces income for tax purposes.

IHT Rates and Reliefs

The following are the thresholds for IHT:

INHERITANCE TAX (IHT) THRESHOLDS

Year	Nil Rate Band
2006-07	£285,000
2007-08	£300,000
2008-09	£312,000
2009-10 to 2017-18	£325,000

For married couples and civil partners, the above figures can potentially be doubled from 9 October 2007

NOTE
The rate of IHT for estates is 40% (36% where more than 10% of net estate is left to charity). The rate for chargeable lifetime transfers is 20%.

IHT MAIN EXEMPTIONS

	Exempt Amount
Annual gifts per donor	£3,000 per year
Small gifts to same person	£250
To non-domicile spouse	£325,000 from 6/4/2013
To UK domicile spouse	unlimited gifts
On marriage by either party to the marriage	£2,500
On marriage by parent of either party	£5,000
On marriage by remoter ancestor of either party	£2,500
On marriage by any other person	£1,000
To charities	all gifts
To political parties	all gifts

IHT Rates and Reliefs (continued)

IHT CHARGE ON GIFTS WITHIN SEVEN YEARS OF DEATH

Years between gift and death	%age of death rate charge applied to gift
0 to 3	100%
3 to 4	80%
4 to 5	60%
5 to 6	40%
6 to 7	20%

If an estate includes UK woodlands, a claim may be made to defer IHT on the value of growing timber, subject to meeting certain conditions.
Generous reliefs are available on 'relevant business property'. Qualifying assets can have their IHT values reduced substantially (subject to meeting certain conditions) as shown in the next Table.

BUSINESS PROPERTY RELIEF

Asset	% Reduction
Business or interest in a business	100
Land, buildings, machinery or plant used in a company you control, or in a partnership to which you belong	50
Shares in an unquoted AIM company	100
Shares in a fully quoted company in which there is control	50
Owner-occupied farms and agricultural tenancies (after 1 September 1995)	100
Interest of landlords in let farmland	100

VAT Rates

VALUE ADDED TAX

Rates (from 4/1/2012):

Standard rate	20%
Reduced rate	5%
VAT fraction	1/6th

	Limits to 31/03/15	Limits from 01/04/15
Limits:		
Registration limit	£81,000	£82,000
Deregistration limit	£79,000	£80,000
Annual accounting turnover limit	£1.35m	£1.35m

Tax Rates for Trustees

SPECIAL RATES FOR TRUSTEES' INCOME

Tax Years	2012-13	2013-14 onwards
Standard rate on first £1,000 of income which would otherwise be taxable at the special rates for trustees.	Up to 20%, depends on the type of income	Up to 20%, depends on the type of income
Trust rate	50.00%	45.00%
Dividend trust rate	42.50%	37.50%

Official Rate of Interest

Directors and employees earning £8,500 a year or more (including gross expenses payments and the value of benefits in kind) are taxable on benefits in kind. The amount chargeable to tax in respect of a loan made by an employer is based on the difference between the interest paid by the employee (if any) and the interest which would have been paid on the loan at the "official rate" of interest.

Tax year to 5 April	Rate
2014	4.00%
2015	3.25%
2016	3.00%

Corporation Tax Rates

From 1 April 2015, all profits are taxed at 20%. Prior to that date, the rates of Corporation Tax are shown in the Table below. The profit limits may be reduced for a company that is part of a group or has associated companies. The lower rates and marginal reliefs do not apply to close investment holding companies.

CORPORATION TAX RATES

Year(s) from 1 April	**2014**
Companies earning under £300,000	From £1 to £300,000 @ 20%
Companies earning between £300,000 and £1.5 million:	
First £300,000	20%
Upper Marginal rate (excess over £300,000)	21.25%
Companies earning over £1.5million:	
Main rate	21%

Corporation Tax Rates on Patent Box Profits

The Patent Box enables companies to apply a lower rate of Corporation Tax to profits earned after 1 April 2013 from its patented inventions and certain other innovations. The relief was phased in from 1 April 2013 and the lower rate of Corporation Tax to be applied is 10 per cent.

