

# October 2018 Budget



## Personal and Corporate Financial Planning



Retirement



Investments  
& Pensions



Personal &  
Business  
Protection



Mortgages



Equity  
Release

The Chancellor Philip Hammond announced his 2018 Budget on Monday 29<sup>th</sup> October.

This is our summary of some of the main points of the 2018 Budget:

<b>Income tax allowances and reliefs</b>	<b>2018/19</b>	<b>2019/20</b>
Personal (basic)	£11,850	<b><u>£12,500</u></b>
Personal reduced by £1 for every £2 net income over	£100,000	£100,000
Transferable tax allowance for married/civil partners	£1,150	£1,150
Rent a room tax free income	£7,500	£7,500

<b>Pension allowances</b>	<b>2018/19</b>	<b>2019/20</b>
Annual allowance	£40,000*	£40,000*
Lifetime allowance	£1,030,000	£1,055,000
Money purchase annual allowance	£10,000	£4,000

\*50% taper down to £10,000 if threshold income over £110,000 and adjusted income over £150,000

<b>Tax rates</b>	<b>2018/19</b>	<b>2019/20</b>
Starting rate at 0% for savings income up to*	£5,000	£5,000
Savings allowance at 0%		
• basic rate taxpayers	£1,000	£1,000
• higher rate taxpayers	£500	£500
• additional rate tax payers	N/A	N/A
Basic rate of 20% on income up to	£46,350	<b><u>£50,000</u></b>
Higher rate of 40% on income from	£46,351	<b><u>£50,001</u></b>
Higher rate of 40% on income to	£150,000	£150,000
Additional rate of 45% on income over	£150,000	£150,000
Dividend allowance at 0% tax	£2,000	£2,000
Dividend tax rate		
• basic rate taxpayers	7.5%	7.5%
• higher rate taxpayers	32.5%	32.5%
• additional rate taxpayers	38.1%	38.1%

\*Not available if taxable non-savings income exceeds the starting rate band

<b>Tax free savings</b>	<b>2018/19</b>	<b>2019/20</b>
ISA subscription limit	£20,000	£20,000
Junior ISA subscription limit	£4,128	<b><u>£4,368</u></b>

## **“Era of Austerity coming to an end”**

*Chancellor Phillip Hammond, October 2018*

### **Growth Expectations**

The 2018 growth forecast has been lowered to 1.3% rather than the previously expected 1.5% stated in March, due to the impact of the bad Spring weather.

The OBR then forecast growth for 2019 to be raised from 1.3% to 1.6% and then annual forecast the following:

- 1.4% in 2020
- 1.4% in 2021
- 1.5% in 2022
- 1.6% in 2023

### **Inflation**

The Bank of England targets the Consumer Prices Index (CPI) at 2% and will continue to maintain inflation at this rate.

The OBR forecast inflation to fall from 3% to 2% later this year.

### **UK Debt**

Debt as share of GDP peaked at 85.2% in 2016-17, falling to 83.7% this year and to 74.1% by 2023-24.

Public borrowing in 2018 to be £11.6 billion lower than predicted in March (1.2% of GDP) but set to rise to 1.4% next year.

## Employment

3.3 million additional people employed since 2010.

800,000 more jobs forecast by 2022.

## Brexit

Extra £500 million for preparations for leaving the EU.

Spring Statement next March could be upgraded to full Budget if needed.

## Business

New 2% digital services tax on UK revenues of big technology companies, from April 2020. Profitable companies with global sales of more than £500 million will be liable.

Business rates bill for firms with a rateable value of £51,000 or less to be cut by a third over two years. Measure to benefit 90% of independent shops, pubs and restaurants; cutting bills by £8,000.

£900 million in business rates relief for small businesses and £650 million to rejuvenate high streets.

## Housing

All first-time buyers purchasing shared equity homes of up to £500,000 to be exempt from stamp duty.

Lettings relief limited to properties where the owner is in shared occupancy with the tenant.

Guarantees of up to £1 billion for smaller house builders.

### Tax and Wages

Personal Allowance raised from £11,850 to £12,500 in April 2019.

Higher Rate Tax raised from £46,350 to £50,000 in April 2019.

National Living Wage will rise 4.9% from £7.83 to £8.21 in April 2019

### Environment and Energy

A new tax on plastic packaging which does not contain 30% recyclable material.

£10 million to deal with abandoned waste sites.

No tax on takeaway coffee cups but to be reconsidered if the industry doesn't make enough progress.

### Wales

An additional £550 million for the Welsh Government in the period to 2020-21.

New City and Growth deals for North Wales.

### Alcohol, Tobacco and Fuel

Beer, cider and spirits duties to be frozen.

Tobacco duty will continue to rise by inflation plus 2%.

A packet of 20 cigarettes will go up by 33p at 6pm on 29<sup>th</sup> October 2018.

Fuel duty to be frozen for ninth year in a row.

## Defence and Security

An extra £160 million for counter-terrorism police.

An extra £1 billion for armed forces, for cyber-capabilities and the UK's new nuclear submarine programme.

£10 million for mental health care for veterans, to mark the centenary of the Armistice, which brought World War One to an end.

## Education and health

Confirmation of an extra £20.5 billion for the NHS over the next five years.

A minimum extra £2 billion a year for mental health services.

New mental health crisis centres, providing support in every accident and emergency unit in the country.

More mental health ambulances and a 24-hour mental health crisis hotline.

An extra £700 million for councils; for care for the elderly and those with disabilities.

£10 million for air ambulances.