

BUDGET 2016

<u>SUBJECT</u>	<u>MEASURE / ANNOUNCEMENT</u>
<u>BUSINESS RATES</u>	<p><i>From April 2017:</i></p> <ul style="list-style-type: none"> • Small Business Rate Relief permanently doubled from 50% to 100% • Businesses with a property with a rateable value of £12,000 and below to receive 100% relief • Businesses with a property with a rateable value between £12,000 and £15,000 will receive tapered relief • Threshold for the standard business rates multiplier increased to a rateable value of £51,000 • Option to receive and pay bills online <p><i>From April 2020:</i></p> <ul style="list-style-type: none"> • Switch in the annual indexation of rates from RPI to CPI • Government 'will aim' to introduce more frequent business rate revaluations (at least every 3 years) and will publish a discussion paper on this later in this month <p><i>By 2022:</i></p> <ul style="list-style-type: none"> • Local authority business rate systems will be linked to HMRC digital tax accounts • Standardised rate bills across billing areas. Government to consider the feasibility of replacing SBRR with a business rates allowance for small businesses
<u>BUSINESS TAXATION (excl rates)</u>	<ul style="list-style-type: none"> • Headline rate of Corporation Tax to be cut to 17% in 2020. • Higher rate of Capital Gains Tax to be cut from 28% to 20% and the basic rate from 18% to 10% from April 2016 (except for residential property and carried interest). Entrepreneurs' relief will be extended to long-term investors in unlisted companies. • £71 million for measures to make it quicker and easier for individuals and small businesses to deal with HMRC. • VAT registration threshold will increase in line with inflation to £83,000 from 1 April 2016. • The standard rate of Insurance Premium Tax (IPT) to be increased from 9.5% to 10% from 1 April 2016. • Tax relief for interest to be capped at 30% of taxable earnings in the UK or based on the net interest to earnings ratio for the worldwide group from 1 April 2016. • For Stamp Duty on commercial property the new rates will be 0% for the portion of the transaction value between £0 and £150,000; 2% between £150,001 and £250,000; and 5% above £250,000. There will be a new 2% rate for leasehold rent transactions where the net present value is above £5 million from 1 April 2016.

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<p><u>ENERGY + ENERGY INTENSIVE INDUSTRIES</u></p>	<ul style="list-style-type: none"> • Petroleum Revenue Tax abolished and Supplementary Charge reduced from 20% to 10%. The change will take effect from 1 January 2016. The effective tax rate on oil and gas production will be 40% on all fields.
<p><u>ENTERPRISE</u></p>	<ul style="list-style-type: none"> • <u>Self-employed</u>: from April 2018, Class 2 NICs will be abolished. Class 4 NICs to be reformed so the self-employed continue to build entitlement to the State Pension and other contributory benefits, following the abolition of Class 2 NICs.
<p><u>ENVIRONMENTAL TAXATION</u></p>	<ul style="list-style-type: none"> • Freeze on fuel duty maintained at 57.95 pence per litre for 2016-17 • Carbon Reduction Commitment to be abolished by 2019 and offset by a matching increase in the Climate Change Levy. • Rebalance CCL rates for different fuel types by moving to a ratio of 2.5:1 (electricity:gas) from April 2019. In the longer term, the government intends to rebalance the rates further, reaching a ratio of 1:1 (electricity:gas) rates by 2025.
<p><u>INFRASTRUCTURE</u></p>	<ul style="list-style-type: none"> • £60 million to develop plans by 2017 for High Speed 3 link between Manchester and Leeds • £80 million to help fund plans for Crossrail 2 • £230 million earmarked for road improvements in North of England, including expansion of M62 and upgrades for A66 and A69 • New Trans-Pennine tunnel between Sheffield and Manchester • £700 million for flood defences schemes • Tolls to be halved on Severn River crossing by 2018 • 5G strategy in place by 2017, based on an assessment by the National Infrastructure Commission • New Broadband Investment Fund to be set up in partnership with private sector to support growth of alternative broadband networks
<p><u>INTERNATIONAL TRADE AND INVESTMENT</u></p>	<ul style="list-style-type: none"> • Trade finance - ending duplicated credit and other due diligence between lenders and UK Export Finance.
<p><u>LABOUR MARKET SKILLS AND EDUCATION</u></p>	<ul style="list-style-type: none"> • From April 2017, employers will receive a 10% top-up to their monthly Apprenticeship Levy contributions in England and this will be available for them to spend on <u>apprenticeship training</u> through their digital account. • <u>National Minimum Wage (NMW)</u> rates to increase from October 2016. This includes a 3.7% increase in the 21-24 year old rate to £6.95 per hour; a 4.7% increase in the 18-20 rate to £5.55; a 3.4% increase in the 16-17 rate to £4.00; a 3.0% increase in the apprentice rate to £3.40 per hour.

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	<ul style="list-style-type: none"> • NMW and <u>National Living Wage (NLW)</u> cycles to be aligned so both rates are amended in April each year. This will take effect from April 2017. • Professor Sir Adrian Smith to undertake official review into how to improve the study of maths from 16 to 18. • All schools in England to become academies by 2022. • £20 million a year of new funding for a Northern Powerhouse Schools Strategy.
<u>INNOVATION RESEARCH & DEVELOPMENT</u>	<ul style="list-style-type: none"> • Government will launch the first stage of a competition to identify a small modular nuclear reactor to be built in the UK; it will also allocate at least £30 million of funding for R&D in <u>advanced nuclear manufacturing</u>. • £16 million, matched by industry, to companies and research organisations in the <u>Midlands</u> to support <u>aerospace R&D</u>. • £38 million of grants across the UK, matched by industry, for collaborative R&D into low emission vehicles.
<u>DEVOLUTION</u>	<ul style="list-style-type: none"> • Negotiations underway for City Deals in Edinburgh, Swansea, and Cardiff. • Devolution of business rates to Greater London Authority from April 2017. • Devolution deals for East Anglia Combined Authority, West of England Authority, and Greater Lincolnshire Combined Authority. • Additional mayoral deals with Greater Manchester and Liverpool City Region. • Thames Estuary Growth Commission (led by Lord Heseltine) to report in 2017.
<u>PENSIONS</u>	<ul style="list-style-type: none"> • Employer provided pensions advice: government will legislate to increase the tax and NICs relief available for employer-arranged pensions advice from £150 to £500. The new exemption will ensure that the first £500 of any advice received is eligible for the relief. It will be available from April 2017.
<u>PERSONAL TAXATION AND NATIONAL INSURANCE</u>	<ul style="list-style-type: none"> • Personal allowance will increase to £11,500 in April 2017 and higher rate threshold will increase to £45,000 in April 2017. • The ISA allowance will rise from £15,240 to £20,000 in April 2017. • From 6 April 2017 any adult under 40 will be able to open a new Lifetime ISA.