The UK and Germany agreed at the end of 2014 to change the UK Patent Box tax incentive scheme. This is not the end of the Patent Box - under the current proposals the Patent Box regime will in fact remain in place until at least June 2021 for current beneficiaries. From June 2016, it is expected that a new beneficial tax incentive agreed on by all EU member states will be implemented, so UK businesses should continue to be able to benefit from patent-related tax relief.

Pensions and Pension Contributions

PENSIONS - ANNUAL AND LIFETIME ALLOWANCES

Tax Year	**Annual Allowance**	**Lifetime Allowance**
2006-07	£215,000	£1,500,000
2007-08	£225,000	£1,600,000
2008-09	£235,000	£1,650,000
2009-10	£245,000	£1,750,000
2010-11	£255,000	£1,800,000
2011-12	£50,000	£1,800,000
2012-13 and 2013-14	£50,000	£1,500,000
2014-15 and 2015-16	£40,000	£1,250,000
2016-17 onwards	£40,000	£1,000,000

NOTES

(a) *Tax relief* – There is no limit on the amount that you can pay into your personal pension and any other pension plans you have, but there is no tax relief on payments over a certain amount. HMRC allows tax relief on your personal payments to your pension plans of up to £2,880 a year (which becomes £3,600 with tax relief), or 100% of your UK taxable earnings if greater.

(b) *Annual Allowance* - The Annual Allowance has an overall limit. If total payments from you and your employer to all your pension plans are above the Annual Allowance they may be subject to a tax charge.

(c) *Lifetime Allowance* - The Lifetime Allowance is a limit on the amount of money you can build up in all your pension plans without losing tax advantages. Any amount above this allowance will normally be subject to a tax charge when benefits start payment. The Lifetime Allowance is £1,500,000 in the tax year 2012-13 and 2013-14 and £1,250,000 thereafter but drops to £1m in 2016-17. As well as the amount you're currently building up in pension plans, the Lifetime Allowance also takes into account the value of any pensions already being paid to you and any tax-free lump sums you've received. If you already have pension funds that exceed the Lifetime Allowance or you think may exceed it in future, you should talk to a financial adviser before taking out a personal pension.

STATE PENSION

	2014-15	**2015-16**
Single Person	£113.10 per week	£115.95 per week
Couple (if wife is a non-contributor)	£67.80 per week	£69.50 per week

PENSION CREDIT

Standard minimum income guarantee:	**2014-15**	**2015-16**
Single	£148.35 per week	£151.20 per week
Couple	£226.50 per week	£230.85 per week

Capital Gains Tax

CAPITAL GAINS TAX:

Annual Exempt Amount

Year	Individuals	Trustees
2014-15	£11,000	£5,500
2015-16	£11,100	£5,550

CGT Rate

2014-15	Standard Rate: 18%	Higher Rate: 28%
2015-16	Standard Rate: 18%	Higher Rate: 28%

Entrepreneurs' Relief

Entrepreneurs' Relief allows individuals and some trustees to claim tax relief for 2008-09 onwards on qualifying gains, up to a maximum lifetime limit, made on the disposal of any of the following:

- all or part of a trade carried on alone or in partnership;
- the assets of such a trade after it has ceased; or
- shares or securities in an individual's personal trading company.

Entrepreneurs' Relief reduces the amount of the Capital Gains Tax (CGT) on a disposal of qualifying business assets on or after 6 April 2008, as long as the qualifying conditions have been met throughout a one-year qualifying period either up to the date of disposal or the date the business ceased.

Qualifying capital gains for each individual are subject to a lifetime limit as follows:

- for disposals on or after 6 April 2008 to 5 April 2010, £1 million
- for disposals on or after 6 April 2010 to 22 June 2010, £2 million
- for disposals on or after 23 June 2010 to 5 April 2011, £5 million, and
- for disposals on or after 6 April 2011, £10 million

Amount of relief

If you are entitled to Entrepreneurs' Relief, qualifying gains up to the lifetime limit applying at the time you make your disposal, will:

- for disposals made on or before 22 June 2010, be reduced by 4/9ths and the net amount charged to CGT at the rate of 18%, or
- for disposals made on or after 23 June 2010, be charged to CGT at the rate of 10%.

If the qualifying gains together with all previous gains on which you have claimed Entrepreneurs' Relief exceed the lifetime limit applying at the time you make your disposal, the whole of the excess will be taxable at the normal rate of CGT at the time your gains accrue.

