Kudos Financial Consultancy

The Adviser Winter 2017

Autumn Statement Highlights

Abolishing the 'Autumn Statement', the spring Budget will be the final spring Budget. Starting in autumn 2017, we will have an autumn Budget.

Personal Taxation

Personal tax allowances, tax bands and rates. By the end of Parliament we will see a significant rise in both the basic and higher rate tax bands.

What's ahead for Pensions and Savers?

Lifetime ISA from April 2017.
Reduction of the Money Purchase Annual Allowance.

Autumn Statement Highlights

End of the Autumn Statement
The Autumn Statement is to be abolished. The spring Budget will be the final spring Budget. Starting in autumn 2017, we will have an autumn Budget. Announcing tax changes well in advance of the start of the tax year.

Investing in Housing
£2.3 billion is to be invested in a new Housing Infrastructure Fund.

The fund will be used for projects such as roads and water connections that will support the construction of up to 100,000 new homes in the areas where they are needed most.

On top of that, £1.4 billion will be used to provide 40,000 new affordable homes, including some for shared ownership and some for affordable rent.

Another £1.7 billion will be used to speed up the construction of new homes on public sector land.

London will receive £3.15 billion as its share of national affordable housing funding to deliver over 90,000 homes

Research and Development
An additional investment of £2 billion per year by 2020-21 is to be invested on research and development.

An increase in research and development funding is planned for universities and businesses with R&D projects, to help the UK remain an attractive place for businesses to invest in innovative research.

Transport infrastructure
The Government will be investing an additional £1.1 billion in local roads and local transport.

Investment in the NHS
The government announced they would be delivering on the promise to invest in the NHS with £10 billion of additional funding per year by the end of 2020-21.

Salary Sacrifice Schemes
Tax and National Insurance advantages of salary sacrifice scheme will be pared back, though pensions, childcare, ultra-low emission cars and cycle schemes will be protected.

Ban on letting agent fees
Letting agents will no longer be able to charge renter's fees, for example when they sign a new tenancy agreement.

National Living Wage
National Living Wage is to be increased by 30p from £7.20 to £7.50 from April 2017.

Other
Reduction of Money Purchase Annual Allowance from £10,000 to £4,000.

Anti-avoidance measures for the VAT Flat Rate Scheme that was put in place to help small businesses.

Early 2017 the Government will begin the roll out of tax free childcare across Britain.

The Universal Credit taper will be reduced from 65% to 63% from April 2017.

From April 2017, the employee and employer National Insurance thresholds will be aligned at £157 per week.

Taxation

Personal Taxation
The personal income tax allowance for April 2016-2017 is currently £11,000. This will be increased to £11,500 for April 2017/18.

There is a reduction in the personal allowance for those with 'adjusted net income' over £100,000, which is £1 for every £2 of income above £100,000. For 2016/17 there is no personal allowance where adjusted net income exceeds £122,000. For 2017/18 there will be no personal allowance available where adjusted net income exceeds £123,000.

Tax bands and rates
The basic rate of income tax for April 2016-2017 is currently 20%. The band of income taxable at this rate is £32,000 so that the threshold at which the 40% band applies is £43,000 for those who are entitled to the full personal allowance.

The basic rate band will be increased to £33,500 for 2017/18. The higher rate threshold will rise to £45,000 in 2017/18 for those entitled to the full personal allowance. The additional rate of tax of 45% remains payable on taxable income above £150,000.

Dividends
Dividends received by an individual are subject to special tax rates. The first £5,000 of dividends are charged to tax at 0% (the Dividend Allowance).

Dividends within the allowance count towards an individual's basic or higher rate band.

