

2017 BUDGET SUMMARY



The Chancellor of the Exchequer, Philip Hammond, delivered his 2017 budget speech to the House of Commons today, Wednesday 8th March 2017. The main points have been summarised below:-

Personal and Employment Taxes

- The personal allowance will increase to £11,500 from April 2017 and is set to rise to £12,500 by the end of the Parliament.
- The higher rate threshold will rise to £45,000 from April 2017 and is set to rise to £50,000 by 2020.
- Class 2 NIC will be abolished from April 2018.
- The main rate of Class 4 NIC for the self-employed will increase from 9% to 10% in April 2018 and to 11% in April 2019 with a suggestion that these rates will equate to Class 1 NIC of 12%.
- The National Living Wage will rise to £7.50 from April 2017.
- Making Tax Digital for unincorporated businesses and landlords with gross turnover below the VAT registration threshold will be deferred until April 2019.
- The government will increase the cash basis entry threshold from £83,000 to £150,000 and the exit threshold to £300,000, and will extend the use of the cash basis to unincorporated landlords.

Corporate and Business Taxes

- The tax-free dividend allowance for shareholders will decrease from £5,000 to £2,000 from April 2018.
- The corporation tax rate will be cut to 19% in April 2017 and 17% by 2020 for the UK (Stormont still to set Northern Ireland rates).
- Research and development (R&D) will be retained and encouraged with increased certainty and simplicity around claims.
- The VAT threshold will rise from £83,000 to £85,000 from April 2017.

Savings

- The ISA Allowance will increase from £15,240 to £20,000 from April 2017.
- The new National Savings & Investment (NS&I) savings bond will have an interest rate of 2.2% which will be available from April 2017. Up to £3,000 can be kept in the 3 year fixed rate account.

Other

- Almost £120 million investment for Northern Ireland
- Tax-free childcare will provide up to £2,000 a year in childcare support for each child under 12. This is set to begin next month

Comments

- We feared that they would introduce NIC on dividends but thankfully this hasn't been the case.
- We were watching for any more restrictions on pension contributions but this did not materialise either.
- If the final Spring Budget is a hint of things to come, there was strong reference to the equality between employees and the self-employed so expect NIC rises, attack on dividends and more aggressive tax collection.

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.