

2014 BUDGET SUMMARY



The Chancellor of the Exchequer, George Osborne, delivered his 2014 budget speech to the House of Commons today (19th March 2014). The main changes have been summarised below:-

Income Tax

- The tax free Personal Allowance will increase to £10,500.
- The 40p income tax threshold is to rise from £41,450 to £41,865 in April 2014, and by another 1% to £42,285 next year.
- The transferable personal tax allowance for married couples is to rise to £1,050. This will be set at 10% of the personal allowance each year.

Savers

- Shares and cash Isas are to be reformed into a simpler product, the 'New Isa.' The overall annual subscription limit will be increased to £15,000 from 1 July 2014, and this full amount will be permitted to be held in either cash, stocks & shares or any combination of the two.
- The 10p tax rate for savers will be abolished, with the starting rate for savings income tax to be set at 0% and the band to which it applies will be extended from £2,880 in 2014-15 to £5,000 as of 6 April 2015.

Pensions

- All tax restrictions to pensioners' access to their pension pots are to be removed, ending the requirement to buy an annuity.
- Members over 60, with pension savings of £30,000 or less will be able to take out all of their savings as one or more trivial commutation lump sums.
- 25% of pensions can still be drawn tax free, while any additional drawings taken as cash on retirement are to be charged at the normal income tax rate, down from 55%.
- These pension changes will all come into effect on 27 March 2014.

Businesses

- The Annual Investment Allowance will be doubled to £500,000 from 1 April 2014 and extended to 31 December 2015.
- Northern Ireland's first enterprise zone will be established near Coleraine.
- The Seed Enterprise Investment Scheme will be made permanent.
- R&D tax credit for loss making small businesses will be raised from 11% to 14.5% for qualifying expenditure incurred on or after 1 April 2014.

Other

- Tax Free Childcare costs cap against which parents can claim 20% support will increase to £10,000 per year for each child.
- The Fuel duty rise that was planned for September 2014 has been cancelled.
- The 'Help to Buy' scheme for new build homes is to be extended to 2020.
- A new 12 sided £1 coin will be introduced to protect against counterfeiting.
- The chancellor also announced a £7billion package to cut energy bills for both businesses and households.

Further details will follow in our Tax Cards

Should you require any further information, have a simple question or require more detailed advice, please do not hesitate to contact us.