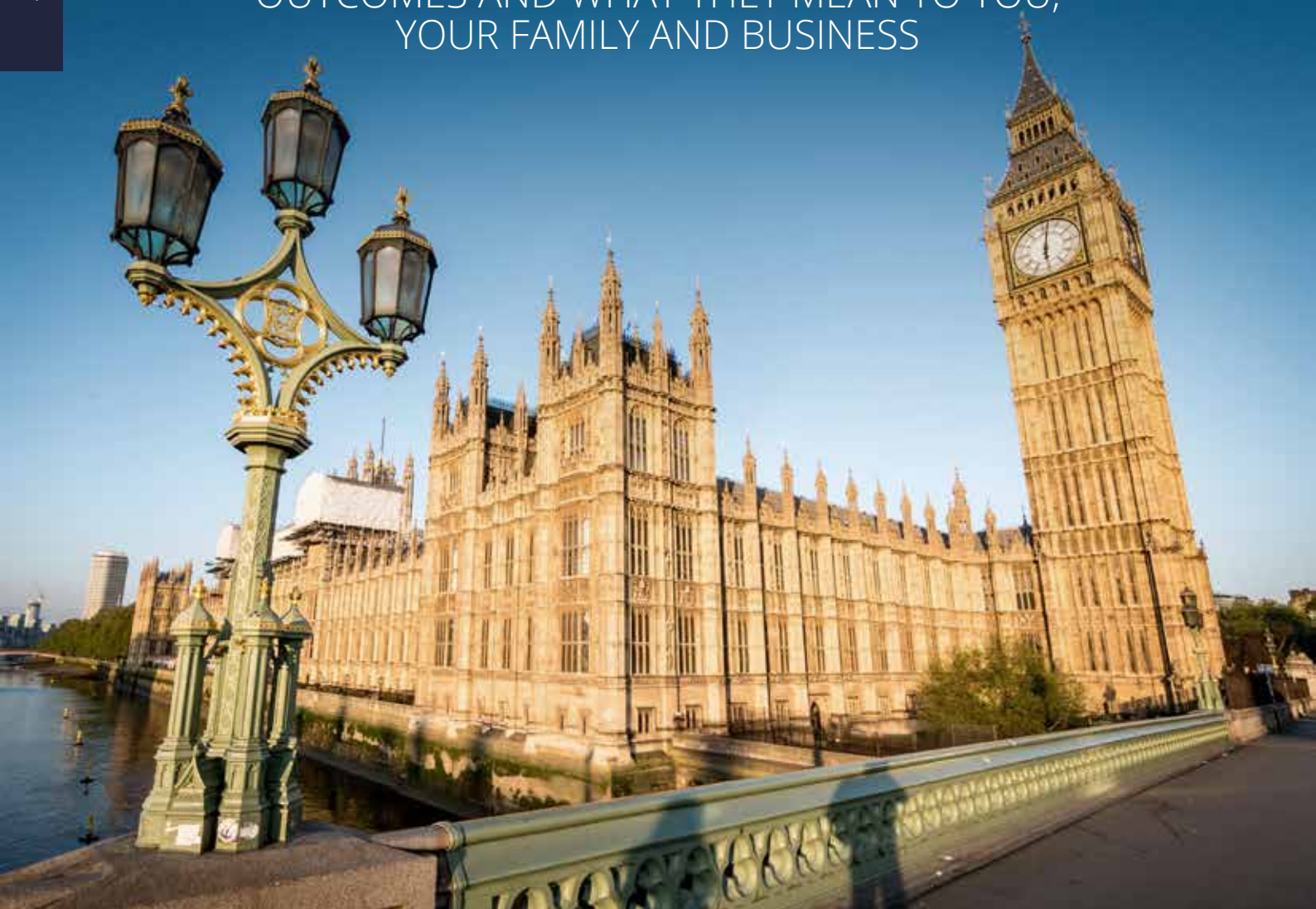


VINTAGE
WEALTH MANAGEMENT

AUTUMN BUDGET 2017

THE KEY MEASURES AND
OUTCOMES AND WHAT THEY MEAN TO YOU,
YOUR FAMILY AND BUSINESS

BUDGET 2017



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Personal taxes were largely left unchanged, though personal allowances and the higher tax threshold will be increased from April next year.



