

# 2017 BUDGET SUMMARY



The Chancellor of the Exchequer, Philip Hammond, delivered his 2017 budget speech to the House of Commons today, Wednesday 8<sup>th</sup> 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.