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Capital Allowances

Capital allowances are:

CAPITAL ALLOWANCES

Tax Years	**2013-14**	**2014-15 onwards**
Writing Down Allowance (WDA) on Plant & Machinery in the general pool	18%	18%
WDA on Plant & Machinery Long Life assets in the general pool and on integral fixtures	18%	8%
Annual Investment Allowance (AIA) available at 100% on qualifying expenditure on most Plant & Machinery (apart from cars) of up to:	£250,000	£500,000 from April 2014 (1/4/2014 for companies and 6/4/2014 for income tax payers) until 31 December 2015 after which it reverts to £25,000.

Interest on Late Payment of Tax

	From 29/09/09
Income Tax, NIC & CGT Stamp Duty and Stamp Duty Reserve Tax	3%
CTSA, From normal due date	3%
Inheritance Tax	3%

Fuel Benefit Charge

Company Car Tax Fuel Benefit Charge	**2014-15**	**2015-16**
Car Fuel Benefit Charge Multiplier	£21,700	£22,100
Van Fuel Benefit Charge	£581	£594

Car Benefit Charge

The car benefit charge for a full year is obtained by multiplying the price of the car for tax purposes (in most cases, its list price plus accessories, less capital contributions) by the 'appropriate percentage'. A more detailed guide is available for employees in the HS203 Self-Assessment helpsheet (see: http://www.hmrc.gov.uk/helpsheets/hs203.pdf and for employers in booklet 480 (see: http://www.hmrc.gov.uk/guidance/480.pdf).

The information here may be subject to change if and when updates are published by HMRC.

A useful summary is available at: http://www.fleetnews.co.uk/fleet-faq/what-are-the-current-bik-bands-/3/

Legislation will be introduced in a future Finance Bill to increase the appropriate percentage of the list price of company cars subject to tax by 3 percentage points for cars emitting more than 75 grams of carbon dioxide per kilometre (gCO2/km), to a maximum of 37%.

The 3 percentage point differential between the 0-50 and 51-75 gCO2/km bands and between the 51-75 and 76-94 gCO2/km bands will remain. The appropriate percentage for the 0-50 and 51-75 gCO2/km bands will, therefore, also increase by 3 percentage points.

These changes will have effect from 2019-20.

Company Car and Car Fuel Benefit Calculator

When a company car is made available for the private use of an employee a 'benefit in kind' value is calculated in relation to the car (and to the fuel if that is also made available for private use).

In order to calculate the company car benefit and (if appropriate) the fuel benefit, you can use the calculator provided by HMRC at: http://cccfcalculator.hmrc.gov.uk/CCF0.aspx

Mileage Allowances

The maximum tax-free mileage allowances for employees using their own transport for business journeys are as follows:

REIMBURSEMENT RATES, PER MILE

	First 10,000 miles	Over 10,000 miles
Car / van	45p	25p
Motorcycle	24p	24p
Bicycle	20p	20p
Passenger payments	5p	5p

If an employer pays a mileage rate higher than the statutory rate, the employee pays income tax on the excess. If an employer pays a mileage rate lower than the statutory rate the employee can claim tax relief on the shortfall.

CAR - ADVISORY FUEL RATES EFFECTIVE FROM 1 MARCH 2015

Engine capacity	Petrol	Gas
Up to 1400cc	11p	8p
1401 - 2000cc	13p	10p
Over 2000cc	20p	14p

CAR - ADVISORY FUEL RATES EFFECTIVE FROM 1 MARCH 2015

Engine capacity	Diesel
1600cc or less	9p
1601cc to 2000cc	11p
Over 2000cc	14p

VAT-registered businesses can reclaim VAT at the rate of 1/6th based on these fuel only mileage rates. Sufficient fuel VAT receipts must be kept to support the amount of VAT reclaimed.

