

# Budget on a page

18 March 2015



## Taxation

### Relieving measures

- Online tax accounts introduced signalling the death of the annual tax return for many
- Introduction of personal saving allowance from 2016 for first £1,000 of interest (£500 for higher rate tax payers), with requirement for banks/building societies to withhold 20% tax removed
- Pension annuity flexibility introduced from 2016
- Introduction of flexible ISA and help to buy ISA
- Wide ranging business rates consultation announced
- Review of the level of the annual investment allowance
- Intention to abolish class 2 NI for self employed in next parliament
- Tax rates on oil and gas sector significantly lowered
- Further reliefs for creative sector

### Contact:

Chris Morgan, Head of Tax Policy

### Email:

christopher.morgan@kpmg.co.uk



## Taxation

### Anti-avoidance / tax raising measures

- Pensions lifetime allowance reduced to £1m from 2016
- 25% diverted profits tax rules finalised for introduction in 2015. Notification requirements have been narrowed
- Country by country reporting requirements under BEPS legislated
- Bank levy increased to 0.21% and tax relief for PPI compensation payments removed
- Anti-avoidance introduced to prevent arrangements to refresh corporation tax losses
- Changes to entrepreneurs relief including the introduction of a requirement for direct holdings of 5% in trading groups
- Proposals to restrict tax relief for travel and subsistence where using employment intermediaries
- Specific tax geared penalties introduced for arrangements that are caught by the GAAR
- Review announced into use of deeds of variation for IHT planning

## KPMG comment

"Overall it's grey, but with some notable shades - ahead of the Budget business was chiefly calling for stability and certainty and the Chancellor largely delivered on these while also listening to special cases like the oil industry.

Good news for lower rate tax payers and savers contrasted with lowering of the pension lifetime allowance to £1m. A coherent strategy for pension saving is required rather than one off raids on pension tax relief.

SMEs will welcome the announcement that the investment allowance will not reduce to the old amount of £25k. The Chancellor has also listened to the call for a review of business rates.

As expected there was a strong theme of preventing tax avoidance – the Diverted Profits Tax, tax losses and abuse of entrepreneurs relief.

Business had been concerned that the Coalition seemed to be moving away from the original corporate road map and will be pleased that the current budget was 'business as usual' with no surprises. At the same time the chancellor has listened and targeted relief where required."

## % Key rates

- Corporation tax – 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 - £10,600 from 2015, £10,800 from 2016 and £11,000 from 2017
- 40% tax rate threshold - £42,385 from 2015, £42,700 from 2016, £43,300 from 2017
- The abolition of employers NICs for under 21 year olds from 2015