Welcome

Autumn Budget 2017

Chancellor of the Exchequer, Philip Hammond, delivered his second Budget to Parliament on 22 November 2017.

In every Budget, there are winners and losers, and Autumn Budget 2017 was no different. In his keynote speech given to MPs in the Commons, Mr Hammond signalled that he will allocate funds to 'invest to secure a bright future for Britain', saying the Budget is about much more than Brexit.

Under pressure to deliver a bold and positive vision of the UK's future, Mr Hammond started the speech with an upbeat introduction to the economy, defying the expectations of more negative forecasts and promising to face challenges head on, seeking out opportunities. He laid out his plans for tax, housing and travel, but his ability to manoeuvre was limited by figures that showed large downgrades to the UK's future path of GDP and productivity growth.

The Chancellor resisted the temptation of making major changes to the pension system to raise cash. The only notable change was that the lifetime allowance for pension savings is set to increase in line with the Consumer Prices Index (CPI), rising to £1,030,000 for the tax year 2018/19. To

encourage people to save adequately for their futures, he also announced that the annual allowance – a limit on the amount that can be contributed to your pension each year while still receiving tax relief – will remain at £40,000.

Personal taxes were largely left unchanged, though personal allowances and the higher tax threshold will be increased from April next year. The now annual obligatory freeze of fuel duties was delivered, but new levies on diesel cars were announced. ◀

Want to discuss the impact of Autumn Budget 2017 on your personal or business situation?

Overall, this was not the bold, game-changing Budget that many in the Chancellor's own party were demanding. If you would like to review what action you may need to take to keep your personal and business plans on track, or if you have any further questions, please contact us.



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One of the main focuses of Autumn Budget 2017

Autumn Budget 2017

What the Chancellor had to say

The Chancellor of the Exchequer, Philip Hammond, delivered his Autumn Budget to Parliament on 22 November 2017 – here's a summary of what was announced.

Stamp Duty Land Tax (SDLT) abolished on homes under £300,000 for first-time buyers from 22 November

95% of first-time buyers who pay SDLT will benefit. First-time buyers of homes worth between £300,000 and £500,000 will not pay SDLT on the first £300,000.

They will pay the normal rates of SDLT on the price above that. This will save £1,660 on the average first-time buyer property. 80% of people buying their first home will pay no SDLT.

There will be no relief for those buying properties over £500,000.

300,000 new homes to be built a year

A sum of £15.3 billion announced for financial support for new house building over the next five years, taking the total to at least £44 billion. This includes £1.2 billion for the Government to buy land to build more homes, and £2.7 billion for infrastructure that will support housing.

Changes to the planning system are being introduced to encourage better use of land in cities and towns. More homes can now be built while protecting the green belt.

The Government will also create five new 'garden' towns.

National Living Wage increase

The National Living Wage for those aged 25 and over will increase from £7.50 per hour to £7.83 per hour from April 2018. Over 2 million people are expected to benefit, and for a full-time worker it represents over £600 extra a year.

The National Minimum Wage will also increase:

21 to 24-year-olds	£7.38 per hour
18 to 20-year-olds	£5.90 per hour
16 and 17-year-olds	£4.20 per hour
Apprentices	£3.70 per hour

Tax-free personal allowance to rise with inflation

The personal allowance – the amount you earn before you start paying Income Tax – will rise from £11,500 to £11,850 from April 2018. The increase will mean a typical basic-rate taxpayer will be £1,075 better off a year than in 2010. The higher-rate tax threshold will also be increased to £46,350.

Extra £3 billion to prepare for Brexit over the next two years

An extra £3 billion announced to make sure the Government is ready on day one of the UK's exit from the European Union. It will include funding to prepare the border, the future immigration system and new trade relationships.

£6.3 billion NHS new funding

£3.5 billion will be invested in upgrading NHS buildings and improving care. £2.8 billion will go towards improving A&E performance, reducing waiting times for patients and treating more people this winter.

Growth downgraded

The UK economy is forecast to grow by 1.5% in 2017, downgraded from 2%. It will then grow at a slightly slower rate in the next three years, before picking up in 2021 and 2022.