Tax Shelters

Tax shelters are as follows:

Venture Capital Trusts - investment limit and rate of tax relief (maximum)	£200,000 (relief at 30%)
EIS – investment limit and rate of tax relief (maximum)	From 6/4/12, the limit was increased to £1m. From 6/4/11, the rate of tax relief was increased from 20% to 30%.
Seed EIS (SEIS) offers 50% income tax relief on investments in small early stage companies carrying on, or preparing to carry on, a new business in a qualifying trade. There is no charge to CGT if the shares on which SEIS income tax relief has been given are disposed of after 3 years. A claim to CGT reinvestment relief can be made – from 2013-14 onwards the relief applies to half the qualifying reinvested amount.	The income tax relief is available on total investments up to £150,000 per company. To give the greatest degree of flexibility, this is a cumulative limit, not an annual limit. For individual investors there is an annual limit on the amount of qualifying investments of £100,000.
Tax-free employment termination	£30,000 **for 2014-15 and 2015-16**
Tax-free "rent-a-room" income	£4,250 (£2,125 if letting jointly) **for 2014-15 and 2015-16**

ISAs (New ISA from 1/7/2014)	**2014-15**	**2015-16**
Overall investment limit	£15,000	£15,240
Junior ISA limit	£4,000	£4,080

Stamp Duty Rates

Stamp duty is payable at 0.5% of transfers of shares and securities with a value of £1,000 and over.

Stamp duty is payable on a residential lease at 1% above the £125,000 threshold (£150,000 for a non-residential or mixed use lease).

The effective stamp duty land tax rates for property or land purchases are shown in the Table below:

Illustrative SDLT liability and effective tax rate before 4 December 2014 and from 4 December 2014

	Before 4 December 2014		**From 4 December 2014**		
Property value (£)	SDLT due (£)	Effective tax rate (%)	SLDT due (£)	Effective tax rate (%)	Change in SDLT due (£)
100,000	0	0.0	0	0.0	0
150,000	1,500	1.0	500	0.3	-1,000
200,000	2,000	1.0	1,500	0.8	-500
Average price paid by first time buyer:					
210,000	**2,100**	**1.0**	**1,700**	**0.8**	**-400**
250,000	2,500	1.0	2,500	1.0	0
Average UK house price					
275,000	**8,250**	**3.0**	**3,750**	**1.4**	**-4,500**
300,000	9,000	3.0	5,000	1.7	-4,000
350,000	10,500	3.0	7,500	2.1	-3,000
400,000	12,000	3.0	10,000	2.5	-2,000
450,000	13,500	3.0	12,500	2.8	-1,000
500,000	15,000	3.0	15,000	3.0	0
Average house price in London					
510,000	**20,400**	**4.0**	**15,500**	**3.0**	**-4,900**
550,000	22,000	4.0	17,500	3.2	-4,500
600,000	24,000	4.0	20,000	3.3	-4,000
650,000	26,000	4.0	22,500	3.5	-3,500
700,000	28,000	4.0	25,000	3.6	-3,000
750,000	30,000	4.0	27,500	3.7	-2,500
800,000	32,000	4.0	30,000	3.8	-2,000
850,000	34,000	4.0	32,500	3.8	-1,500
900,000	36,000	4.0	35,000	3.9	-1,000
937,500	37,500	4.0	37,500	4.0	0
950,000	38,000	4.0	38,750	4.1	750
1,000,000	40,000	4.0	43,750	4.4	3,750
1,500,000	75,000	5.0	93,750	6.3	18,750
2,000,000	100,000	5.0	153,750	7.7	53,750
3,000,000	210,000	7.0	273,750	9.1	63,750
4,000,000	280,000	7.0	393,750	9.8	113,750
5,000,000	350,000	7.0	513,750	10.3	163,750

Source: HM Revenue and Customs calculations. Average house prices from ONS September 2014 House Price Index, rounded to nearest £5,000

Note: The new structure will apply to people buying homes in Scotland until 31 March 2015. After this date, the Scottish Government's Land and buildings Transaction Tax will replace SDLT in Scotland. The associated reduction in the Scottish Government's block grant will be around £80 million smaller in 2015-16 as a result of the changes in SDLT.

Annual Tax on Enveloped Dwellings (ATED)

From 1 April 2013 an annual tax will be charged on companies owing residential property with a value of at least £2 million (£1 million from 1 April 2015). Reliefs apply where conditions are met.

