

KPMG Comment

“The key measure is the announcement of the rate of the Apprenticeship Levy. This is another hit to the payroll costs of large employers already reeling from the impact of auto enrolment and the national living wage”

Businesses



- 60% penalty for all arrangements successfully challenged through the new General Anti Abuse Rule
- Package of measures to support building 400,000 affordable homes
- Creation of 26 new Enterprise Zones
- Anti avoidance introduced to stop the use of partnerships to gain tax relief for related party intangibles
- Stamp tax avoidance introduced to stop use of deep in the money options
- Anti avoidance introduced to stop two types of avoidance involving Capital Allowances and Leasing
- Energy generation no longer a qualifying activity for Venture Capital reliefs
- Extension of the doubling of small business rates relief to April 2017
- A new SDLT seeding relief for tax-transparent property-investment funds

Employers



- Apprenticeship Levy to be introduced for larger employers in April 2017. Set at 0.5% of total payroll less an allowance of £15,000. Impacts on employers with a total payroll of more than £3million
- 6 month delay in increases to pension auto enrolment minimum contribution rates to align increases to tax years
- Government action announced against users of disguised remuneration schemes. Threat to close down any new schemes identified retrospectively to 25 November 2015
- Digital tax accounts to be introduced by 2020 for businesses
- 3% differential on Benefit in Kind for diesel cars retained from April 2016 for 5 more years
- No further announcements on salary sacrifice or employment status – watch this space in next year's budget

Individuals



- Planned cuts to tax credits abolished
- Capital gains tax due to be paid within 30 days of completion of any disposal of residential property from April 2019. This ties in with the introduction of digital tax accounts for most taxpayers
- 3% higher rates of SDLT from April 2016 will be charged on purchases of additional residential properties above £40,000, such as buy-to-let properties and second homes
- Consultation launched in 2016 on changes to the SDLT filing and payment process, including reduction in the filing and payment window to 14 days, from April 2017
- Tighter thresholds introduced to be eligible for free childcare
- Extension of help to buy scheme to 2021 and the creation of London help to buy scheme

Key rates



- Corporation tax – 20%, 19% from 2017, 18% from 2020
- Income tax – basic rate 20%, higher rate 40%, top rate 45%
- Personal allowance - £10,600, £11,000 from 2016, £11,200 from 2017
- 40% tax rate threshold - £42,385, £43,000 from 2016, £43,600 from 2017
- Capital gains – basic rate taxpayers 18%, higher rate taxpayers 28%
- New rates on dividends of 7.5%, 32.5% and 38.1% for basic, higher and top rate taxpayers and £5,000 allowance from 2016
- VAT - 20%
- NIC employment allowance increased to £3,000 from April 2016

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