Inflation is forecast to peak at 3% in the final months of 2017, as measured by the Consumer Prices Index (CPI). It will then fall towards the target of 2% over the next year.

Borrowing has fallen, but debt is still high

In 2009/10, the UK borrowed £1 in every £4 that was spent. Last year, it was £1 in every £16. The fall in borrowing means less debt is being added every year. However, the UK still has a debt of over £1.7 trillion – around £65,000 for every household in the country.

More upfront support for households applying for Universal Credit

Households in need who qualify for Universal Credit will be able to access a month's worth of support within five days, via an interest-free advance, from January 2018. This can be repaid over 12 months.

Claimants will be eligible for Universal Credit from the day they apply, rather than after seven days. Housing Benefit will continue to be paid for two weeks after a Universal Credit claim.

Low-income households in areas where private rents have been rising fastest will receive an extra £280 on average in Housing Benefit or Universal Credit.

Electric and driverless cars

The UK will set out rules so that self-driving cars can be tested without a safety operator.

An extra £100 million will go towards helping people buy battery electric cars.



£3.5 billion will be invested in upgrading NHS buildings and improving care. £2.8 billion will go towards improving A&E performance, reducing waiting times for patients and treating more people this winter.

The Government will also make sure all new homes are built with the right cables for electric car charge points.

World's first national advisory body for Artificial Intelligence (AI)

The Centre for Data Ethics and Innovation will set standards for the use and ethics of AI and data. This will allow the UK to develop practical uses for the technology.

More investment in maths and science in schools

Schools will receive £600 for every extra pupil who takes A Level or Core Maths. £27 million will help improve how maths is taught in 3,000 schools. £49 million will go towards helping students resitting GCSE maths.

£350,000 of extra funding a year will be given to every specialist maths school that is set up across the country. The number of fully qualified computer science teachers will also rise from 4,000 to 12,000.

£64 million for construction and digital training courses

£34 million will go towards teaching construction skills like bricklaying and

plastering. £30 million will go towards digital courses using AI. This funding is provided in advance of launching a National Retraining Scheme that will help people get new skills.

It will be overseen by the Government, the Trades Union Congress (TUC) and the Confederation of British Industry (CBI). They will decide on other areas of the economy where new skills and training courses are needed.

Clean Air Fund for local areas with the highest air pollution

Local authorities will be able to use £220 million to help people adapt as steps are taken to reduce air pollution. Possible ways the money could be spent include reducing the cost of public transport for those on low incomes or modernising buses with more energy-efficient technology.

The money will come from a temporary rise in Company Car Tax and Vehicle Excise Duty on new diesel cars.

Reducing single-use plastics waste

The Government will seek views on reducing single-use plastics waste through the tax system and charges. Disposable

plastics like coffee cups, toothpaste tubes and polystyrene takeaway boxes damage our environment.

This follows the introduction of the 5p carrier bag charge, which has reduced the use of plastic bags by 80% in the last two years.

Business rates switch to being increased by the Consumer Price Index (CPI)

Business rates will rise by CPI from April 2018, two years earlier than planned. Currently, business rates rise by the Retail Price Index (RPI) – a different way of measuring inflation which tends to be higher than the CPI.

Business rates revaluations will take place every three years, rather than every five years, starting after the next revaluation currently due in 2022.

Stopping digital multinationals who hold intellectual property in low-tax countries from avoiding tax

The Government will also look to change international corporate tax rules to ensure digital companies pay a fair amount of tax.

More money for Scotland, Wales and Northern Ireland

The devolved administrations will all get increased spending power in devolved areas, including education, health and transport. Each devolved administration can decide where this will be spent:

- There will be an increase of £2 billion for the Scottish Government
- There will be an increase of £1.2 billion for the Welsh Government
- There will be an increase of £660 million for a Northern Ireland Executive
- Police Scotland and the Scottish Fire and Rescue Service will be able to claim VAT refunds which will save them around £40 million per year

New 'Millenials Railcard' for those aged 26 to 30

The Government will work with the rail industry on a new 'Millenials Railcard' which will be introduced from spring 2018.