The tax is charged in bands based on the value of the property as follows:

Property value/Annual chargeable amount for 2014-15 and 2015-16)

£1 million - £2 million £nil (from 1 April 2015 £7,000)
£2 million - £5 million £15,400 (from 1 April 2015 £23,350)
£5 million - £10 million £35,900 (from 1 April 2015 £54,450)
£10 million - £20 million £71,850 (from 1 April 2015 £109,050)
£20 million or more £143,750 (from 1 April 2015 £218,200)

Research and Development Tax Relief

Enhanced tax deduction for companies' R&D expenditure

	2014-15	2015-16
Small and medium sized companies 1	225%	230%
Large companies 2	130%	130%

NOTES
1 A loss-making SME may claim a payable tax credit. Tax relief under the SME scheme is capped at €7.5m per project.
2 Instead of a 30% enhancement of qualifying R&D expenditure, a large company can elect for the "above the line" credit, being a cash payment of 10% of qualifying R&D expenditure (effective from 1 April 2013).

Insurance Premium Tax

	Percentage
Standard Rate	6%
Higher Rate	20%

Air Passenger Duty

From 1 April 2015 (2016 shown in brackets)

Band (mileage)	Reduced rate £	Standard rate £	Higher rate £
A (up to 2,000)	13 (13)	26 (26)	78 (78)
B (2,001 to 4,000)	71 (73)	142 (146)	426 (438)
C (4,001 to 6,000)	71 (73)	142 (146)	426 (438)
D (over 6,000)	71 (73)	142 (146)	426 (438)

NOTES
1 From 1 April 2013, Air Passenger Duty (APD) applies to all flights aboard aircraft of 5.7 tonnes and above.
2 From 1 November 2011, direct long-haul rates for departures from Northern Ireland (bands B, C and D) were reduced to the short-haul rate (Band A), irrespective of the destination. From 1 January 2013, the rates for direct long-haul flights from Northern Ireland were devolved to the Northern Ireland Executive, and set to £0. Direct long haul journeys from Northern Ireland are those where the first part of the journey is to a destination outside Band A.
3 Distance in miles from the UK (between London and capital of country of destination).
4 The higher rate applies to flights aboard aircraft with authorised take-off weight of 20 tonnes or more, seating less than 19 passengers.
5 **Reduced rate** = lowest class of travel. **Standard rate** = all other than lowest class of travel. **Higher rate** = travel with extended seating in excess of 1.016 metres (40 inches).

Journeys not liable to APD:

6 Flights departing from Scottish Highland airports.
7 Child under the age of 2 not occupying a seat.

Changes from 1 April 2015:

8 Legislation was introduced in Finance Bill 2014 to reduce the number of APD destination bands from four to two, by merging the former Bands B, C and D. It also sets the higher rates that apply to aircraft with an authorised take-off weight of 20 tonnes or more, and fewer than 19 seats, to 6 times the reduced rate. These changes will have effect in relation to the carriage of chargeable passengers on and after 1 April 2015 (as reflected in the above Table).

Changes announced in the 2014 Autumn Statement:

From May 2015, Air Passenger Duty (APD) for children under 12 will be abolished and in the following year, APD for children under 16 altogether will be scrapped.

Limited Liability Partnerships with 'salaried' members

Measures affecting 'salaried' members of Limited Liability Partnerships

New measures to combat alleged tax avoidance by limited liability partnerships (LLPs) come into force on 6 April 2014. The rules are intended to prevent the abuse of LLP status by payments to 'disguised employees'. When applied, the increased NIC cost to the employee and the LLP will be considerable.

There will be a new test to determine when a member of an LLP is really a salaried member rather than a profit-sharing. LLPs will need to consider whether individual members fall within the conditions set out in these tests (see below). Meeting the tests means that:
- the individual member concerned will be treated for UK income tax purposes as an **employee** of the LLP and, therefore, liable to the PAYE rules and will pay NIC at the Class 1 rate; and
- the LLP, as the **employer**, will be liable to employer's Class 1 NIC on remuneration paid.

As an employee, the salaried member (as an employee) will have to be included in the employee-related benefit in kind rules and the employment-related securities rules and Class 1A NIC will be payable by the LLP. Provisions have been introduced to allow the corresponding costs of 'employing' salaried members to be deductible in the computation of the profits of an LLP for tax purposes.

