Budget Report 2014

Summary of the main taxation provisions announced by the Chancellor of the Exchequer on 19 March 2014

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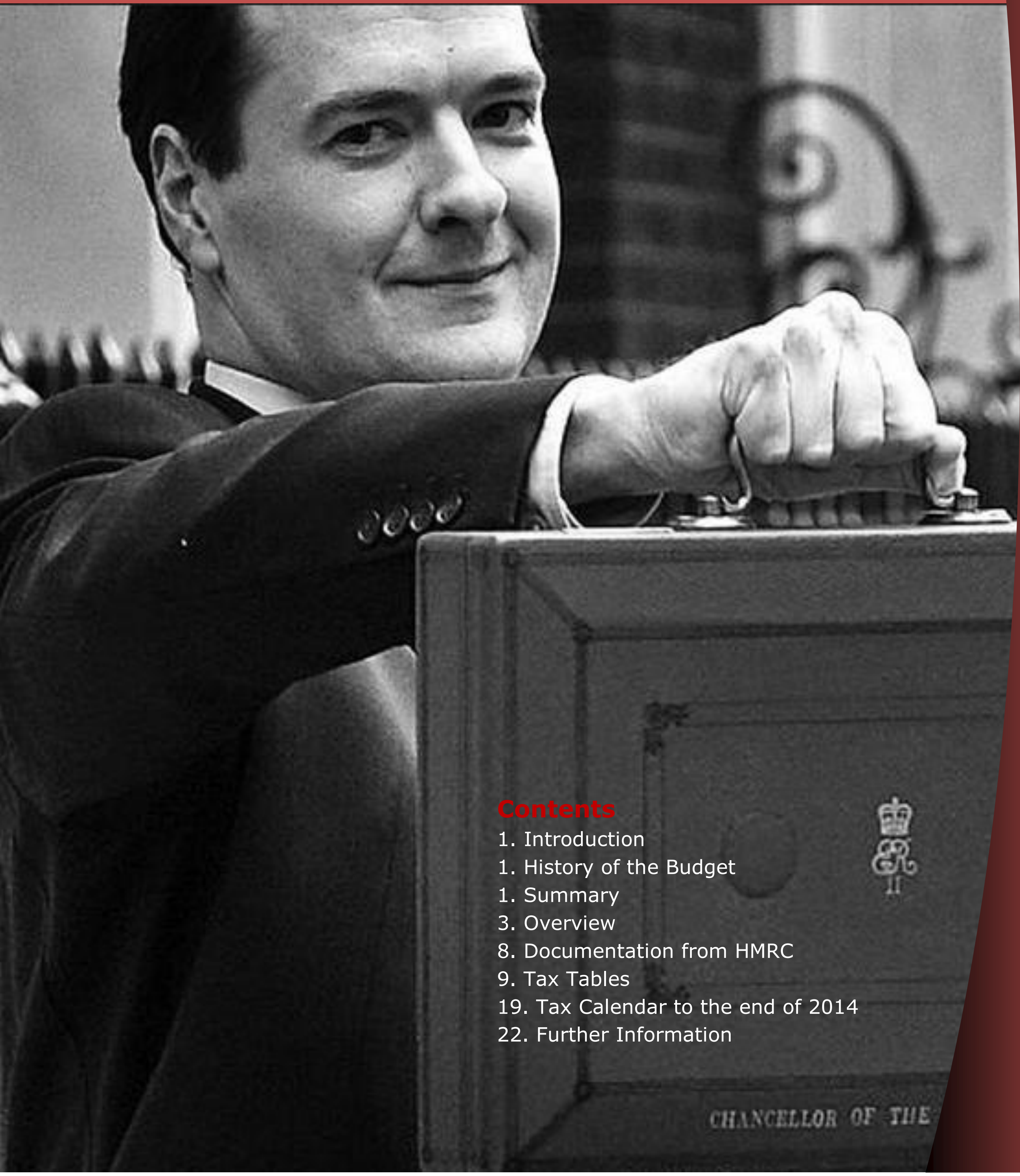

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Introduction

Today, the Chancellor of the Exchequer George Osborne delivered his Budget to the House of Commons.

About the Budget

When the Government publishes the Budget, the Chancellor gives a speech to Parliament in which he sets out the key decisions on tax, borrowing and spending, and his reasons for taking those decisions. This speech is known as the Budget Statement.

The official forecast on which the Chancellor bases the Government's Budget is provided by the Office for Budget Responsibility (OBR).

The Budget Responsibility and National Audit Act 2011 require the OBR to publish two economic and fiscal forecasts for each financial year, including one published at the Budget.

The OBR's duty is to examine and report on the sustainability of the public finances and it is required to do so objectively, transparently and impartially.

History of the Budget

The Chancellor of the Exchequer is the most senior minister at HM Treasury and acts as the nation's primary finance minister.

The Treasury dates back to the time of the Norman Conquest, but the information within HM Treasury's website and interactive explorer begins in the 1550s, when the role of the Chancellor of the Exchequer as we know it really began.

Even before 1066, the Anglo-Saxon Treasury collected taxes (including the *Danegeld*, first levied as a tribute to the Vikings to persuade them - sometimes unsuccessfully - to stay away) and controlled expenditure.

The first "Treasurer" was probably "Henry the Treasurer", who owned land around Winchester; the site of most royal treasure of both the Anglo-Saxons and the Normans. Henry is referred to in the Domesday Book (a systematic tax assessment of the whole country undertaken by the Treasury) and is believed to have served William the Conqueror as his Treasurer.


"This is a Budget for building a resilient economy"

For most of the medieval period the office of the Treasurer was within the Exchequer, which managed and accounted for the royal revenue, as well as collecting and issuing money. The Exchequer wasn't always effective at its job: in 1433, for example, war with France led to a deficit of £30,000, the equivalent of over £100 billion today.

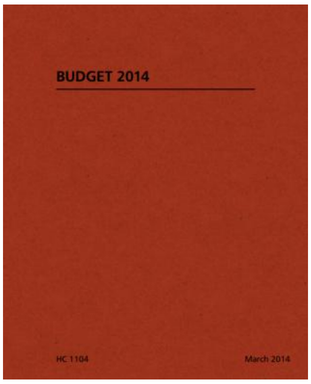
For further information, see:
http://www.hm-treasury.gov.uk/about_history_index.htm

Summary

BBC News summarised the main points from Chancellor George Osborne's Budget statement as follows:

- "This is a Budget for building a resilient economy," said the Chancellor.
- Manufacturing is growing but it halved under the last government, the Chancellor said. The government backs manufacturers across the entire country, he added.
- "Support for savers is at the centre of this Budget," said the Chancellor.
- The Chancellor predicts growth of the UK economy in 2014 of 2.7%, and 2.3% next year, higher than previously forecast by the Office for Budget Responsibility.
- Mr Osborne said this is "the biggest upward revision to growth between Budgets for at least 30 years".
- Mr Osborne said taken together, these growth figures mean our economy will be £16bn larger than was forecast just four months ago.
- Abandoning his economic plan, which is working, is the biggest risk, he told MPs.
- Mr Osborne, referring to today's unemployment figures, said there was a "staggering" fall in claimants compared with a year ago.