Air Passenger Duty

Air Passenger Duty will be frozen for all economy passengers and all short-haul

flights. It will rise for premium fares on long-haul flights and on private jets.

Fuel duty will remain frozen

In 2018, fuel duty will remain frozen for the eighth year in a row, saving drivers £160 a year on average.

Funding for transport across England

£1.7 billion will go towards improving transport in English cities. Half will be given to Combined Authorities with Mayors, and the rest allocated by a competition.

An extra £337 million will go towards a fleet of new trains on the Tyne & Wear Metro. An extra £6 million will go towards the Midlands Connect motorway and rail projects. Transport links along the Cambridge-Milton Keynes-Oxford corridor will be improved by:

- Completing the rail link between Oxford and Bedford, and Aylesbury and Milton Keynes
- Setting up a new East West Rail Company to speed up work on the rail link between Bedford and Cambridge

- £5 million to help develop plans for Cambridge South Station
- Building the Expressway road between Oxford and Cambridge

Pubs in England continue to receive a £1,000 business rates discount next year

The £1,000 business rates discount applies to pubs with a rateable value of up to £100,000.

Duty on beer, wine, cider and spirits will be frozen

The cost of a pint of beer or cider will be 1p lower than if duty had risen by inflation. The cost of a typical bottle of wine will be 6p cheaper. Cheap, high-strength cider will be subject to a new band of duty.

Duty on tobacco will rise

The duty on cigarettes will increase by 2% above inflation. Hand-rolling tobacco duty will increase by 3% above inflation. ◀

Business rates will rise by CPI from April 2018, two years earlier than planned. Business rates revaluations will take place every three years, rather than every five years, starting after the next revaluation currently due in 2022.



Autumn Budget 2017

Key announcements at a glance

Economy

- Growth forecast for 2017 downgraded from 2% to 1.5%
- Gross Domestic Product (GDP) downgraded to 1.4%, 1.3% and 1.5% in subsequent years before rising to 1.6% in 2021/22
- Annual rate of Consumer Price Index (CPI) inflation forecast to fall from a peak of 3% towards 2% target later this year
- £3 billion to be set aside over next two years to prepare UK for every possible outcome as UK leaves EU
- Productivity growth and business investment revised down – the non-partisan Office for Budget Responsibility (OBR) reports an average of 0.7% off UK trend productivity growth each year, meaning the economy will be 3% smaller in 2020 than previously expected
- Another 600,000 people forecast to be in work by 2022

Public Borrowing

- Annual borrowing £49.9 billion in 2017, £8.4 billion lower than forecast in March
- Borrowing forecast to fall in every subsequent year from £39.5 billion in 2018/19 to £25.6 billion in 2022/23
- Public sector net borrowing forecast to fall from 3.8% of GDP last year to 2.4% this year, then 1.9%, 1.6%, 1.5% and 1.3% in subsequent years, reaching 1.1% in 2022/23
- Debt will reach 86.5% of GDP this year, then fall to 86.4% next year, 86.1%, and 83.1% and 79.3% in subsequent years, falling to 79.1% in 2022/23

Personal Taxation/Pensions

- Tax-free personal allowance on Income Tax to rise to £11,850 in April 2018
- Higher-rate tax threshold to increase to £46,350
- Bereaved spouses to claim backdated marriage tax allowance
- Short-haul air passenger duty rates and long-haul economy rates to be frozen, paid for by an increase on premium-class tickets and on private jets

- National Living Wage to rise in April 2018 by 4.4%, from £7.50 an hour to £7.83
- Weekly basic State Pension to rise by 3% from April 2018 to £125.95
- People covered under the new State Pension to see an increase from £159.55 to £164.35 a week

Housing and Stamp Duty Land Tax (SDLT)

- SDLT abolished from 22 November for most first-time buyers purchasing properties worth up to £300,000
- First £300,000 of the cost of a £500,000 purchase by all first-time buyers exempt from SDLT from 22 November to help those in London and other expensive areas
- Reduction will apply immediately in England, Wales and Northern Ireland, although the Welsh Government will have to decide whether to continue it when SDLT is devolved in April 2018. It will not apply in Scotland, unless the Scottish Government decides to follow suit
- £44 billion in government support for construction industry to meet target of building 300,000 new homes a year by the middle of the next decade
- Introduction of a 100% Council Tax premium to be levied on empty properties
- Land banked by developers for financial reasons to be compulsory purchased
- Review into delays in developments given planning permission being taken forward

