

# 2015 BUDGET SUMMARY



The Chancellor of the Exchequer, George Osborne, delivered his 2015 budget speech to the House of Commons on Wednesday 18<sup>th</sup> March 2015. The main changes have been summarised below:-

## Income Tax

- The tax free Personal Allowance will increase to £10,800 from April 2016 and increase again to £11,000 from April 2017.
- The 40p income tax threshold is to rise from £42,385 to £42,700 in April 2016, and then by another £600 to £43,300 in April 2017.
- The transferable personal tax allowance for married couples for the 2015/16 tax year is £1,060. This is capped at 10% of the personal allowance each year.

## Savers

- Shares and cash ISAs overall annual subscription limit will increase to £15,240 from April 2015.
- From Autumn 2015, money saved in an ISA can be withdrawn and replaced in-year without it counting towards your annual ISA subscription limit.
- Help to Buy ISA - The new scheme is aimed solely for first time buyers. For every £200 a first time buyer saves, the government will provide a £50 bonus, up to the maximum of a £3,000 bonus on £12,000 savings.
- From April 2016, a tax-free allowance of £1,000 will be introduced for the interest earned on savings. This allowance reduces to £500 for anyone earning between £42,701 and £150,000.

## Pensions

- Legislation will be introduced from April 2016 to help make annuities more flexible. This will allow negotiations with the annuity provider in order to allocate annuity income to a third party in exchange for a lump sum or an alternative retirement product.
- 25% of pensions can still be drawn tax free, while any additional drawings taken as cash on retirement are to be charged at the marginal rate.
- Lifetime Allowance for pension contributions will reduce from £1.25 million to £1 million from April 2016.

## Businesses

- The Annual Investment Allowance is currently £500,000 until 31 December 2015. It was to revert to £25,000 from 1 January 2016 but the Chancellor announced that it would be set at a more generous rate and would be addressed in the Autumn Statement.
- Farmers - From April 2016 the period over which they can average their profits will increase from 2 to 5 years.
- Exports - Doubling of funding for UK Trade & Investment (UKTI) to help increase exports to China
- Self-Employment: Class 2 National Insurance Contributions are planned to be abolished in the next parliament. Class 4 NICs will be subject to a new contributory test.
- Stricter rules governing Entrepreneur's Relief have come into force from 18 March 2015

## Other

- The annual Self Assessment tax return is to be abolished and replaced by a new digital tax accounts system
- Corporation Tax is set to fall to 20% for the whole of UK.
- In addition, legislation has already been passed to enable the NI Executive to set a more competitive Corporation Tax rate for NI.
- The fuel duty rise that was planned for September 2015 has been cancelled.

### **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.