An anti-avoidance provision is also going to be introduced so that any arrangement with a purpose of circumventing the rules will be disregarded.

The 3 Conditions were as follows:

Condition A	Condition A, addresses **'disguised salary'**, and is dependent on the level of variable profit share. This will be assessed on 6 April 2014 or later when the individual becomes a member and is not reassessed again unless the member's arrangement with the LLP changes. *The test is that there is an agreement in place under which the individual performs services for the LLP in his/her capacity as a member and it is reasonable to expect that the amounts paid will be, at least substantially (that is 80% or more), 'disguised salary'. This term refers to fixed payments or, where the payments are variable, to payments whose variance has no reference to, or are not affected by, the overall profits or losses of the LLP.*
Condition B	Condition B (**significant influence**), is assessed at 6 April 2014 or later when the individual becomes a member and is not reassessed again unless the member's arrangement with the LLP changes. *The test is that the individual does not have 'significant influence' over the affairs of the LLP.*
Condition C	Condition C (**sufficient capital contribution to the LLP**) – HMRC's guidance includes some examples of when they would consider that the arrangements put in place to avoid a member being treated as an employee as a result of this condition to be tax avoidance and will therefore be disregarded. *The test is that the individual's capital contribution to the LLP is less than 25% of the disguised salary which the LLP is reasonably expected to pay to him/her in a relevant tax year. This test requires further consideration where there are changes in the individual's capital contribution during the year or there is another change in circumstances.*

Tax Calendar to the end of 2015

SELF ASSESSMENT: The following dates apply to those who are employed, self-employed, and all other taxpayers

30-Dec-14	For those with a tax liability of less than £3,000, if you file your self-assessment tax return on-line by this date, the tax office will adjust your PAYE code (provided you are an employee) so that you can pay any tax due for 2013/14 over time through PAYE, rather than as a lump sum on 31 January 2015.
31-Jan-15	If you were sent a 2013/14 tax return, this is the deadline for sending back the completed return. This is also the deadline for paying the balance of any tax that you owe for 2013/14. Some people may have to make "payments on account". Each payment will normally equal one half of the previous year's tax liability (after taking off tax deducted at source and tax credits on dividends). The payments are due on 31 January in the tax year and 31 July following the end of the tax year. Any Capital Gains Tax due for 2013/14 would be part of, or form, the balancing payment due on this date. If either the balancing payment for 2013/14 or first payment on account for 2014/15 is not made by this date, then interest will be charged. If you have not made the balancing payment for 2012/13 by this date, a third automatic 5% surcharge will be applied. If you were sent a tax return for 2013/14, you will be charged a penalty of £100 if HMRC has not received your return by this date. The penalty increases over time – see www.hmrc.gov.uk/sa/deadlines-penalties.htm#3 for details.
28-Feb-15	If you have not made the balancing payment due for 2013/14 by this date, a first automatic 5% surcharge will be applied. The 5% surcharge does not apply to late payment of the first payment on account for 2014/15.
05-Apr-15	The last day of the 2014/15 tax year.
31-May-15	By this date, your employer should have given you a Form P60 (pay and tax details from employment) to assist you with the completion of your tax return for the year ended 5 April 2015.
06-Jul-15	If applicable to you, your employer must provide you with a copy of Form P11D showing details of the benefits in kind provided to you or expense payments reimbursed to you. Benefits in kind include, for example, the provision of a company car.
31-Jul-15	Some people may have to make payments on account. Each payment will normally equal one half of the previous year's tax liability (after taking off tax deducted at source and tax credits on dividends). The payments are due on 31 January in the tax year and 31 July following the tax year. If you need to make a second payment on account for the tax year ending on 5 April 2015, this is the date by which it should be made. If you have still not made a balancing payment of tax for 2013/14 by this date, you will be charged a second automatic 5% surcharge. The second 5% surcharge does not apply to late payment of the first payment on account for 2014/15. If you have been sent an Annual Declaration to renew your tax credits, you should provide the information no later than this date.
05-Oct-15	You must tell HMRC of any income or capital gains you have received in the 2014/15 tax year, if you have not received a tax return. You have a legal obligation to do this. HMRC may, or may not, need to send you a tax return - some taxpayers will be able to pay the right amount of tax through an adjustment to their PAYE code.
31-Oct-15	If you were sent a 2014/15 tax return, this is the deadline for sending back the completed paper tax return. Paper tax returns must be filed by this date if you want HMRC to collect any unpaid tax (of under £3,000) for 2014/15 through PAYE. For self-assessment tax returns filed on-line, the filing deadline is 31 January 2016.
30-Dec-15	For those with a tax liability of less than £3,000, if you file your self-assessment tax return on-line by this date, the tax office will adjust your PAYE code (provided you are an employee) so that you can pay any tax due for 2014/15 over time through PAYE, rather than as a lump sum on 31 January 2016.