Welfare

- £1.5 billion to help deal with the delivery of Universal Credit payments
- Seven-day initial waiting period for processing of Universal Credit claims to be scrapped
- Universal Credit claimants to get 100% advance payments within five days of applying from January 2018
- Universal Credit payments to take five weeks rather than the current six
- Repayment period for advances to increase from six to twelve months

- New Universal Credit claimants in receipt of Housing Benefit to continue to receive it for two weeks

Health (England only)

- £2.8 billion in extra funding for the NHS in England
- £350 million immediately to address pressures this winter, £1.6 billion for 2018/19 and the remainder in 2019/20
- £10 billion capital investment fund for hospitals

Education (England only)

- £40 million teacher training fund for underperforming schools in England. Worth £1,000 per teacher
- 8,000 new computer science teachers to be recruited at cost of £84 million
- Secondary schools and sixth-form colleges to get £600 for each new pupil taking maths or further maths at A Level or Core Maths at an expected cost of £177 million

Other announcements

- Tobacco will continue to rise by 2% above Retail Price Index (RPI) inflation while the minimum excise duty on cigarettes introduced in March this year will also rise
- Duty on hand-rolling tobacco will increase by additional 1%
- Duty on beer, wine, spirits and most ciders will be frozen, equating to 12p off a pint of beer and £1.15 off a bottle of whisky by next April
- Duty on high-strength 'white ciders' to be increased via new legislation
- Fuel duty rise for petrol and diesel cars scheduled for April 2018 scrapped
- Vehicle excise duty for diesel cars that do not meet latest standards to rise by one band in April 2018
- Tax increase will not apply to van owners
- Existing diesel supplement in company car tax to rise by 1%
- Proceeds to fund a new £220 million clean air fund

Autumn Budget 2017

Business matters

Summary of how the Autumn Budget 2017 announcements could impact on businesses:

- VAT threshold for small business to remain at £85,000 for two years
- £500 million support for 5G mobile networks, fibre broadband and artificial intelligence
- £540 million to support the growth of electric cars, including more charging points
- Rises in business rates to be pegged to CPI measure of inflation, not higher RPI
- Digital economy royalties relating to UK sales which are paid to a low-tax jurisdiction to be subject to Income Tax as part of tax avoidance clampdown
- An additional £2.3 billion in Research and Development investment was announced. As a result, R&D tax credits will increase to 12% (previously 11%)
- The existing diesel supplement on tax for company cars will increase by one percentage point. Additionally, people using electrical charging points at work will not be charged benefit in kind tax from 2018

Enterprise Investment Schemes

Limits double on certain investments

Chancellor Philip Hammond confirmed that investment limits for Enterprise Investment Schemes (EIS) – which provide tax incentives in the form of a variety of Income Tax and Capital Gains Tax reliefs to investors who invest in smaller, unquoted trading companies – will be doubled for certain companies while also ensuring the scheme is not used as a shelter for risk-free assets.

Mr Hammond announced that the new limit would be applicable for 'knowledge intensive' companies.

From 6 April 2018, qualifying 'knowledge intensive' companies can secure investment via EIS and Venture Capital Trusts (VCT) for a ten-year period from the date annual turnover exceeds £200,000 instead of the date of the first commercial sale. ◀

Small Businesses and Landlords

Extra year to prepare for Making Tax Digital



The Chancellor was not in a position to make significant tax changes as he seeks to ensure that the country 'is prepared for every possible outcome' while Brexit negotiations continue.

However, he announced small businesses and landlords under the Value Added Tax (VAT) threshold will have an extra year to prepare for Making Tax Digital (MTD). This is the measure the Government will be introducing in April 2018, under which businesses will be required to file quarterly tax returns in a digital format. Until the Spring Budget announcement on 8 March 2017, this was going to affect all unincorporated businesses with an annual turnover above £10,000.

