

2017 SPRING BUDGET AT A GLANCE

Michael Martin, Wealth Planning Director
Jonathan Brownlow, Wealth Planner



The Chancellor confirmed in November that 2017 will see the return of an Autumn Budget and that this will be the main fiscal event on the calendar. The interim statement, scheduled for springtime from 2018, will focus on spending plans and the prospects for the UK economy.

This meant that before Philip Hammond started his address to Parliament this lunchtime, we were confident of one thing – that this would be his last, planned, Spring Budget.

Today's announcement was made against the backdrop of a UK economy that has grown faster than anticipated since the referendum vote last June and increased tax receipts. The Chancellor had made it clear before today however, that there would be no spending spree, conscious of the current levels of Government borrowing.

There is little to report from a private client tax perspective. There are some new tax charges that may affect your personal finances. These are summarised below along with some of those previously announced that come into effect in April 2017:

- The income tax personal allowance will rise to £11,500 from 6th April 2017; as a continuation of the plan for this to increase to £12,500 by the end of this Parliament
- The threshold for paying Higher Rate Tax will also increase from the same date to £45,000, with a commitment to increase this to £50,000 by the end of this Parliament

- The Residence Nil Rate Band (RNRB) is available for the first time for estates of less than £2 million, where the family home is passed down to children or grandchildren.
- This provides supplementary relief from inheritance tax in addition to the normal £325,000 per person Inheritance Tax allowance. The RNRB will initially be £100,000 and gradually increase to a maximum of £175,000 per person from 2020.
- Sensing a perceived 'unfairness' in the system between the employed, self-employed and individuals using incorporation, the Chancellor announced measures affecting both tax and National Insurance Contributions (NICs).
- There will be an increase to NICs for the self-employed from 2018. Currently a rate of 9% is levied, but this will initially rise by 1% from 6th April 2018, with a further 1% increase in 2019.
- Remaining on this theme, the Chancellor has also announced a reduction to the Dividend Allowance from £5,000 to £2,000 per annum from April 2018.

Where tax increases have been announced, the additional revenue is intended to help with, amongst other initiatives, reducing the pressure on social care funding. Specifically an additional grant of £2 billion will be made available for social care in England over the next three years.

Although there were some tax changes included in his speech today, we will have our first 'proper' budget for 18 months later this year.

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