PARTNERS AND PARTNERSHIPS: The following are dates for Partners and Partnerships and Members of LLPs

31-Jan-15	If you were sent a 2013/14 tax return, this is the deadline for sending back the completed return. This is also the deadline for paying the balance of any tax that you owe for 2013/14. Some people may have to make "payments on account". Each payment will normally equal one half of the previous year's tax liability (after taking off tax deducted at source and tax credits on dividends). The payments are due on 31 January in the tax year and 31 July following the tax year. Any Capital Gains Tax due for 2013/14 would be part of, or form, the balancing payment due on this date. If either the balancing payment for 2013/14 or first payment on account for 2014/15 is not made by this date, then interest will be charged. For members of a partnership or limited liability partnership, this is the deadline by which the completed 2013/14 partnership tax return should be sent back to HMRC. If either the balancing payment for 2013/14 or first payment on account for 2014/15 is not made by this date, then interest will be charged. If you have not made the balancing payment for 2012/13 by this date, a third automatic 5% surcharge will be applied.
01-Feb-15	If you were sent a tax return for 2013/14, you will be charged a penalty of £100 if HMRC has not received your return by this date. The penalty increases over time – see www.hmrc.gov.uk/sa/deadlines-penalties.htm#3 for details. Where HMRC has not received the completed 2013/14 partnership tax return by this date, each member of the partnership or limited liability partnership will be charged a penalty of £100. This penalty applies even if the member does not have a liability to tax for the year.
28-Feb-15	If you have not made the balancing payment due for 2013/14 by this date, a first automatic 5% surcharge will be applied. The 5% surcharge does not apply to late payment of the first payment on account for 2014/15.
05-Apr-15	The last day of the 2014/15 tax year.
05-Jul-15	You must make a claim to HMRC for any new tax credits to which you are entitled (in order to receive full entitlement).
31-Jul-15	Some people may have to make payments on account. Each payment will normally equal one half of the previous year's tax liability (after taking off tax deducted at source and tax credits on dividends). The payments are due on 31 January in the tax year and 31 July following the tax year. If you need to make a second payment on account for the tax year ending on 5 April 2015, this is the date by which it should be made. If you have still not made a balancing payment of tax for 2013/14 by this date, you will be charged a second automatic 5% surcharge. The second 5% surcharge does not apply to late payment of the first payment on account for 2014/15. If you have been sent an Annual Declaration to renew your tax credits, you should provide the information no later than this date.
05-Oct-15	You must tell HMRC of any income or capital gains you have received in the 2014/15 tax year, if you have not received a tax return. You have a legal obligation to do this.
31-Oct-15	If you want HMRC to calculate your 2014/15 tax liability, your paper 2014/15 tax return must be with them by this date. The deadline for internet filed returns for 2014/15 tax returns is 31 January 2016.

COMPANIES AND EMPLOYERS: The following are dates for companies and employers.
NOTE: Dates relating to companies only are highlighted in purple.