- The UK now has a higher employment rate than the USA - for the first time in 35 years, he said.
- Mr Osborne said the IMF believes the UK is "achieving the largest reduction in both the headline and the structural deficits of any major advanced economy in the world".
- He forecasts that the annual Budget deficit will disappear by 2018-19, on current trends.
- Britain will be borrowing £24bn less than forecast. "That's more than we spend in an entire year on the Police and Criminal Justice system," Mr Osborne said.
- But, he added, faster growth alone will not balance the books, more hard decisions are needed, more cuts are required.
- "Growth up, the deficit set to halve, debt is lower, and the biggest single saving of all is a £42bn reduction in the interest payments we will have to make on that debt," he told MPs.
- We will continue rebuilding our foreign currency reserves, Mr Osborne said.
- The Chancellor told MPs what has already been announced - we are getting a new one pound coin, in the shape of the old three-penny bit.
- "A more resilient pound for a more resilient economy," Mr Osborne said.
- The old "fixing the roof when the sun is shining" line makes another appearance. George Osborne said it'll protect Britain "from future storms".
- The Chancellor said "Britain is not going back to square one" so all decisions in the Budget "are paid for".
- There will be more cuts in public spending in the next Parliament (if the Conservatives are elected, of course - a small point he doesn't mention).
- "We are continuing with pay restraint in the public sector," Mr Osborne said.
- On welfare: "Never again" should the welfare system be allowed to spiral out of control, the Chancellor said.
- The Chancellor outlined more plans to cap welfare payments - setting the overall limit at £119bn in 2015-16, excluding state pensions and unemployment benefits.
- On tax avoidance, Mr Osborne said he is increasing HMRC's budget to stop non-compliance.
- The Chancellor said: "We will give HMRC modern powers to collect debts from bank accounts of people who can afford to pay but have repeatedly refused to, like most other Western countries."
- "We are expanding the new tax we introduced to stop people avoiding stamp duty by owning homes through a company," Mr Osborne said. "From midnight tonight anyone purchasing residential property worth over half a million pounds through a corporate envelope will be required to pay 15% stamp duty."
- Some announcements on help for the emergency services. Among them, Mr Osborne said he will be "waiving inheritance tax for those in our emergency services who give their lives protecting us".
- "I will also relieve the VAT on fuel for our Air Ambulances and Inshore Rescue boat services across Britain, and provide a new air ambulance for London," Mr Osborne said.
- More on tightening the noose on people owning UK homes via companies: "We are expanding the new tax we introduced to stop people avoiding stamp duty by owning homes through a company. We will expand the tax on residential properties worth over £2 million to those worth more than £500,000," the Chancellor said.
- Mr Osborne said he will be providing a grant to the Magna Trust in commemoration of its 800th anniversary.
- Air passenger duty will be changed. "From next year, all long haul flights will carry the same, lower, band B tax rate that you now pay to fly to the United States."
- Interest rates to exporters will be cut by a third, the Chancellor said.
- More on exports. Mr Osborne said the government will double the amount of lending available to exporters to £3bn.
- The OBR has revised down forecast tax receipts from North Sea Oil, Mr Osborne said, adding that the change is the danger of Scottish independence. "These further downgrades in the tax receipts would leave independent Scots with a shortfall of £1,000 per person," he says.
- On the subject of new homes, Mr Osborne confirmed there will be a new garden city built at Ebbsfleet, new homes in Barking Riverside and a regeneration of Brent Cross.
- House building. People will have a new "right-to-build-your-own home." The Chancellor confirmed that the equity loan element of the current Help to Buy scheme (which started a year ago) will now last until 2020.
- "Taken all together, the housing policies I announce today will support over 200,000 new homes for families," Mr Osborne added.
- A £200m pot was announced to help councils to repair potholes.
- The Alan Turing Institute will be set up to pioneer computing research in the UK again.
- "Tomorrow we introduce legislation to give new tax and borrowing powers to the Welsh Government to fund their infrastructure needs, and they can start now on work to improve the M4 in South Wales," the Chancellor said.



- The government will extend the grant for small businesses to support 100,000 more apprenticeships.
- On help for business: Business rates discounts and enhanced capital allowances will be extended in enterprise zones for another three years, the Chancellor said.
- A big tax break: The Annual Investment Allowance for companies will be expanded to £500,000 (at a cost of £2bn), until the end of 2015.
- Mr Osborne said energy costs need to be cut by investing in new sources of energy for Britain's manufacturing to be competitive.
- "We are going to have a £7bn package to cut energy bills for British manufacturers," Mr Osborne said.
- Fuel duty rise planned for September will not take place, the Chancellor confirmed.
- House! Mr Osborne said the number of bingo halls has "plummeted" by three quarters over the last 30 years and so bingo duty will be halved to 10%.
- Fixed odds betting terminals in bookies will now be taxed at a higher rate of 25%. "We will also extend the horserace betting levy to bookmakers who are based offshore," Mr Osborne added.
- "Tobacco duty has been rising by 2% above inflation and will do so again today," the Chancellor said.
- Alcohol duty escalator scrapped. Mr Osborne said he will freeze duty on whiskey and ordinary cider.
- Beer duty will be cut by one pence, Mr Osborne said. "Pubs saved. Jobs created. A penny off a pint for the second year running," he adds.
- The personal allowance will rise in 2015 – it will rise from £10,000 to £10,500, more than initially planned.
- The Chancellor said that the higher rate threshold will rise for the first time this Parliament, from £41,450 to £41,865 next month, then by a further 1% to £42,285 next year. And people earning (£42,000 all the way up to £100,000 will be paying less income tax because of this Budget," he added.
- Now a key area. Savers: New pensioner bond available to anyone aged over 65, Mr Osborne said. "The exact rates will be set in the autumn, to ensure the best possible offer - but our assumption is 2.8% for a one year bond and 4% on a three year bond."
- More on the pensioner bond. "Up to £10bn of these bonds will be issued. A maximum of £10,000 can be saved in each bond."
- A big reform of the regime for ISAs - the highly popular individual savings accounts. Cash and stocks and shares ISAs will be merged into one New ISA. The annual limit for saving in an ISA will be raised to £15,000.
- Mr Osborne said that if people choose to take their pension pot early, instead of 55%, it will be taxed at a normal marginal tax rate - typically 20%.
- A couple of things to catch up on saving. "There is a 10 pence starting rate for income from savings," Mr Osborne said. "It is complex to levy and it penalises low income savers. Today I am abolishing the 10 pence rate for savers altogether."
- Defined contribution pensions will see big changes to the tax rules governing them. The income requirement for flexible drawdown will fall from £20,000 to £12,000; the capped drawdown limit will fall from 120% to 150%; the size of the lump sum small pot will rise five-fold to £10,000; and the total pension savings you can take as a lump sum will almost double to £30,000.
- More big changes on the rules regarding how a pension pot is converted into an annual income. "We will legislate to remove all remaining tax restrictions on how pensioners have access to their pension pots. Pensioners will have complete freedom to draw down as much or as little of their pension pot as they want, anytime they want. No caps. No drawdown limits. Let me be clear. No one will have to buy an annuity," the Chancellor said.

Overview

The various documents published on HM Treasury website on 19 March 2014 included draft clauses and Explanatory Notes for inclusion in Finance Bill 2014 on measures previously announced.

The Budget notes released after the Chancellor finished speaking provide:

- Details of all tax measures to be legislated in Finance Bill 2014 or that will otherwise come into effect in 2014-15. This includes confirmation of previously announced policy changes and explains where changes, if any, have been made following consultation on the draft legislation. It also sets out new measures announced at Budget 2014.
- Details of proposed tax changes announced at Budget 2014 to be legislated in next year's Finance Bill 2015, other future finance bills, programme bills or secondary legislation.

"A big reform of the regime for ISAs"

Pensioner Bonds

The Chancellor announced the introduction of a new pensioner bond to help retired people who have suffered from low interest rates.

The new pensioner bond, launched by National Savings and Investment (NS&I), will be available from 1 January 2015 and be available to everyone over 65.

The exact rates will be set in autumn 2014 to ensure the best possible offer, but our assumption is 2.8% for a one-year bond and 4% on a three-year bond. *"That's much better than anything equivalent available in the market today,"* the Chancellor said.

ns&i

The Finance Bill 2014 will be published on 27 March 2014.

Personal tax

Income Tax, personal allowances, rates of tax and thresholds for 2015 to 2016

For 2015 to 2016 the personal allowance for those born after 5 April 1948 will increase to £10,500 and the basic rate limit will be £31,785 for 2015 to 2016.

For 2015 to 2016 the starting rate for savings income will reduce from 10% to 0%, (see below) and the maximum amount of an individual's savings income that can qualify for this starting rate will increase to £5,000. Savers who are not liable to pay Income Tax on their savings income can register to receive interest payments from their bank or building society without tax being deducted.

Cutting the 10% tax rate on savings income

The government announced at Budget 2014 that from April 2015, it is abolishing the 10% 'starting-rate' of tax for savings income and replacing it with a new 0% rate, to provide further support for the lowest earners. It is also increasing the amount of savings income that the new 0% rate applies to, from £2,880 to £5,000.

This means that anyone with a total income of less than £15,500 will not pay any tax on their savings. From April 2015, if total income (things like wages, pension, benefits and savings income) is less than the personal allowance, plus £5,000, a taxpayer will be eligible to register for tax-free savings, with their bank or building society.

New Individual Savings Accounts (NISA), Junior ISA and Child Trust Fund (CTF): increasing flexibility for savers and investors

With effect from 1 July 2014, the annual subscription limit for cash and stocks and shares ISA will be equalised at £15,000, and restrictions on the transfer of funds between stocks and shares and cash ISAs will be removed. Consequential changes will be made to the rules concerning the securities and other investments that can be held in an ISA, and Core Capital Deferred Shares issued by a Building Society will also be eligible for investment in an ISA and CTF.

With effect from 1 July 2014 the annual subscription limit for Junior ISA and CTF will be increased from £3,840 to £4,000.

Personal allowances for non-residents

To ensure the UK personal allowance remains well targeted, the government intends to consult on whether and how the allowance could be restricted to UK residents and those living overseas who have strong economic connections in the UK, as is the case in many other countries, including most of the EU.

Capital Gains Tax (CGT): non-residents and UK residential property

As announced in Autumn Statement 2013, legislation will be introduced to charge CGT on future gains made by non-residents disposing of UK residential property. A consultation on how best to produce the charge will be published shortly after the Budget. These changes will have effect from April 2015. Legislation will be in Finance Bill 2015.

Fuel Benefit Charge (FBC)

The FBC multipliers for both company cars and vans will increase in line with inflation for 2015 to 2016. The increase will be based on the September 2014 RPI figure.

Van Benefit Charge (VBC)

The VBC will increase in line with inflation for 2015 to 2016. The increase will be based on the September 2014 RPI figure.

Van Benefit Charge (VBC) support for zero emission vans

Legislation will be introduced in Finance Bill 2015 to extend VBC support for zero emission vans to 5 April 2020 on a tapered basis.