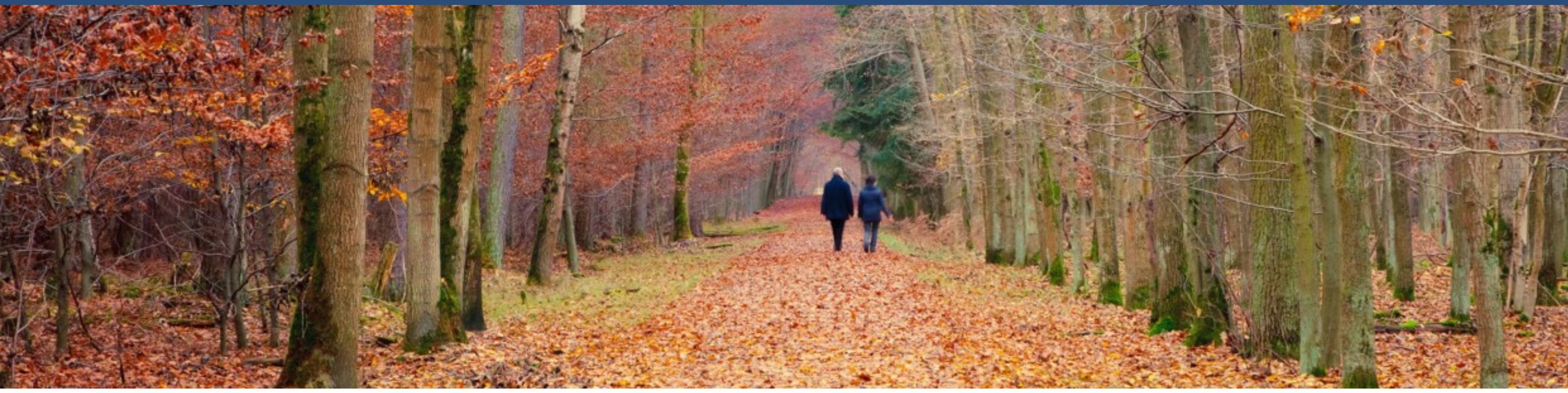
Dividends received above the allowance are taxed at the following rates:

7.5% for basic rate taxpayers
32.5% for higher rate taxpayers
38.1% for additional rate taxpayers.

Increases projected by the end of Parliament
The Chancellor has reaffirmed the Government's objectives to raise the personal allowance to £12,500 and the higher rate threshold to £50,000 by the end of this Parliament.

Year	Personal Allowances	Higher Rate Tax Band
2016-2017	£11000	£32,000 (+ £11,000 = £43,000)
2017-2018	£11500	£33,500 (+£11,500 = £45,000)

What’s ahead for Pensions and Savers?



Money Purchase Annual Allowance (MPAA)
The MPAA applies to individuals who have drawn any income benefits under the current pension flexibility rules. It was designed to limit pension income being recycled as fresh, tax-relieved pension contributions.

From April 2017 the MPAA will be reduced to £4,000. The Government does not consider that earners aged 55 and over should be able to enjoy double pension tax relief, such as relief on recycled pension savings, but does wish to offer scope for those who have needed to access their savings to subsequently rebuild them. There may be some exemptions following consultation.

Foreign Pensions
The tax treatment of foreign pensions is to be more closely aligned with the UK’s domestic pension tax regime.

By bringing foreign pensions and lump sums fully into tax for UK residents, to the same extent as domestic ones.

Starting rate for savings
The band of savings income that is subject to the 0% starting rate will remain at its current level of £5,000 for 2017-18.

LISA Lifetime Individual Savings Account
In April 2017 a new Lifetime ISA will also be introduced for younger savers. Anyone under the age of 40 will be able to open a Lifetime ISA and save up to £4,000 each year until the age of 50.

Money put into this account can be saved until you are over 60 and used as retirement income, or you can withdraw it to help buy your first home.

The Government will provide a 25% top-up, so for every £4 saved the Government will add £1. If you put in £4,000, the Government will add £1,000.

Savers will be able to access their money at any time before they turn 60, but will lose the Government bonus (and any interest or growth on this). You will also have to pay a 5% charge if you withdraw any money before you are 60.

ISA Allowance £20,000
Saving with Individual Savings Allowances (ISAs) are continued to be supported by increasing the ISA limit from £15,240 to £20,000 in April 2017.

Savings Bond
New market leading savings bond through NS&I, detail to be announced at the next Budget, it is expected that the new investment bond will have an interest rate around 2.2% gross and a term of 3 years. Savers being able to deposit up to £3,000.

Tax treatment varies according to individual circumstances and is subject to change.
The value of pensions and the income they produce can fall as well as rise. You may get back less than you invested.

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You may get back less than you invested.

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