Unincorporated businesses (businesses owned privately by one or more people) that have an annual turnover below the VAT registration threshold will be allowed until April 2019 to prepare before MTD becomes mandatory.

Incorporated (Limited) Companies

The tax-free dividend allowance, which enables individuals to receive £5,000 of dividends tax-free, will be reduced to

£2,000 from April 2018. This will reduce the tax difference between the self-employed and those working through a company.

For businesses subjected to the increase in business rates from April 2017, there is some relief in the form of £435 million to support businesses affected by the business rates relief revaluation. Funding for local authorities will allow them to provide £300 million of discretionary relief to provide help to businesses most affected by the revaluation.

Entrepreneurs' relief

There will now be a consultation to consider a proposal for business owners to continue to qualify for entrepreneurs' relief, where their shareholding falls below the 5% threshold because of a company taking on external investment and share dilution.

Currently, if a founder of a business falls below the 5% shareholding threshold, they will not qualify for the 10% rate of Capital Gains Tax. The announcement is that a measure will be introduced to protect those entrepreneurs so that they continue to benefit from entrepreneurs' relief. ◀

Tax Evasion Crackdown

Measures to target an additional £160bn

The Government has outlined a plethora of measures designed to target an additional £160 billion from tax evaders.

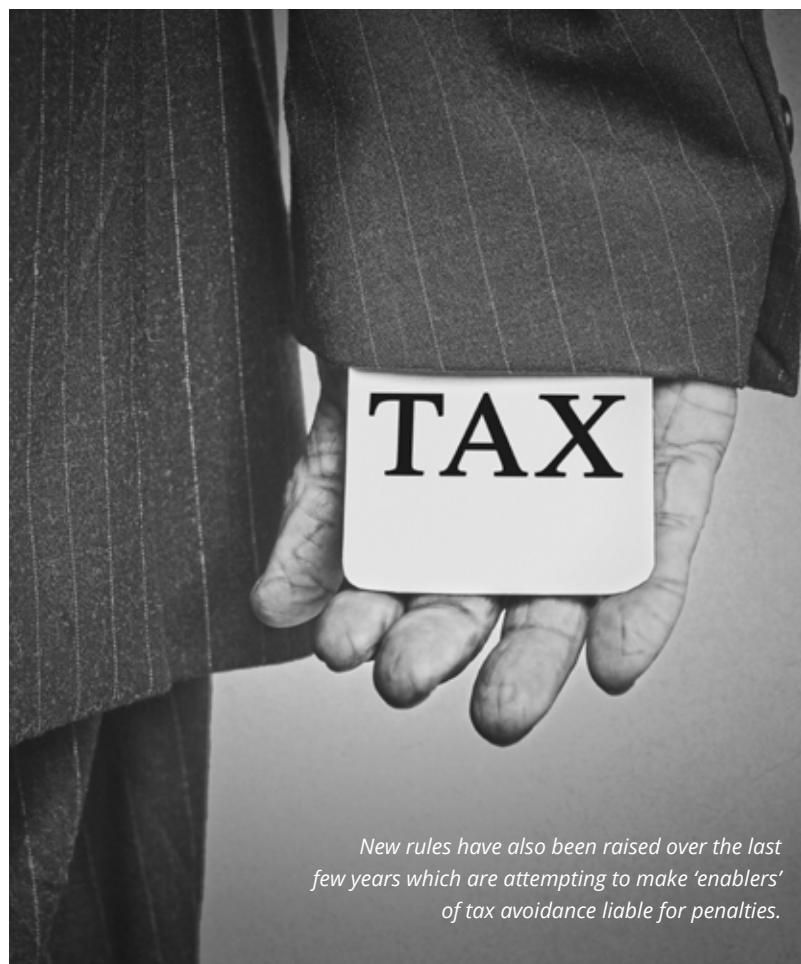
The seven-year plan lists 18 different ways in which the Government is looking to raise the revenue. These include extending how long HM Revenue and Customs can go back in time to assess non-compliance for offshore tax evaders.

Double taxation relief, where tax relief is generated on losses for both foreign and other offices of a company, will also be restricted from 22 November 2017.