14- Jan-15 *(Companies only)*	Due date for income tax due for the CT61 (Quarterly accounting) quarter to 31 December 2014.
19-Jan-15	Monthly PAYE/NIC to 5 January 2015 due.
02-Feb-15	Last day for notifying car changes in quarter to 5 January 2015 - Form P46 (Car).
19-Feb-15	Monthly PAYE/NIC to 5 February 2015 due.
19-Mar-15	Monthly PAYE/NIC to 5 March 2015 due.
31-Mar-15 *(Companies only)*	End of Corporation Tax financial year. Corporation tax return for the year ended 31 March 2014 to be filed by this date to avoid £100 penalty (£500 for third consecutive default).
06-Apr-15	Real Time Information (RTI) started on 6 April 2013. RTI should improve the operation of the PAYE system by creating more up-to-date taxpayer records and making it easier for employers and HMRC to administer. The fundamentals of PAYE will stay the same, but employers and pension providers will send PAYE information to HMRC each time they pay their employees, rather than after the end of the tax year. See: http://www.hmrc.gov.uk/about/briefings/briefing-rti-paye.pdf for further information.
14 Apr-15 *(Companies only)*	Due date for income tax due for the CT61 (Quarterly accounting) quarter to 31 March 2015.
19-Apr-15	Monthly PAYE/NIC to 5 April 2014 due. Any arrears of PAYE/NIC due for the year ended 5 April 2015 to be paid by this date.
03-May-15	Last day for notifying car changes in quarter to 5 April 2015 - Form P46 (Car).
19-May-15	Monthly PAYE/NIC to 5 May 2015 due.
31-May-15	If you are an employer, you must provide a form P60 (showing pay and tax details) to each employee who is working for you at the end of the tax year and for whom you have completed P11. For an employee who left before 5 April they receive a P45.
19-Jun-15	Monthly PAYE/NIC to 5 June 2015 due.
01-Jul-15 *(Companies only)*	Corporation tax return for the year ended 31 March 2014, not filed before 31 March 2015, to be filed by this date to avoid a minimum £200 penalty (£1,000 for third consecutive default). Tax geared penalties apply where returns are filed more than 18 months after the end of the return period.
06-Jul-15	Copies of Forms P11D, showing details of the benefits in kind provided and/or expense payments reimbursed, for the year ended 5 April 2015 must be provided to all current employees (and to ex-employees who request them).
14-Jul-15 *(Companies only)*	Due date for income tax due for the CT61 (Quarterly accounting) quarter to 30 June 2015.
19-Jul-15	Monthly PAYE/NIC to 5 July 2015 due. Employers Class 1A NICs on Relevant Benefits in Kind must be paid.
19-Aug-15	Monthly PAYE/NIC to 5 August 2015 due.
19-Sep-15	Monthly PAYE/NIC to 5 September 2015 due.
14-Oct-15 *(Companies only)*	Due date for income tax due for the CT61 (Quarterly accounting) quarter to 30 September 2015.
19-Oct-15	Monthly PAYE/NIC to 5 October 2015 due.
19-Nov-15	Monthly PAYE/NIC to 5 November 2015 due.
19-Dec-15	Monthly PAYE/NIC to 5 December 2015 due.

Dates that only apply to companies:

9 months + 1 day, after company year end	Corporation Tax for the year to be paid.
9 months (6 months for PLCs) after company year end	Company accounts for the year to be filed with Companies House.
12 months after company year end	Company accounts for the year to be filed with HMRC, together with Corporation Tax return Form CT600.
Annually on anniversary of company incorporation	Annual Return showing details of Company Directors, Secretary and Shareholders to be filed with Companies House, within 28 days together with filing fee.
Quarterly (unless monthly or annual accounting opted for)	VAT Return to be filed with Customs & Excise: for accounting periods beginning on or after 1 April 2012, virtually all VAT registered businesses must submit their VAT return online. You can only submit a paper return where you have been advised that you are exempt from submitting your return online. The deadline for submission of the VAT return, and payment of the VAT (HMRC must receive cleared funds by the deadline date), is one month and seven days from the end of the VAT quarter.

Further Information

This Budget Report was prepared immediately after the Chancellor's Budget Statement on 18 March 2015 and is based on official press releases and supporting documentation. This publication focuses on taxation and summarises many, but not all, of the proposals and new measures issued in the press releases published today – these run to hundreds of pages.

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The Budget proposals are subject to amendment before the 2015 Finance Act receives Royal Assent.

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We believe that the facts are correct as at the date of publication, but there may be certain errors and omissions for which we cannot be responsible.

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Important Notice

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The ICPA, Imperial House, 1a Standen Avenue, Hornchurch, Essex, RM12 6AA
TEL: 0800 074 2896 **FAX:** 01255 426 300
E-mail: info@icpa.org.uk **Web:** www.icpa.org.uk