Company Car Tax (CCT)

The appropriate percentage of list price subject to tax will increase by 2% points for cars emitting more than 75 grammes of carbon dioxide per kilometre (gCO2/km), to a maximum of 37%, in 2017 to 2018 and 2018 to 2019.

National Insurance contributions: simplification for the self-employed

The government will introduce legislation when parliamentary time allows to simplify the administrative process for the self-employed by using Self-Assessment to collect Class 2 National Insurance contributions alongside Income Tax and Class 4 National Insurance contributions.

These changes will have effect from April 2016, however customers will start to see the benefits after April 2015.

Business tax

Annual Investment Allowance (AIA)

Legislation will be introduced in Finance Bill 2014 to increase the current temporary maximum of the AIA from £250,000 to £500,000.

The legislation will also extend the period of the temporary increase. These changes will have effect from 1 April 2014 to 31 December 2015 for Corporation Tax and from 6 April 2014 to 31 December 2015 for Income Tax.

Increasing Small and Medium Enterprises (SMEs) payable Research and Development (R&D) tax credit

Legislation will be introduced in Finance Bill 2014 to increase the rate of R&D payable credit for loss-making SMEs to 14.5% from 11% for qualifying expenditure incurred on or after 1 April 2014. This will increase the rate of the cash credit payable to SMEs that conduct R&D, but do not have corporation tax liabilities.

Enterprise Zones (EZ): Enhanced Capital Allowances (ECAs)

Legislation will be introduced in Finance Bill 2014 to extend the period in which 100% ECAs are available in EZs by 3 years until 31 March 2020, and to include a power to make future extensions to the duration of ECA schemes by Treasury Order. A pilot EZ will also be established in Northern Ireland. ECAs are available to companies investing in qualifying plant and machinery on designated sites within EZs. These changes will have effect from Royal Assent to Finance Bill 2014.

Enhanced Capital Allowances (ECA) for zero emission goods vehicles

The government will extend the ECA for zero emission goods vehicles to March/April 2018. However, to comply with EU State aid rules the availability of the ECA will be limited to businesses that do not claim the government's Plug-in Van Grant. Legislation will be in Finance Bill 2015.

Extending the Seed Enterprise Investment Scheme (SEIS)

Legislation will be introduced in Finance Bill 2014 to remove the time limit from SEIS and make it permanent. The legislation will also make permanent the CGT relief for reinvesting gains in SEIS shares. These changes will come into force from Royal Assent to Finance Bill 2014 and, for CGT reinvestment relief, have effect for 2014 to 2015 and subsequent years.

Theatre tax relief

Legislation will be introduced during the passage of Finance Bill 2014 for a new Corporation Tax relief for theatrical productions and touring theatrical productions. The government will consult shortly after Budget 2014 on the design of the relief.

Property tax

Stamp Duty Land Tax (SDLT): threshold for the 15% higher rate for certain residential property transactions

Finance Act 2012 introduced a 15% rate of SDLT on the acquisition by certain non-natural persons of dwellings costing more than £2 million. Legislation will be introduced in Finance Bill 2014 to reduce this threshold to £500,000.

The new threshold will apply to land transactions where the effective date is on or after 20 March 2014. However the existing £2 million threshold will continue to apply, subject to exceptions, where contracts were entered into before that date.

Annual Tax on Enveloped Dwellings (ATED)

Finance Act 2013 introduced the ATED on certain non-natural persons owning UK residential property valued at more than £2 million. Legislation will be introduced in Finance Bill 2014 to reduce this threshold to £500,000.

From 1 April 2015 a new band will come into effect for properties with a value greater than £1 million but not more than £2 million with an annual charge of £7,000. From 1 April 2016 a further new band will come into effect for properties with a value greater than £500,000 but not more than £1 million with an annual charge of £3,500.

There will be a transitional rule for the £1 million to £2 million band requiring returns to be filed on 1 October 2015 and payment by 31 October 2015.

Anti-avoidance, fairness and planning

Venture Capital Trusts (VCT) share premium accounts

Legislation will be introduced in Finance Bill 2014 to prevent VCTs returning capital subscribed by investors within 3 years of the end of the accounting period in which the shares were issued. These changes will have effect from 6 April 2014.

Accelerated payment in tax avoidance cases

As announced in Autumn Statement 2013, legislation will be introduced in Finance Bill

2014 to change tax administration to require taxpayers who have used avoidance schemes which are defeated in another party's litigation, and who do not settle the dispute, to pay the disputed amount to HMRC on demand. Following consultation, further legislation will be introduced in Finance Bill 2014 to extend accelerated payment of tax to users of schemes disclosed under the Disclosure of Tax Avoidance Schemes (DOTAS) rules, and to taxpayers involved in schemes subject to counteraction under the General Anti-Abuse Rule (GAAR), so that the amount in dispute is held by HMRC while the dispute is resolved. These changes will take effect from Royal Assent to Finance Bill 2014.

Avoidance schemes involving the transfer of corporate profits
Legislation will be introduced in Finance Bill 2014 to prevent companies from obtaining a Corporation Tax advantage by transferring profits between companies within a group.

The legislation will provide that where as part of tax avoidance arrangements a company transfers all or a significant part of its profits to another group member, then the company's profits will be taxed as though the transfer had not occurred. These changes will have effect for any transfer of profits made on or after 19 March 2014.

Disclosure of Tax Avoidance Schemes (DOTAS)
The government will consult on extensions to the DOTAS 'hallmarks' (the descriptions of schemes required to be disclosed) to be introduced by secondary legislation later in 2014, and proposals to strengthen HMRC's powers to tackle non-compliance with the rules, with a view to legislating in a future finance bill.

VAT Avoidance Disclosure Regulations (VADR)
The government will consult on proposals to improve the VAT Avoidance Disclosure Regulations (VADR) regime, including placing the obligation to disclose primarily on the scheme promoter. Legislation will be in a future finance bill.

Direct recovery of debts
Legislation will be introduced to allow HMRC to recover tax and tax credit debts of £1,000 or more directly from taxpayer accounts, subject to rigorous safeguards. The government will also consult on the draft primary and secondary legislation and on the implementation of the measure, including safeguards to prevent hardship.
Legislation will be in Finance Bill 2015.

Pensions

Increasing pension flexibility
A number of changes are being made to the drawdown, trivial commutation and small pots limits affecting the benefits that can be taken from a registered pension scheme as drawdown pension income and as taxed lump sums.

- The increase in the maximum annual pension for capped drawdown pensioners applies for all drawdown pension years starting on or after 27 March 2014.
- The reduction in the amount of relevant income needed to be eligible for flexible drawdown applies to all individuals who apply for flexible access to their drawdown pension on or after 27 March 2014.
- The rise in the trivial commutation limit applies to all commutation periods starting on or after 27 March 2014.
- The rise in the amount that can be taken as a taxed lump sum from other small pension pots, and the number that can be taken, applies to all payments made on or after 27 March 2014.

The changes are likely to affect:

- Individuals above the minimum pension age (normally 55 and over), who have pension savings in a registered pension scheme;
- Individuals with drawdown pensions; and
- Scheme administrators of registered pension schemes.

Proposed revisions
Legislation will be introduced in Finance Bill 2014 to amend FA 2004 to:

- Increase the maximum income that a drawdown pensioner (member or dependant) with a capped drawdown pension fund can choose to receive to 150 per cent of the "basis amount";
- Reduce the minimum income threshold for flexible drawdown to £12,000;
- Allow members over 60, with total pension savings of £30,000 or less to take out all of those savings as one or more trivial commutation lump sums;
- Remove the revaluation factor for determining how much of the commutation limit is used up by crystallisation of previous pension rights;
- Increase the limit in regulation 10 of SI2009/1171 to £30,000;
- Increase the other small pots limits in Part 2 of SI2009/1171 to £10,000;
- Increase the number of lump sums that can be taken under regulation 11A of SI2009/1171 to three; and
- Increase the small pot limit in Article 23C of SI2009/1172 to £10,000.

Pension liberation
The changes will give HM Revenue & Customs (HMRC) the powers that it needs to identify and

Buying an Annuity
The retirement age, for accessing private pension savings without a tax charge, will rise from 55 to 57, to reflect increases to the state pension age, although not until 2028.

From April 2015, the government will change the tax rules to allow people to access their defined contribution pension savings as they wish from the point of retirement. Drawdown of pension income under the new, more flexible arrangements will be taxed at marginal income tax rates rather than the current rate of 55% for full withdrawals. The tax-free pension lump sum will continue to be available.

Those who continue to want the security of an annuity will be able to purchase one. Equally, those who want greater control over their finances in the short term will be able to extract all their pension savings in a lump sum. And those who do not want to purchase an annuity or withdraw their money in one go will be able to keep their pension invested and access it over time.

The government wants to ensure the current tax rules that apply to certain pensions on death continue to be appropriate under the new system. In particular, the government believes that a flat 55% charge will be too high in many cases in the future. The government will engage with stakeholders to review these rules.

tackle pension schemes which are being or are intended to be used as liberation vehicles. The measure will also close a loophole used in a widely-marketed avoidance scheme, and remove tax obstacles to effective regulatory interventions instigated by the Pensions Regulator. The purpose of the measure is to further tackle the growing threat of pension liberation fraud where individuals are encouraged to access their pension savings before they reach retirement.