The Government is also looking to crack down on online VAT fraud and will launch a consultation in Spring 2018 to explore how digital platforms can ensure users pay their fair share of tax.

New rules have also been raised over the last few years which are attempting to make 'enablers' of tax avoidance liable for penalties.

In his Budget speech, Mr Hammond said that the Government had cut the tax gap by a quarter since 2010, 'doing the job Labour failed to do'. ◀



New rules have also been raised over the last few years which are attempting to make 'enablers' of tax avoidance liable for penalties.

Venture Capital Trusts



More closely focused on entrepreneurial high risk and high growth businesses

Proposed changes to the Venture Capital Trust (VCT) rules were announced in the Autumn Budget 2017. To ensure that VCT investments are more closely focused on entrepreneurial high-risk and high-growth businesses, new investment rules have been introduced, including a risk to capital condition.

Private investors will continue to receive the existing tax reliefs on VCT investments, which will provide vital scale-up capital for the UK's most innovative and ambitious smaller companies.

The new provisions will apply to all investments made on or after 6 April 2018. ◀

Lifetime Allowance Consumer Price Index rise



The Treasury confirmed that the pensions lifetime allowance will rise in line with inflation. The lifetime allowance will increase from £1 million to £1,030,000 to match the Consumer Price Index (CPI) from 2018/19.

Though the maximum amount that can be saved each year into a Junior Individual Savings Account (ISA) or Child Trust Fund will also be uprated in line with CPI to reach £4,260, the annual ISA subscription limit will stay at £20,000.

The savings income band subject to a zero per cent rate will also be held at £5,000. ◀

Brexit

Extra £3bn set aside over the next two years

Chancellor Philip Hammond announced that he will set aside an extra £3 billion for Brexit preparations over the next two years to allow for 'every possible outcome'.

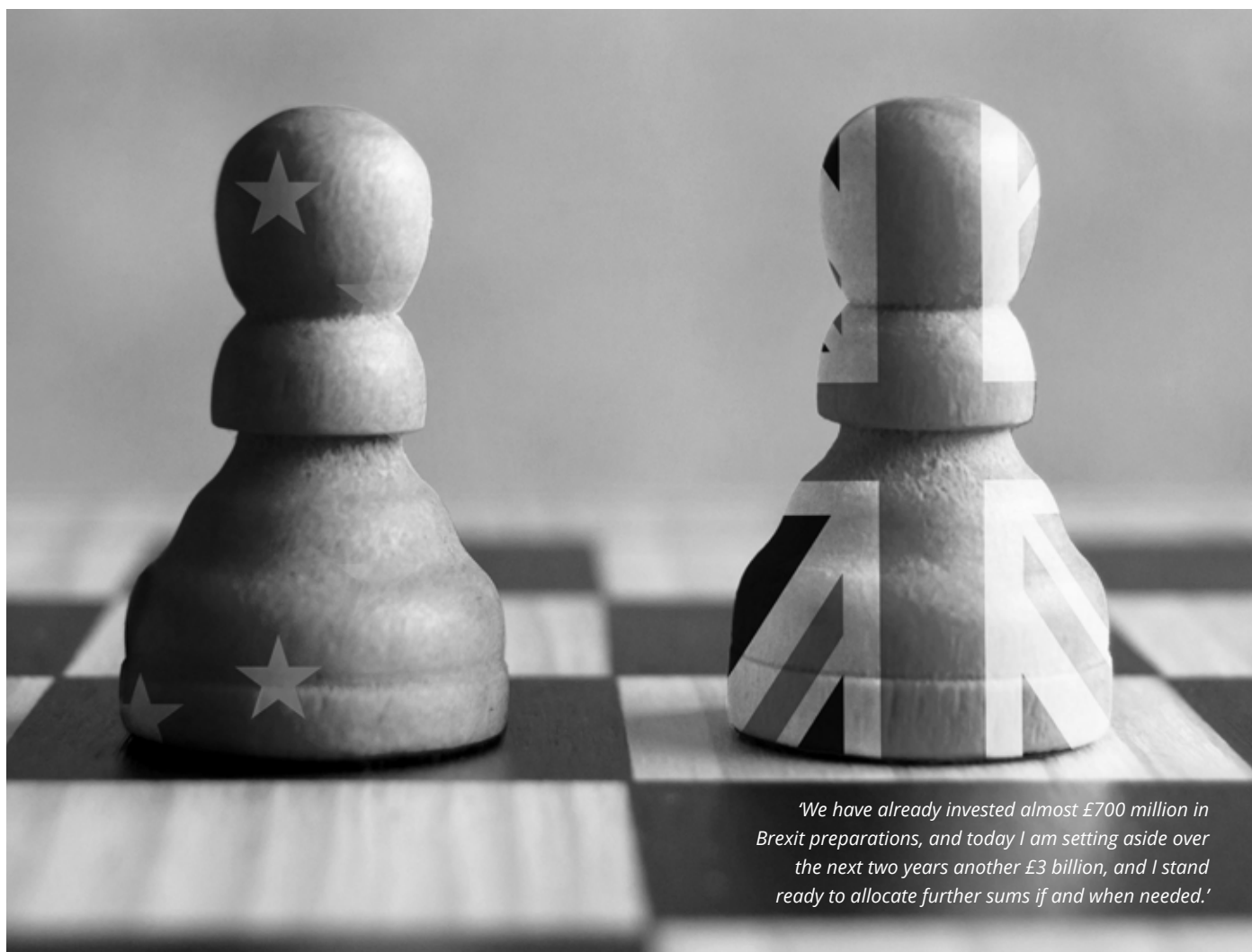
He said he 'stands ready to allocate further sums if and when needed' to ensure the UK was ready for Brexit. Mr Hammond said: 'While we work to achieve this deep and special partnership, we are determined to make sure the country is prepared for every possible outcome.'

