

# Spring Budget 2017 on a page



## KPMG Comment

"This last Spring Budget focussed on the stability of the tax system and signalled increasing alignment in the tax treatment of the employed and self-employed."

**Michelle Quest**  
Partner - London

T: +44 (0)20 7694 6420

E: [michelle.quest@kpmg.co.uk](mailto:michelle.quest@kpmg.co.uk)



## Businesses



- Making Tax Digital (MTD) to commence as planned from April 2018 with a 12-month delay for unincorporated businesses and landlords under the VAT threshold
- Consultation into HMRC's risk profiling for large businesses
- The current system of lease taxation is expected to be maintained after the introduction of IFRS 16 from 1 January 2019
- Business rate reliefs announced including a relief fund for local authorities as well as reliefs for SMEs and pubs. A review of business rates ahead of the next valuation review
- Further modification of the draft legislation regarding the tax deductibility of interest to apply from 1 April 2017
- Legislation introduced to prevent conversion of capital losses into trading losses on appropriations to stock
- Extension of the scope of the Double Taxation Treaty Passport scheme to apply to all types of overseas lenders and UK borrowers

## Employers



- The outcome of the Taylor Review into employment practices to be published in the summer
- NIC employment allowance – Government may take action to ensure this allowance is not used for avoidance purposes
- Call for evidence on the valuation of benefits in kind to be published on 20 March 2017
- No change in the previously announced intention to align the thresholds between employees and employers NIC from 6 April 2017
- Increase in the National Living Wage to £7.50 for workers aged 25 and over from 1 April 2017
- As previously announced, the rules on off-payroll-working in the public sector will be reformed from 6 April 2017. The responsibility for determining whether IR35 applies will be moved to the public body or agency paying the worker's company

## Individuals



- Increase in the main rate of Class 4 NICs to 10% from 6 April 2018 and 11% from 6 April 2019, partially offset by the abolition of Class 2 NICs from 6 April 2018
- Reduction in dividend allowance from £5,000 to £2,000 from 6 April 2018
- Previously announced reforms to tax rules for non-UK domiciled individuals to go ahead from 6 April 2017
- Transfers to Qualifying Recognised Overseas Pension Schemes (QROPS) requested on or after 9 March 2017 may be taxable subject to certain exemptions

## Key rates



- Corporation tax – 19% from 2017, 17% from 2020
- Income tax – basic rate 20%, higher rate 40%, additional rate 45%
- Personal allowance - £11,500 from 2017, £12,500 by 2020
- 40% tax rate threshold - £45,000 from 2017, £50,000 by 2020 (note 'Scottish taxpayers' will continue to pay tax at 40% on most types of income over £43,000 from 2017)
- Capital gains tax (excluding residential property) – basic rate taxpayers 10%, higher and additional rate taxpayers 20%
- Dividend tax rate - basic rate taxpayers 7.5%, higher rate taxpayers 32.5% and additional rate taxpayers 38.1%

For further information visit: [www.kpmg.com/uk/springbudget2017](http://www.kpmg.com/uk/springbudget2017)