The changes are likely to affect:

- Pension scheme administrators and trustees of existing registered pension schemes and pension schemes; and
- Individuals who seek to surrender their pension rights in favour of an employer.

The measure was announced at Budget 2014. The measures will have effect from 20 March 2014, with the exception of the following changes which have effect from 1 September 2014:

- Changes in connection with the introduction of a fit and proper person test; and
- Changes in connection with the tax rules after certain regulatory interventions have taken place.

Indirect taxes

VAT: revalorisation of registration and deregistration thresholds
With effect from 1 April 2014:

- the taxable turnover threshold which determines whether a person must be registered for VAT, will be increased from £79,000 to £81,000
- the taxable turnover threshold which determines whether a person may apply for deregistration will be increased from £77,000 to £79,000
- the registration and deregistration threshold for relevant acquisitions from other EU Member States will also be increased from £79,000 to £81,000

The simplified reporting requirement (three line accounts) for the Income Tax Self-Assessment return will continue to be aligned with the VAT registration threshold. From 2013 to 2014, small businesses are able to use the simpler Income Tax cash basis which simplifies the way in which small businesses can calculate their trade profits. The eligibility conditions for the cash basis are linked to the VAT registration threshold in place at the end of the relevant tax year.

Tobacco duty rates – effective from 6pm 19 March 2014
Legislation will be introduced in Finance Bill 2014 to increase the duty rates for all tobacco products by 2% above the rate of inflation (based on RPI) from 6pm on 19 March 2014. This will add 24 pence to the price of 20 cigarettes, 8 pence to the price of a pack of five small cigars, 23 pence to the price of a 25g pouch of hand-rolling tobacco, and 13 pence to the price of a 25g pouch of pipe tobacco. The government will continue to increase all tobacco duties rates by 2% above the rate of inflation (based on RPI) for each year up to and including 2019 to 2020. These duty changes will be legislated for each year in the relevant finance bills.

Alcohol duty rates – effective from 24 March 2014
Legislation will be introduced in Finance Bill 2014 to reduce rates of beer duty by:

- 6% for low strength beer (less than 2.8% alcohol by volume (abv))
- 2% for the standard rate of beer duty (between 2.8% and 7.5% abv)
- 0.75% overall for high strength beer (above 7.5% abv)

These changes will reduce the price of a typical pint (at each strength) by one penny. The legislation will increase the duty rates for wine and made wine and sparkling cider of a strength exceeding 5.5% by the rate of inflation (based on RPI). This will add 8 pence to the price of higher strength sparkling cider and 6 pence to the price of a bottle of wine. These changes will take effect from 24 March 2014.The duty rates on spirits and other cider and perry have been frozen.

Fuel duty rates – effective from 1 April 2015
Legislation will be introduced in Finance Bill 2015 to apply a reduced rate of fuel duty to methanol composed of 95% pure methanol and 5% water, to be implemented from 1 April 2015. The rate of fuel duty applied to methanol will be 9.32 pence per litre. The size of the duty differential between the main rate and methanol will be maintained until March 2024, and the government will review the impact of this incentive alongside the duty incentives for road fuel gases at Budget 2018.

Gaming duty – effective for accounting periods starting on or after 1 April 2014
Legislation will be introduced in Finance Bill 2014 to raise the Gross Gaming Yield (GGY) bandings for gaming duty in line with inflation (based on RPI). The revised GGY bandings used to calculate gaming duty must be used for accounting periods starting on or after 1 April 2014.

Bingo duty – effective for accounting periods beginning on or after 30 June 2014
Legislation will be introduced in Finance Bill 2014 to reduce the rate of bingo duty from 20%

to 10%. In addition, the amendment to the bingo duty exemption provision, affecting adult gaming centres, simply updates the legislation and maintains the scope of the relief. The rate reduction will have effect for bingo duty accounting periods beginning on or after 30 June 2014. The amendment to the exemption provision will have effect from Royal Assent to Finance Bill 2014.

Machine games duty effective from 1 March 2015
Legislation will be introduced in Finance Bill 2014 to create a new rate of machine games duty that will apply in respect of machines where the charge payable for playing can exceed £5. The change will have effect from 1 March 2015.

Air Passenger Duty (APD): banding reform – effective from 1 April 2015
Legislation will be introduced in Finance Bill 2014 to reduce the number of APD destination bands from four to two, by merging the former bands B, C and D. It also sets the higher rates that apply to aircraft with an authorised take-off weight of 20 tonnes or more, and fewer than 19 seats, to 6 times the reduced rate. These changes will have effect in relation to the carriage of chargeable passengers on and after 1 April 2015.

Landfill tax rates – effective from 1 April 2015
Legislation will be introduced in Finance Bill 2014 to increase the standard and lower rates of landfill tax in line with inflation (based on RPI) for disposals of waste made, or treated as made, to landfill on or after 1 April 2015.

Climate change levy (CCL) main rates – effective from 1 April 2015
Legislation will be introduced in Finance Bill 2014 to increase the main rates of CCL in line with inflation (based on RPI) from 1 April 2015.

Carbon price support (CPS) rates of climate change levy (CCL) effective from 1 April 2016
Legislation will be introduced in Finance Bill 2014 to set the CPS rates of CCL on fossils fuels (excluding oils) used in electricity generation from 1 April 2016. The legislation will also amend the previously legislated CPS rate on coal and other solid fossil fuels for 2014 to 2015 and 2015 to 2016.

Documentation from HMRC

Further information on various measures announced by the Chancellor can be found at:

The Budget 2014 speech in full.
https://www.gov.uk/government/speeches/chancellor-george-osbornes-budget-2014-speech

HMRC Overview
https://www.gov.uk/government/publications/budget-2014-hm-revenue-customs-overview/hmrc-overview

Overview of Tax Legislation and Rates
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/293887/OOTLAR_19_March_2014.pdf

Freedom and choice in pensions' consultation and fact sheet
https://www.gov.uk/government/consultations/freedom-and-choice-in-pensions

Fact sheet - Abolishing the 10% rate of tax on savings income
https://www.gov.uk/government/publications/abolishing-the-10-rate-of-tax-on-savings-income-a-fact-sheet

Fact sheet - The New ISA
https://www.gov.uk/government/publications/the-new-isa-factsheet

OTS competitiveness review: initial thoughts and call for evidence
https://www.gov.uk/government/publications/competitiveness-of-uk-tax-administration-review

Tackling aggressive tax planning in the global economy: UK priorities for the G20-OECD project for countering Base Erosion and Profit Shifting
https://www.gov.uk/government/publications/tackling-aggressive-tax-planning-in-the-global-economy-uk-priorities-for-the-g20-oecd-project-for-countering-base-erosion-and-profit-shifting

Avoidance schemes involving the transfer of corporate profits
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/293896/Avoidance_schemes_involving_the_transfer_of_corporate_profits.pdf

National Infrastructure Plan: finance update
https://www.gov.uk/government/publications/national-infrastructure-plan-finance-update

New £1 coin announced
https://www.gov.uk/government/news/new-1-coin-announced/

Tax Tables

Bands of Taxable Income

Income tax bands of taxable income (£ per year)

	Tax year 2013-14	Tax year 2014-15	Tax year 2015-16
Basic rate 1	£0 – £32,010	£0 – £31,865	£0 – £31,785
Higher rate	£32,011 – £150,000	£31,866 – £150,000	£31,786 – £150,000
Additional rate	Over £150,000	Over £150,000	Over £150,000

NOTES

1 There is a starting rate for savings income only. The starting rate limit for savings is £2,790 for 2013-14 and will increase in line with RPI to £2,880 for 2014-15. If an individual's taxable non-savings income (i.e. after deduction of their personal allowance) exceeds the starting rate limit, then the 10 per cent starting rate for savings will not be available for savings income. From 6 April 2015, the starting rate for savings income will be reduced to 0 per cent and the maximum amount of an individual's income that can qualify for this starting rate will increase to £5,000.

2 The rates available for dividends for the 2013-14 tax year are 10 per cent dividend ordinary rate, 32.5 per cent dividend upper rate (effective rate 25%) and the 37.5 per cent dividend additional rate (effective rate 30.6%) are available.

Income Tax Allowances

	£ a year		
	2013-14	2014-15	2015-16
Personal allowance 1			
Those born after 6 April 1948	£9,440	£ 10,000	£10,500
Those born between 6 April 1938 and 5 April 1948	£10,500	£ 10,500	£10,500
Those born before 6 April 1938	£10,660	£ 10,660	£10,660
Income limit for personal allowance 2	£100,000	£100,000	£100,000
Income limit for personal allowances (born before 6 April 1948) 3	£26,100	£27,000	To be advised
Married couple's allowance 4			
Maximum amount 5	£7,915	£8,165	To be advised
Minimum amount 6	£3,040	£3,140	To be advised
Blind person's allowance	£2,160	£2,230	To be advised

NOTES

1 The amount of an individual's personal allowance depends on their date of birth and their income in the tax year.

2 The personal allowance reduces where the individual's income is above this limit by £1 for every £2 above the limit. This applies regardless of age or date of birth.

