Autumn Statement On a Page
5 December 2013

KPMG
cutting through complexity

Economy

- Better growth and lower borrowing forecasts but Chancellor sticks to austerity guns.
- The OBR's new forecast of 1.4% growth this year is already pretty much in the bag and the 2014 forecast of 2.4% could soon start to look quite conservative too.
- As a by-product of the more buoyant economy, borrowing this year is expected to be as much as £9bn below the March budget forecast at £111bn.
- But the Chancellor was clear that austerity has a long way to go, and banked the revenue windfall.
- Some minor pro-business announcements but the Statement was fiscally neutral.

Taxation

Anti-avoidance/ tax raising measures :

- Onshore employment intermediaries and non-dom dual contracts
- Mixed individual and corporate partnerships
- CFCs, debt cap, DTR and derivatives
- Oil and Gas bareboat chartering
- CGT on disposals of UK residential property by non-residents from April 2015
- A tightening of CGT relief on homes for vacant periods before sale
- Increase in Bank Levy rate and base

Relieving measures:

- Employers NIC abolished for under 21s basic rate employees from 2015
- Business rate increase capped at 2%
- More generous film tax relief
- Shale gas allowance
- Relaxation of loss relief rules on change of company ownership

KPMG comment

And as a consequence of the more buoyant economy, government borrowing this financial year is expected to be as much as £9bn below budget. But rather than spending that windfall, he's decided to bank it, in a fiscally neutral budget.

Good news on business tax is that there was little tinkering around the edges and some welcome targeted measures to provide relief. In particular these are the capping of business rates with specific reliefs for small retailers, the removal of employers' NICs on workers below the age of 21, an extension of film tax reliefs and some targeted allowances for the oil and gas sector.

Our recently published Competitiveness Survey shows improving the tax systems has protected and increased employment and the Government's figures released today suggest the cuts to corporation tax will increase business investment by 2.5%-4.5%. It is a pity therefore the Chancellor did not invest some of the gains in introducing infrastructure allowances.

Key rates

- Corporation tax – 21% from 2014 and 20% from 2015
- VAT – 20%
- Income tax – basic rate 20%, higher rate 40%, top rate 45%
- Capital gains tax – basic rate taxpayers 18%, higher rate taxpayers 28%
- Personal allowance - £10,000 from 2014
- Marriage Transferable Tax Allowance from April 2015 for basic rate taxpayers – up to £1,000 of personal allowance
- Scottish rate of income tax is expected to be introduced from 2016.

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