

# Autumn Statement on a page

## 3 December 2014



### Economy

- Growth forecasts for 2014 revised up from 2.7% to 3.0%, fastest in G7, with a strong revival in manufacturing and despite slower growth in the Eurozone
- Despite lower than expected tax receipts, the fiscal deficit is down, helped by lower spending on debt interest and lower unemployment benefit
- Compared with the Budget forecast the deficit is up by £4.9bn in 2014-15 and £7.6bn in 2015-16
- Today's announcements deliver a net tax giveaway of £0.5bn in 2015-16 and a £0.5bn increase in public spending, notably a £0.3bn fund to upgrade GP services
- Net giveaways in 2015-16 are offset by tightening in later years, so the government remains on course to meet medium term fiscal targets.

**Contact:**  
Chris Morgan, Head of Tax Policy

**Email:**  
christopher.morgan@kpmg.co.uk



### Taxation

- Immediate reform of residential SDLT to a marginal rate system
- 25% diverted profits tax on multinationals diverting profits to low tax countries. Dates set for introduction of key BEPS measures
- Banks restricted to sheltering 50% of future taxable profits with brought forward losses
- R&D tax credits increased to 230% for SMEs and an 11% above the line credit for large companies
- ISA tax free status transferred to surviving spouse on death. Pension annuities transferred on death not subject to tax
- NIC abolished on apprenticeships for under 21s (under 25s from 2016)
- Air passenger duty exemption introduced for children under 12 (under 16s from 2016)
- Non domiciled remittance basis charge increased
- Various anti avoidance measures including late interest, Stamp Duty and incorporation



### KPMG comment

Commenting on measures unveiled today by the Chancellor KPMG in the UK, said:

- "The Chancellor has brought in a new rate for 'artificially diverted' profits. This totally removes any tax avoidance advantage achieved by diverting profits. As such it's a very clever move"
- "Change in tax free status on ISAs & pensions will lead to radical thinking on how savings are drawn upon in future. As the tax benefits under ISAs can now be preserved after death, they are becoming as attractive as pensions. The result is that we have a genuine and real alternative to saving through a pension scheme"
- "The Chancellor has certainly delivered a boost to those SMEs with ambitions to grow, with a number of initiatives designed to boost innovation. To date, the proof has certainly been in the pudding, as existing initiatives around R&D and other tax reliefs for innovators have seen the UK move to 2nd in the Global Innovation league"



### Key rates

- Corporation tax – 21% now, 20% from April 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 – £10,600 from April 2015
- 40% threshold raised for the first time for 5 years from April 2015
- Marriage Transferable Tax Allowance from April 2015 for basic rate taxpayers – up to £1,060 of personal allowance

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