3 This allowance reduces where the individual's income is above the income limit (£27,000 for 2014-15) by £1 for every £2 above the income limit until they reach the level of the basic personal allowance.

4 Available to people born before 6 April 1935. Tax relief for this allowance is restricted to 10 per cent.

5 This allowance reduces where the individual's income is above the income limit (£27,000 for 2014-15) by £1 for every £2 above the income limit until it reaches the minimum amount. Any reduction applies after any reduction to the individual's personal allowance.

6 This is also the maximum relief for maintenance payments where at least one of the parties is born before 6 April 1935.

Class 1 National Insurance Contribution Rates

Employee (primary)		Employer (secondary)	
Earnings 1	**NIC rate 2**	**Earnings 1**	**NIC rate 3**
£ a week	**per cent**	**£ a week**	**per cent**
Below £111 (LEL)	0	Below £153 (ST)	0
£111 – £153 (PT) 4	0	Above £153	13.8
£153 – £805 (UEL)	12		
Above £805	2		

NOTES

1 The limits are defined as: LEL - lower earnings limit; PT - primary threshold; ST - secondary threshold; and UEL - upper earnings limit.

2 The contracted-out rebate for primary contributions in 2014-15 is 1.4 per cent of earnings between the LEL and the upper accrual point (UAP) of £770 for contracted-out salary-related schemes (COSRS). Contracting out for money purchase schemes (COMPS) was abolished on 5 April 2012.

Self-Employed National Insurance Contribution Rates 2014-15

Annual profits £ a year 1	Class 2 £ a week 2	Class 4: per cent
Below £5,885 (SEE) 3	0.00	0
£5,885 to £7,956 (LPL)	2.75	0
£7,956 to £41,865 (UPL)	2.75	9
Above	2.75	2

NOTES
1 The limits are defined as SEE - small earnings exception; LPL - lower profits limit and UPL - upper profits limit.
2 Class 2 NICs are paid at a weekly flat rate of £2.75 by all self-employed persons unless they have applied for a small earnings exception.
3 The self-employed may apply for exception from paying Class 2 contributions if their earnings are less than, or expected to be less than the level of the small earnings exception.

Other NICs Rates

	2013-14	2014-15
Married Women's reduced rate (5.85%)		
	£	£
Special Class 2 rate for share fishermen	3.35 per week	3.40 per week
Special Class 2 rate for volunteer development workers	5.45 per week	5.55 per week
Class 3 rate	13.55 per week	13.90 per week

NOTES
1 Married Women's reduced rate is paid only by married women and certain widows with valid reduced rate elections.
2 Class 3 NICs are paid by contributors to make the year a qualifying year for basic State Pension and Bereavement Benefit purposes.

Working and Child Credit Tax Rates and Thresholds

	£ a year		
	2013-14	2014-15	Change
Working Tax Credit			
Basic element	1,920	1,940	20
Couple and lone parent element	1,970	1,990	20
30 hour element	790	800	10
Disabled worker element	2,855	2,935	80
Severe disability element	1,220	1,255	35
Childcare element			
maximum eligible cost for one child	£175 per week	£175 per week	-
maximum eligible cost for two or more children	£300 per week	£300 per week	-
per cent of eligible costs covered	*70 per cent*	*70 per cent*	-

	£ a year		
	2013-14	2014-15	Change
Child Tax Credit			
Family element	545	545	-
Child element	2,720	2,750	30
Disabled child element	3,015	3,100	85
Severely disabled child element	1,220	1,255	35
Income thresholds and withdrawal rates			
Income threshold	6,420	6,420	
Withdrawal rate (per cent)	*41%*	*41%*	
First threshold for those entitled to Child Tax Credit only	15,910	16,010	
Income rise disregard	5,000	5,000	
Income fall disregard	2,500	2,500	

Child Benefit and Guardian's Allowance

	£ a week		
	2013-14	2014-15	Change
Child Benefit			
First child rate	20.30	20.50	0.20
Rate for additional children	13.40	13.55	0.15
Guardian's Allowance	15.90	16.35	0.45

From 7 January 2013 taxpayers with adjusted net income between £50,000 and £60,000 are subject to an income tax charge (unless they withdraw their claim) of 1% of the amount of Child Benefit for every £100 of income that exceeds £50,000. For taxpayers with income over £60,000 the income tax charge is restricted to the Child Benefit received.

Giving to Charity

Gift aid

Every £10 donation worth £12.50 to a charity or a community amateur sports club.
Taxpayers are able to carry back to the previous tax year donations made by the date of submission of the tax return (deadline 31 January after the end of the tax year) for the purpose of higher and additional rate tax relief.

Payroll giving

Employee or pensioner can request employer or pension payer to make deductions from gross pay. Amount of giving reduces income for tax purposes.

IHT Rates and Reliefs

The following are the thresholds for IHT:

INHERITANCE TAX (IHT) THRESHOLDS

Year	Nil Rate Band
2006-07	£285,000
2007-08	£300,000
2008-09	£312,000
2009-10 to 2017-18	£325,000

For married and civil partners, the above figures can potentially be doubled from 9 October 2007

NOTE
The rate of IHT is 40% (36% where more than 10% of net estate is left to charity)

IHT MAIN EXEMPTIONS

	Exempt Amount
Annual gifts per donor	£3,000 per year
Small gifts to same person	£250
To non-domicile spouse	£325,000 from 6/4/2013
To UK domicile spouse	unlimited gifts
On marriage by either party to the marriage	£2,500
On marriage by parent of either party	£5,000
On marriage by remoter ancestor of either party	£2,500
On marriage by any other person	£1,000
To charities	all gifts
To political parties	all gifts

IHT Rates and Reliefs (continued)

IHT CHARGE ON GIFTS WITHIN SEVEN YEARS OF DEATH

Years between gift and death	%age of death rate charge applied to gift
0 to 3	100%
3 to 4	80%
4 to 5	60%
5 to 6	40%
6 to 7	20%

If an estate includes UK woodlands, a claim may be made to defer IHT on the value of growing timber, subject to meeting certain conditions.

Generous reliefs are available on 'relevant business property'. Qualifying assets can have their IHT values reduced substantially (subject to meeting certain conditions) as shown in the next Table.

BUSINESS PROPERTY RELIEF

Asset	% Reduction
Business or interest in a business	100
Land, buildings, machinery or plant used in a company you control, or in a partnership to which you belong	50
Shares in an unquoted AIM company	100
Shares in a fully quoted company in which there is control	50
Owner-occupied farms and agricultural tenancies (after 1 September 1995)	100
Interest of landlords in let farmland	100

VAT Rates

VALUE ADDED TAX

	Rate from 4/1/2012
Rates:	
Standard rate	20%
Reduced rate	5%
VAT fraction	1/6th

	Limits to 31/03/14	Limits from 01/04/14
Limits:		
Registration limit	£79,000	£81,000
Deregistration limit	£77,000	£79,000
Annual accounting turnover limit	£1.35m	£1.35m

Tax Rates for Trustees

SPECIAL RATES FOR TRUSTEES' INCOME

Tax Years	2012-13	2013-14 onwards
Standard rate on first £1,000 of income which would otherwise be taxable at the special rates for trustees.	Up to 20%, depends on the type of income	Up to 20%, depends on the type of income
Trust rate	50%	45%
Dividend trust rate	42.50%	37.50%

Official Rate of Interest

Directors and employees earning £8,500 a year or more (including gross expenses payments and the value of benefits in kind) are taxable on benefits in kind. The amount chargeable to tax in respect of a loan made by an employer is based on the difference between the interest paid by the employee (if any) and the interest which would have been paid on the loan at the "official rate" of interest.

Tax year to 5 April	Rate
2014	4%
2015	4%

Corporation Tax Rates

The rates of Corporation Tax are shown in the table below. The profit limits may be reduced for a company that is part of a group or has associated companies. The lower rates and marginal reliefs do not apply to close investment holding companies.

CORPORATION TAX RATES

Year(s) from 1 April	**2014**	**2014**
Companies earning under £300,000	From £1 to £300,000 @ 20%	From £1 to £300,000 @ 20%
Companies earning between £300,000 and £1.5 million:		
First £300,000	20%	20%
Upper Marginal rate (excess over £300,000)	23.75%	21.25%
Companies earning over £1.5million:		
Main rate	23%	21% (Note 1)

NOTE 1
Reducing to 20% in 2015.

Corporation Tax Rates on Patent Box Profits

The Patent Box enables companies to apply a lower rate of Corporation Tax to profits earned after 1 April 2013 from its patented inventions and certain other innovations. The relief will be phased in from 1 April 2013 and the lower rate of Corporation Tax to be applied will be 10 per cent.