'We have already invested almost £700 million in Brexit preparations, and today I am setting aside over the next two years another £3 billion, and I stand ready to allocate further sums if and when needed.'

He then said: 'This Budget is about much more than Brexit. No one should doubt our resolve.'

Brexit negotiations are approaching a 'critical phase', and the best way to provide security for business and families was to make progress on trade talks, he said.

The Treasury commented that the £3 billion figure had emerged after requests from Whitehall departments for extra cash to cope with Brexit, including HM Revenue & Customs, the Home Office, Defra and the Department for Transport. ◀



'We have already invested almost £700 million in Brexit preparations, and today I am setting aside over the next two years another £3 billion, and I stand ready to allocate further sums if and when needed.'



Stamp Duty Land Tax

One of the main focuses of Autumn Budget 2017

Solving the UK's housing shortage was set to be one of the main focuses of the Autumn Budget 2017.

The Chancellor, Mr Hammond, announced the immediate abolition of Stamp Duty Land Tax (SDLT) for 95% of first-time buyers purchasing a property of up to £300,000.

SDLT is a progressive tax paid when purchasing a freehold, leasehold or shared ownership residential property over £125,000 in England, Northern Ireland and Wales (separate Land and Buildings Transaction Tax in Scotland).

This announcement is expected to drive up the cost of property by around 0.3%, with most of the increase happening in 2018, the Office for Budget Responsibility said.

For properties costing up to £500,000, no stamp duty will be paid on the first £300,000.

The change will apply in England and Northern Ireland, and in Wales up until the end of March 2018, but not in Scotland. The maximum saving, according to the Treasury, will be £5,000.

'This is our plan to deliver on the pledge we have made to the next generation that the dream of home ownership will become a reality in this country once again,' Mr Hammond said. ◀

New Stamp Duty Land Tax costs

Property price	Before Budget	22 November onwards
£200,000	£1,500	£0
£300,000	£5,000	£0
£400,000	£10,000	£5,000
£500,000	£15,000	£10,000
Above £500,000	Stamp duty due is unchanged on purchases above £500,000	Stamp duty due is unchanged on purchases above £500,000

Keep your financial plans on track after Autumn Budget 2017

The Chancellor of the Exchequer, Philip Hammond, delivered his second Budget to Parliament on 22 November 2017. In every Budget, there are winners and losers, and Autumn Budget 2017 was no different.

To review what action you may need to take to keep your personal and business plans on track, please contact us.

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