

Future

Asset Management LLP

2017 Budget



Introduction

The Chancellor Philip Hammond has announced his 2017 Budget on Wednesday 22nd November 2017.

As stated at the last Spring Budget, all future Budgets will now be delivered in the Autumn.

This is our summary of some of the main points of the 2017 Budget.

Personal Taxation

<u>Income tax allowances and reliefs</u>	<u>2017/18</u>	<u>2018/19</u>
Personal (basic)	£11,500	£11,850
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

<u>Pension allowances</u>	<u>2017/18</u>	<u>2018/19</u>
Annual allowance	£40,000*	£40,000*
Lifetime allowance	£1,000,000	£1,000,000
Money purchase annual allowance	£10,000	£10,000

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

<u>Tax rates</u>	<u>2017/18</u>	<u>2018/19</u>
Starting rate at 0% for savings income up to*	£5,000	£5,000
Savings allowance at 0%		
<ul style="list-style-type: none"> • basic rate taxpayers • higher rate taxpayers • additional rate taxpayers 	£1,000 £500 N/A	£1,000 £500 N/A
Basic rate of 20% on income up to	£33,500	£34,500
Higher rate of 40% on income from	£33,501	£34,501
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	£5,000	£5,000
Dividend tax rate		
<ul style="list-style-type: none"> • basic rate taxpayers • higher rate taxpayers • additional rate taxpayers 	7.5% 32.5% 38.1%	7.5% 32.5% 38.1%

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

<u>Tax free savings</u>	<u>2017/18</u>	<u>2018/19</u>
ISA subscription limit	£20,000	£20,000
Junior ISA subscription limit	£4,128	£4,128

Economic Data

Growth Expectations

The OBR (Office for Budget Responsibility) has lowered its economic growth forecast for 2017 to 1.5% rather than the previously expected 2% stated in March.

The OBR then expects growth to slow to 1.4% in 2018, then to 1.3% in 2019, maintain at 1.3% in 2020, before picking back up to 1.5% in 2021 and 1.6% in 2022.

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

The UK's debt, as a percentage of economic output, or GDP, is expected to fall from 2.4% this year to 1.9% next year.

The OBR forecasts the deficit to be 1.3% of GDP in 2020-21.

Borrowing is forecast to be £49.9bn this year - £8.4bn lower than forecast at the Spring Budget.

Borrowing will fall in every year of the forecast - from £39.5bn next year to £25.6bn in 2022-23, to reach its lowest level in 20 years.

Employment

The current unemployment rate is at 4.3%, which is the lowest since 1975.

600,000 more people in employment by 2022.

Brexit

Setting aside another £3bn for Brexit preparations over the next two years, in addition to the £700m already invested in Brexit preparations.

Business

VAT threshold to remain at £85,000.

£500m for 5G mobile networks, fibre broadband and artificial intelligence

Rises in business rates to be pegged to CPI measure of inflation, not RPI.

Education

£177 million to give schools £600 for every pupil that takes A-level maths.

Freeze on University tuition fees at £9,025 a year.

Housing

£44 billion over 5 years in the form of loans, guarantees and house building.

Additional 300,000 homes to be built a year by mid-2020.

First time buyers will pay no stamp duty on properties up to £300,000.

NHS

£10 billion capital investment for front line services across this parliament.

Additional £2.8 billion in England over next 3 years.

Tax and Wages

Personal Allowance raised from £11,500 to £11,850 in April 2018.

Higher rate tax raised from £45,000 to £46,350 in April 2018.

National Living Wage will rise 4.4% from £7.50 an hour to £7.83.

Income tax to be applied from April 2019 on digital economy relating to UK sales which are paid to a low-tax areas, to counter tax avoidance.

Vehicles, Transport and Fuel

Fuel duty rise for April 2018 cancelled.

Driverless cars on the road by 2021.

'Millennial Railcard' for people aged 26 to 30.

Wales

Severn Bridge toll still to be scrapped in 2018.

Extra £1.2bn for Welsh Government.