Pensions and Pension Contributions

PENSIONS - ANNUAL AND LIFETIME ALLOWANCES

Tax Year	**Annual Allowance**	**Lifetime Allowance**
2006-07	£215,000	£1,500,000
2007-08	£225,000	£1,600,000
2008-09	£235,000	£1,650,000
2009-10	£245,000	£1,750,000
2010-11	£255,000	£1,800,000
2011-12	£50,000	£1,800,000
2012-13 and 2013-14	£50,000	£1,500,000
2014-15 onwards	£40,000	£1,250,000

NOTES
Tax relief – There is no limit on the amount that you can pay into your personal pension and any other pension plans you have, but there is no tax relief on payments over a certain amount. HMRC allows tax relief on your personal payments to your pension plans of up to £2,880 a year (which becomes £3,600 with tax relief), or 100% of your UK taxable earnings if greater.

Annual Allowance - The Annual Allowance has an overall limit, which is £50,000 in the tax year 2012-13 and 2013-14 and £40,000 thereafter. If total payments from you and your employer to all your pension plans are above the Annual Allowance they may be subject to a tax charge.

Lifetime Allowance - The Lifetime Allowance is a limit on the amount of money you can build up in all your pension plans without losing tax advantages. Any amount above this allowance will normally be subject to a tax charge when benefits start payment. The Lifetime Allowance is £1,500,000 in the tax year 2012-13 and 2013-14 and £1,250,000 thereafter. As well as the amount you're currently building up in pension plans, the Lifetime Allowance also takes into account the value of any pensions already being paid to you and any tax-free lump sums you've received. If you already have pension funds that exceed the Lifetime Allowance or you think may exceed it in future, you should talk to a financial adviser before taking out a personal pension.

STATE PENSION

	2013-14	**2014-15**
Single Person	£110.15 per week	£113.10 per week
Couple (if wife is a non-contributor)	£66.00 per week	£67.80 per week

PENSION CREDIT

Standard minimum income guarantee:	**2013-14**	**2014-15**
Single	£145.40 per week	£148.35 per week
Couple	£222.05 per week	£226.50 per week

Capital Gains Tax

CAPITAL GAINS TAX:

Annual Exempt Amount

Year	**individuals**	**Trustees**
2013-14	£10,900	£5,450
2014-15	£11,000	£5,550

CGT Rate

2013-14	Standard Rate: 18%	Higher Rate: 28%
2014-15	Standard Rate: 18%	Higher Rate: 28%

Entrepreneurs' Relief

Entrepreneurs' Relief allows individuals and some trustees to claim tax relief for 2008-09 onwards on qualifying gains, up to a maximum lifetime limit, made on the disposal of any of the following:

- all or part of a business;
- the assets of a business after it has ceased;
- shares in a company.

Claims for Entrepreneurs' Relief can be made on more than one occasion as long as the total qualifying gains in all the claims doesn't exceed the lifetime limit.

ENTREPRENEURS' RELIEF RATE (10%)
on Gains up to:

For disposals on or after 23/06/10 to 05/04/11	£5 million	Over £5m @ 18%
For disposals on or after 06/04/11	£10 million	Over £10m @ 28% *

NOTE * The 28% rate applies to higher and additional rate taxpayers

Capital Allowances

Capital allowances are:

CAPITAL ALLOWANCES

Tax Years	**2013-14**	**2014-15 onwards**
Writing Down Allowance (WDA) on Plant & Machinery in the general pool	18%	18%
WDA on Plant & Machinery Long Life assets in the general pool and on integral fixtures	18%	8%
Annual Investment Allowance (AIA) available at 100% on qualifying expenditure on most Plant & Machinery (apart from cars) of up to:	£250,000	£500,000 from April 2014 until 31 December 2015.

Interest on Late Payment of Tax

	From 29/09/09
Income Tax, NIC & CGT Stamp Duty and Stamp Duty Reserve Tax	3%
CTSA, From normal due date	3%
Inheritance Tax	3%

Fuel Benefit Charge

Company Car Tax Fuel Benefit Charge	2013-14	2014-15
Car Fuel Benefit Charge Multiplier	£21,100	£21,700
Van Fuel Benefit Charge	£564	£581

Car Benefit Charge

The car benefit charge for a full year is obtained by multiplying the price of the car for tax purposes (in most cases, its list price plus accessories, less capital contributions) by the 'appropriate percentage'. A more detailed guide is available for employees in the HS203 Self-Assessment helpsheet (see: http://www.hmrc.gov.uk/helpsheets/hs203.pdf and for employers in booklet 480 (see: http://www.hmrc.gov.uk/guidance/480.pdf).

The information below may be subject to change if and when updates are published by HMRC.

Changes from 2013-14
The lower threshold will be reduced from 120g/km to 115g/km.

The lowest appropriate percentages are still 0 per cent and 5 per cent. 10 per cent will now apply to cars with CO_2 emissions of 76g/km to 94g/km.

The appropriate percentage will increase by 1 per cent for all vehicles with CO2 emissions between 95g/km and 215g/km, to a maximum of 35 per cent.

Changes from 2014-15
The lower threshold will be reduced from 115g/km to 110g/km.

The lowest appropriate percentages are still 0 per cent and 5 percent. 11 per cent will now apply to cars with CO2 emissions of 76g/km to 94g/km.

The appropriate percentage will increase by 1 per cent for all vehicles with CO_2 emissions between 95g/km and 210g/km, to a maximum of 35 per cent.

Changes from 2015-16
The appropriate percentage for zero emission cars reverts to 9 per cent unless this figure is changed in any future announcement from HMRC.

The special rules for cars with CO_2 emissions not exceeding exactly 75g/km will be abolished.

Company Car and Car Fuel Benefit Calculator

When a company car is made available for the private use of an employee a 'benefit in kind' value is calculated in relation to the car (and to the fuel if that is also made available for private use).

In order to calculate the company car benefit and (if appropriate) the fuel benefit, you can use the calculator provided by HMRC at: http://cccfcalculator.hmrc.gov.uk/CCF0.aspx

Mileage Allowances

The maximum tax-free mileage allowances for employees using their own transport for business journeys are as follows:

REIMBURSEMENT RATES, PER MILE

	First 10,000 miles	Over 10,000 miles
Car / van	45p	25p
Motorcycle	24p	24p
Bicycle	20p	20p
Passenger payments	5p	5p

If an employer pays a mileage rate higher than the statutory rate, the employee pays income tax on the excess. If an employer pays a mileage rate lower than the statutory rate the employee can claim tax relief on the shortfall.

CAR - ADVISORY FUEL RATES EFFECTIVE FROM 1 MARCH 2014

Engine capacity	Petrol	Gas
Up to 1400cc	14p	9p
1401 - 2000cc	16p	11p
Over 2000cc	24p	17p

CAR - ADVISORY FUEL RATES EFFECTIVE FROM 1 MARCH 2014

Engine capacity	Diesel
1600cc or less	12p
1601cc to 2000cc	14p
Over 2000cc	17p

VAT-registered businesses can reclaim VAT at the rate of 1/6th based on these fuel only mileage rates. Sufficient fuel VAT receipts must be kept to support the amount of VAT reclaimed. Based on the above Table, the VAT recoverable for each business mile is as shown below.

CAR - ADVISORY FUEL RATES VAT RECOVERABLE FROM 1 MARCH 2014

Engine capacity	Petrol	Diesel	Gas
Up to 1400cc	2.33p	2.00p	1.50p
1401 - 2000cc	2.67p	2.33p	1.83p
Over 2000cc	4.00p	2.83p	2.83p

Tax Shelters

Tax shelters are as follows:

Venture Capital Trusts - investment limit and rate of tax relief (maximum)	£200,000 (relief at 30%)
EIS – investment limit and rate of tax relief (maximum)	From 6/4/12, the limit was increased to £1m. From 6/4/11, the rate of tax relief was increased from 20% to 30%.
Seed EIS (SEIS) offers 50% income tax relief on investments in small early stage companies carrying on, or preparing to carry on, a new business in a qualifying trade. In addition to the SEIS income tax relief, there will be a capital gains tax (CGT) exemption for gains realised in 2012–13 and 2013-14, and then invested through SEIS in the same year. (This exemption is separate from the CGT disposal relief that will apply to gains on disposals of SEIS shares.) Budget 2014 announced the permanent extension of the CGT re-investment relief that will have effect in relation to re-invested gains in 2014-15 and subsequent years.	The income tax relief is available on total investments up to £150,000 per company. To give the greatest degree of flexibility, this is a cumulative limit, not an annual limit. For individual investors there is an annual limit on the amount of qualifying investments of £100,000.
Tax-free employment termination	£30,000 **for 2013-14 and 2014-15**
Tax-free "rent-a-room" income	£4,250 (£2,125 if letting jointly) **for 2013-14 and 2014-15**

ISAs:	**2013-14**	**2014-15 (to 30/6/14)**	**2014-15 (from 1/7/2014)**
Overall Investment Limit	£11,520	£11,880	£15,000 ("New ISA")
Including cash maximum of	£5,760	£5,940	Included above
Junior ISA limit	£3,720	£3,840	£4,000

Stamp Duty Rates

Stamp duty is payable at 0.5% of transfers of shares and securities with a value of £1,000 and over.
Stamp duty is payable on a residential lease at 1% above the £125,000 threshold (£150,000 for a non-residential or mixed use lease).
The stamp duty land tax rates for property or land purchases are shown in the Table below:

STAMP DUTY LAND TAX RATES

Rate	**Properties in disadvantaged areas (Note 3)**	**Residential**	**Non-residential and Mixed-Use Property**
0%	Up to £150,000	Up to £125,000 (Note 1)	Up to £150,000
1%	More than £150,000 but not more than £250,000	More than £125,000 but not more than £250,000 (Note 1)	More than £150,000 but not more than £250,000
3%	More than £250,000 but not more than £500,000	More than £250,000 but not more than £500,000	More than £250,000 but not more than £500,000
4%	More than £500,000 but not more than £1m	More than £500,000 but not more than £1m	More than £500,000
5%	£1m to £2m	£1m to £2m	
7%	More than £2m (after 21/3/2012)	More than £2m (after 21/3/2012)	
15%	Residential property costing over £2m purchased via a company or collective investment scheme after 21/3/2012. See note 2 below for changes from 20/3/2014.	Residential property costing over £2m purchased via a company or collective investment scheme after 21/3/2012. See note 2 below for changes from 20/3/2014.	

