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Spring Budget Statement 2017

Five key areas of change



1. Rates and allowances

- Class 2 NI to be abolished from April 2018.
- The dividend allowance will be reduced from £5,000 to £2,000 from April 2018 – this means that Director Shareholders that receive dividends from their company will pay more tax on the profits they extract. Investors with sizeable investments will also pay more tax on the dividend income they receive. For higher rate taxpayers this represents an additional tax cost of £1,200 per year.



2. Administration

- Unincorporated businesses and landlords with turnover below the VAT threshold will now have until April 2019 to prepare for the reporting requirements under Making Tax Digital.
- Administrative changes will be made to the R&D tax credit scheme to make applications simpler.



3. Help for businesses and individuals

- Business rates revaluation takes effect next month, businesses who will lose the Small Business Rate Relief will see a limit in the increase to their bills and can also make an application to their local authority for help from a discretionary relief fund.
- In addition to the increase in free childcare for working families from 15 hours to 30 hours for 3 and 4 year olds (as previously announced), a new scheme will be launched providing working families with children under 12 with up to £2,000 per year per child to help with childcare costs. This is being delivered via the ability to open an online account which will be credited with £20 for every £80 added, by the government.
- Stamp Duty Land Tax – As a result of consultation, the government will delay the reduction in the filing and payment window from 30 days to 14 days until April 2018



4. International interests

- Offshore property developers – The government will amend legislation to ensure that all profits realised by offshore property developers developing land in the UK are subject to tax.
- International pension schemes – a 25% charge will be introduced for individuals seeking to move funds from a UK pension scheme to a Qualifying Recognised Overseas Pension Scheme (QROPS). Some exceptions will be made, so ask us for advice if this could be a concern for you.



5. Potential changes

- The Government will also be consulting on the taxation of benefits in kind, accommodation benefits and employee expenses – this was referred to in the full Spring Budget document and we will keep you updated when we have more detail regarding the scope of these consultations.
- Self-employment and private limited companies continue to be under scrutiny as the government seeks to reduce 'disparities'/tax breaks and aims to raise "additional revenues through collecting taxes that are due by taking robust action to tackle evasion & non-compliance". This will include further action to stop converting capital losses into trading losses and could include measures to avoid incorporating just for tax reasons.
- The previously mooted action on financial professionals who advise their clients to take tax avoidance measures has been firmed up; action will be taken on professionals where those tax avoidance measures are "subsequently defeated by HMRC".



Confirmed introductions for 2017/18

- Personal allowance to increase to £11,500 for 2017/18 and higher rate of tax payable on income over £45,000.
- Corporation tax to be reduced to 19% from April 2017 and reduced further to 17% in 2020
- Lifetime ISA to be introduced from 6 April 2017.

If you'd like to discuss any of the changes and how they might affect you, please contact us:



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