

# 2014 BUDGET SUMMARY



The Chancellor of the Exchequer, George Osborne, delivered his 2014 budget speech to the House of Commons today (19<sup>th</sup> 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.