NOTES

1. A stamp duty relief for first-time buyers of residential property costing up to £250,000 applied for 2 years from 25 March 2010. From 6 April 2011, a new 5% rate applies to buyers of residential property costing over £1m.
2. Properties sold for more than £2m after 21 March 2012 are subject to a 7% stamp duty charge. Stamp duty on residential properties over £2m which are bought via a corporate body increased to 15% after 21 March 2012 - this changes with effect from 20 March 2014 so that it applies to residential property costing over £500,000.
3. You can check to see if your property is in a disadvantaged are by inserting your postcode at: http://www.hmrc.gov.uk/so/dar/dar-search.htm

Annual Tax on Enveloped Dwellings

From 1 April 2013 an annual tax will be charged on companies owing residential property with a value of at least £2 million (£1 million from 1 April 2015). Reliefs apply where conditions are met.

The tax is charged in bands based on the value of the property as follows:

Property value/Annual chargeable amount

£1 million - £2 million £7,000 (from 1 April 2015)
£2 million - £5 million £15,000
£5 million - £10 million £35,000
£10 million - £20 million £70,000
£20 million or more £140,000

Research and Development Tax Relief

Enhanced tax deduction for companies' R&D expenditure

	2013-14	**2014-15**
Small and medium sized companies 1	225%	225%
Large companies 2	130%	130%

NOTES

1 A loss-making SME may claim a payable tax credit, being a cash payment of 11% (14.5% from 1 April 2014) of the surrenderable loss. Tax relief under the SME scheme is capped at €7.5m per project.
2 Instead of a 30% enhancement of qualifying R&D expenditure, a large company can elect for the "above the line" credit, being a cash payment of 10% of qualifying R&D expenditure (effective from 1 April 2013).

Insurance Premium Tax

	Percentage
Standard Rate	6%
Higher Rate	20%

Air Passenger Duty [1 and 2]

	From 1.4.14:		
Band (mileage [3])	Reduced rate [5] £	Standard rate [5] £	Higher rate [5] £
A (up to 2,000)	13	26	52
B (2,001 to 4,000)	69	138	276
C (4,001 to 6,000)	85	170	340
D (over 6,000)	97	194	388

NOTES
1 From 1 April 2013, Air Passenger Duty (APD) applies to all flights aboard aircraft of 5.7 tonnes and above.
2 From 1 November 2011, direct long-haul rates for departures from Northern Ireland (bands B, C and D) were reduced to the short-haul rate (Band A), irrespective of the destination. From 1 January 2013, the rates for direct long-haul flights from Northern Ireland were devolved to the Northern Ireland Executive, and set to £0. Direct long haul journeys from Northern Ireland are those where the first part of the journey is to a destination outside Band A.
3 Distance in miles from the UK (between London and capital of country of destination).
4 The higher rate applies to flights aboard aircraft with authorised take-off weight of 20 tonnes or more, seating less than 19 passengers.
5 **Reduced rate** = lowest class of travel. **Standard rate** = all other than lowest class of travel. **Higher rate** = travel with extended seating in excess of 1.016 metres (40 inches).

Journeys not liable to APD:
6 Flights departing from Scottish Highland airports.
7 Child under the age of 2 not occupying a seat.

Changes from 1 April 2015:
8 Legislation will be introduced in Finance Bill 2014 to reduce the number of APD destination bands from four to two, by merging the former Bands B, C and D. It also sets the higher rates that apply to aircraft with an authorised take-off weight of 20 tonnes or more, and fewer than 19 seats, to 6 times the reduced rate. These changes will have effect in relation to the carriage of chargeable passengers on and after 1 April 2015.

Limited Liability Partnerships with 'salaried' members

Changes affecting 'salaried' members of Limited Liability Partnerships

New measures to combat alleged tax avoidance by limited liability partnerships (LLPs) come into force on 6 April 2014. The rules are intended to prevent the abuse of LLP status by payments to 'disguised employees'. When applied, the increased NIC cost to the employee and the LLP will be considerable.

There will be a new test to determine when a member of an LLP is really a salaried member rather than a profit-sharing. LLPs will need to consider whether individual members fall within the conditions set out in these tests (see below). Meeting the tests means that:

- the individual member concerned will be treated for UK income tax purposes as an **employee** of the LLP and, therefore, liable to the PAYE rules and will pay NIC at the Class 1 rate; and
- the LLP, as the **employer**, will be liable to employer's Class 1 NIC on remuneration paid.

As an employee, the salaried member (as an employee) will have to be included in the employee-related benefit in kind rules and the employment-related securities rules and Class 1A NIC will be payable by the LLP. Provisions have been introduced to allow the corresponding costs of 'employing' salaried members to be deductible in the computation of the profits of an LLP for tax purposes.

An anti-avoidance provision is also going to be introduced so that any arrangement with a purpose of circumventing the rules will be disregarded.

The 3 Conditions

Condition A Condition A, addresses **'disguised salary'**, and is dependent on the level of variable profit share. This will be assessed on 6 April 2014 or later when the individual becomes a member and is not reassessed again unless the member's arrangement with the LLP changes.
The test is that there is an agreement in place under which the individual performs services for the LLP in his/her capacity as a member and it is reasonable to expect that the amounts paid will be, at least substantially (that is 80% or more), 'disguised salary'. This term refers to fixed payments or, where the payments are variable, to payments whose variance has no reference to, or are not affected by, the overall profits or losses of the LLP.

Condition B Condition B (**significant influence**), is assessed at 6 April 2014 or later when the individual becomes a member and is not reassessed again unless the member's arrangement with the LLP changes.
The test is that the individual does not have 'significant influence' over the affairs of the LLP.

Condition C Condition C (**sufficient capital contribution to the LLP**) – HMRC's guidance includes some examples of when they would consider that the arrangements put in place to avoid a member being treated as an employee as a result of this condition to be tax avoidance and will therefore be disregarded.
The test is that the individual's capital contribution to the LLP is less than 25% of the disguised salary which the LLP is reasonably expected to pay to him/her in a relevant tax year. This test requires further consideration where there are changes in the individual's capital contribution during the year or there is another change in circumstances.

Tax Calendar to the end of 2014

SELF ASSESSMENT: The following dates apply to those who are employed, self-employed, and all other taxpayers

30-Dec-13 For those with a tax liability of less than £3,000, if you file your self-assessment tax return on-line by this date, the tax office will adjust your PAYE code (provided you are an employee) so that you can pay any tax due for 2012/13 over time through PAYE, rather than as a lump sum on 31 January 2014.

31-Jan-14 If you were sent a 2012/13 tax return, this is the deadline for sending back the completed return. This is also the deadline for paying the balance of any tax that you owe for 2012/13.

Some people may have to make "payments on account". Each payment will normally equal one half of the previous year's tax liability (after taking off tax deducted at source and tax credits on dividends). The payments are due on 31 January in the tax year and 31 July following the tax year.

Any Capital Gains Tax due for 2012/13 would be part of, or form, the balancing payment due on this date.

If either the balancing payment for 2012/13 or first payment on account for 2013/14 is not made by this date, then interest will be charged. If you have not made the balancing payment for 2011/12 by this date, a third automatic 5% surcharge will be applied.

If you were sent a tax return for 2012/13, you will be charged a penalty of £100 if HMRC has not received your return by this date. The penalty increases over time – see www.hmrc.gov.uk/sa/deadlines-penalties.htm#3 for details.

28-Feb-14 If you have not made the balancing payment due for 2012/13 by this date, a first automatic 5% surcharge will be applied. The 5% surcharge does not apply to late payment of the first payment on account for 2013/14.

05-Apr-14 The last day of the 2013/14 tax year.

31-May-14 By this date, your employer should have given you a Form P60 (pay and tax details from employment) to assist you with the completion of your tax return for the year ended 5 April 2014.

06-Jul-14 If applicable to you, your employer must provide you with a copy of Form P11D showing details of the benefits in kind provided to you or expense payments reimbursed to you. Benefits in kind include, for example, the provision of a company car.

31-Jul-14 Some people may have to make payments on account. Each payment will normally equal one half of the previous year's tax liability (after taking off tax deducted at source and tax credits on dividends). The payments are due on 31 January in the tax

If you need to make a second payment on account for the tax year ending on 5 April 2014, this is the date by which it should be made.

If you have still not made a balancing payment of tax for 2012/13 by this date, you will be charged a second automatic 5% surcharge. The second 5% surcharge does not apply to late payment of the first payment on account for 2013/14.

If you have been sent an Annual Declaration to renew your tax credits, you should provide the information no later than this date.

05-Oct-14 You must tell HMRC of any income or capital gains you have received in the 2013/14 tax year, if you have not received a tax return. You have a legal obligation to do this. HMRC may, or may not, need to send you a tax return - some taxpayers will be able to pay the right amount of tax through an adjustment to their PAYE code.

31-Oct-14 If you were sent a 2013/14 tax return, this is the deadline for sending back the completed paper tax return. Paper tax returns must be filed by this date if you want HMRC to collect any unpaid tax (of under £3,000) for 2013/14 through PAYE. For self-assessment tax returns filed on-line, the filing deadline is 31 January 2015.

30-Dec-14 For those with a tax liability of less than £3,000, if you file your self-assessment tax return on-line by this date, the tax office will adjust your PAYE code (provided you are an employee) so that you can pay any tax due for 2013/14 over time through PAYE, rather than as a lump sum on 31 January 2015.

PARTNERS AND PARTNERSHIPS: The following are dates for Partners and Partnerships and Members of LLPs

31-Jan-14	If you were sent a 2012/13 tax return, this is the deadline for sending back the completed return. This is also the deadline for paying the balance of any tax that you owe for 2012/13. Some people may have to make "payments on account". Each payment will normally equal one half of the previous year's tax liability (after taking off tax deducted at source and tax credits on dividends). The payments are due on 31 January in the tax year and 31 July following the tax year. Any Capital Gains Tax due for 2012/13 would be part of, or form, the balancing payment due on this date. If either the balancing payment for 2012/13 or first payment on account for 2013/14 is not made by this date, then interest will be charged. For members of a partnership or limited liability partnership, this is the deadline by which the completed 2012/13 partnership tax return should be sent back to HMRC. If either the balancing payment for 2012/13 or first payment on account for 2013/14 is not made by this date, then interest will be charged. If you have not made the balancing payment for 2011/12 by this date, a third automatic 5% surcharge will be applied.
01-Feb-14	If you were sent a tax return for 2012/13, you will be charged a penalty of £100 if HMRC has not received your return by this date. The penalty increases over time – see www.hmrc.gov.uk/sa/deadlines-penalties.htm#3 for details. Where HMRC has not received the completed 2012/13 partnership tax return by this date, each member of the partnership or limited liability partnership will be charged a penalty of £100. This penalty applies even if the member does not have a liability to tax for the year.
28-Feb-14	If you have not made the balancing payment due for 2012/13 by this date, a first automatic 5% surcharge will be applied. The 5% surcharge does not apply to late payment of the first payment on account for 2013/14.
05-Apr-14	The last day of the 2013/14 tax year.
05-Jul-14	You must make a claim to HMRC for any new tax credits to which you are entitled (in order to receive full entitlement).
31-Jul-14	Some people may have to make payments on account. Each payment will normally equal one half of the previous year's tax liability (after taking off tax deducted at source and tax credits on dividends). The payments are due on 31 January in the tax year and 31 July following the tax year. If you need to make a second payment on account for the tax year ending on 5 April 2014, this is the date by which it should be made. If you have still not made a balancing payment of tax for 2012/13 by this date, you will be charged a second automatic 5% surcharge. The second 5% surcharge does not apply to late payment of the first payment on account for 2013/14. If you have been sent an Annual Declaration to renew your tax credits, you should provide the information no later than this date.
05-Oct-14	You must tell HMRC of any income or capital gains you have received in the 2013/14 tax year, if you have not received a tax return. You have a legal obligation to do this.
31-Oct-14	If you want HMRC to calculate your 2013/14 tax liability, your paper 2013/14 tax return must be with them by this date. The deadline for internet filed returns for 2013/14 tax returns is 31 January 2015.

COMPANIES AND EMPLOYERS: The following are dates for companies and employers.
NOTE: Dates relating to companies only are highlighted in purple.

14- Jan-14 *(Companies only)*	Due date for income tax due for the CT61 (Quarterly accounting) quarter to 31 December 2013.
19-Jan-14	Monthly PAYE/NIC to 5 January 2014 due.
02-Feb-14	Last day for notifying car changes in quarter to 5 January 2014 - Form P46 (Car).
19-Feb-14	Monthly PAYE/NIC to 5 February 2014 due.
19-Mar-14	Monthly PAYE/NIC to 5 March 2014 due.
31-Mar-14 *(Companies only)*	End of Corporation Tax financial year. Corporation tax return for the year ended 31 March 2013 to be filed by this date to avoid £100 penalty (£500 for third consecutive default).
06-Apr-14	Real Time Information (RTI) started on 6 April 2013. RTI should improve the operation of the PAYE system by creating more up-to-date taxpayer records and making it easier for employers and HMRC to administer. The fundamentals of PAYE will stay the same, but employers and pension providers will send PAYE information to HMRC each time they pay their employees, rather than after the end of the tax year. See: http://www.hmrc.gov.uk/about/briefings/briefing-rti-paye.pdf for further information.
14 Apr-14 *(Companies only)*	Due date for income tax due for the CT61 (Quarterly accounting) quarter to 31 March 2014.
19-Apr-14	Monthly PAYE/NIC to 5 April 2014 due. Any arrears of PAYE/NIC due for the year ended 5 April 2014 to be paid by this date.
03-May-14	Last day for notifying car changes in quarter to 5 April 2014 - Form P46 (Car).
19-May-14	Monthly PAYE/NIC to 5 May 2014 due.
31-May-14	If you are an employer, you must provide a form P60 (showing pay and tax details) to each employee who is working for you at the end of the tax year and for whom you have completed P11. For an employee who left before 5 April they receive a P45.
19-Jun-14	Monthly PAYE/NIC to 5 June 2014 due.
01-Jul-14 *(Companies only)*	Corporation tax return for the year ended 31 March 2013, not filed before 31 March 2014, to be filed by this date to avoid a minimum £200 penalty (£1,000 for third consecutive default). Tax geared penalties apply where returns are filed more than 18 months after the end of the return period.
06-Jul-14	Copies of Forms P11D, showing details of the benefits in kind provided and/or expense payments reimbursed, for the year ended 5 April 2014 must be provided to all current employees (and to ex-employees who request them).
14-Jul-14 *(Companies only)*	Due date for income tax due for the CT61 (Quarterly accounting) quarter to 30 June 2014.
19-Jul-14	Monthly PAYE/NIC to 5 July 2014 due. Employers Class 1A NICs on Relevant Benefits in Kind must be paid.
19-Aug-14	Monthly PAYE/NIC to 5 August 2014 due.
19-Sep-14	Monthly PAYE/NIC to 5 September 2014 due.
14-Oct-14 *(Companies only)*	Due date for income tax due for the CT61 (Quarterly accounting) quarter to 30 September 2014.
19-Oct-14	Monthly PAYE/NIC to 5 October 2014 due.
19-Nov-14	Monthly PAYE/NIC to 5 November 2014 due.
19-Dec-14	Monthly PAYE/NIC to 5 December 2014 due.

Dates that only apply to companies:

9 months + 1 day, after company year end	Corporation Tax for the year to be paid.
9 months (6 months for PLCs) after company year end	Company accounts for the year to be filed with Companies House.
12 months after company year end	Company accounts for the year to be filed with HMRC, together with Corporation Tax return Form CT600.
Annually on anniversary of company incorporation	Annual Return showing details of Company Directors, Secretary and Shareholders to be filed with Companies House, within 28 days together with filing fee.
Quarterly (unless monthly or annual accounting opted for)	VAT Return to be filed with Customs & Excise: for accounting periods beginning on or after 1 April 2012, virtually all VAT registered businesses must submit their VAT return online. You can only submit a paper return where you have been advised that you are exempt from submitting your return online. The deadline for submission of the VAT return, and payment of the VAT (HMRC must receive cleared funds by the deadline date), is one month and seven days from the end of the VAT quarter.

Further Information

This Budget Report was prepared immediately after the Chancellor's Budget Statement on 19 March 2014 and is based on official press releases and supporting documentation. This publication summarises many, but not all, of the proposals and new measures issued in the press releases published today – these run to hundreds of pages.

The press releases and other Government announcements are crown copyright which is duly acknowledged.

The Budget proposals are subject to amendment before the 2014 Finance Act receives Royal Assent.

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We believe that the facts are correct as at the date of publication, but there may be certain errors and omissions for which we cannot be responsible.

If you would like to receive further information about this subject or other publications, please call us – see our contact details on the next page.

This is a Budget for the makers, the doers, and the savers.

The Right Hon. George Osborne MP, Chancellor of the Exchequer
19 March 2014

Important Notice

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