Truly Independent Ltd®
Pacific House, Parkhouse,
Carlisle, Cumbria CA3 0JL

Tel: 0344 41 42 744
Email: info@trulyonline.co.uk
Web: www.trulyonline.co.uk

FACTSHEET

Autumn Statement 2016

What the Chancellor had to say

Chancellor of the Exchequer, Philip Hammond, delivered his first and last Autumn Statement to Parliament on Wednesday 23 November 2016. He announced that after next spring's Budget, the annual Budget will move to being held in the autumn. A Spring Statement will be issued each year responding to the forecast from the Office for Budget Responsibility, but this will not bring any further changes. These are the key announcements.

ECONOMY

- Office for Budget Responsibility (OBR) growth forecast upgraded to 2.1% in 2016 – from 2.0% – then downgraded to 1.4% in 2017, from 2.2%
- Forecast growth of 1.7% in 2018, 2.1% in 2019 and 2020, and 2% in 2021
- Government no longer seeking a budget surplus in 2019/20 – committed to returning public finances to balance 'as soon as practicable'

PUBLIC FINANCES

- Government finances forecast to be £122bn worse off in the period until 2021 than forecast in March's Budget
- Debt will rise from 84.2% of GDP last year to 87.3% this year, peaking at 90.2% in 2017/18
- OBR forecasts borrowing of £68.2bn this year, then £59bn in 2017/18, £46.5bn in 2018/19, £21.9bn in 2019/20 and £20.7bn in 2020/21
- Public spending this year to be 40% of GDP – down from 45% in 2010
- Departmental spending plans set out in 2015 Spending Review to remain in place
- Government will meet commitments to protect budgets for key public services, defence, overseas aid and the pension 'triple lock' until the end of this Parliament

TAXATION

- Income Tax threshold to be raised to £11,500 in April 2017, from the current £11,000 threshold
- Higher rate Income Tax threshold to increase to £50,000 by the end of this parliament
- National Insurance (NI) thresholds – the employer (secondary) NI threshold and the employee (primary) NI threshold will be aligned from April 2017 – both employees and employers will start paying NI on weekly earnings above £157 – Class 2 NICs abolished from April 2018
- Tax savings on salary sacrifice and benefits in kind are to be stopped, with exceptions for ultra-low emission cars, pensions, childcare and cycling
- Commitment to increase the tax-free Individual Savings Allowance (ISA) savings limit from £15,240 to £20,000 in April 2017
- National Living Wage to rise from £7.20 an hour to £7.50 from April 2017
- Insurance Premium Tax (IPT) to rise from 10% to 12% from June 2017

PENSIONS

- Triple lock on the State Pension – which sees it increased annually by the highest of wage growth, inflation or 2.5% – to remain in place until the end of this parliament
- Pensions money purchase annual allowance will be reduced to £4,000 from April 2017
- Tax treatment of foreign pensions to be changed, bringing foreign pensions and lump sums fully into tax for UK residents, in the same way UK pensions are taxed

WELFARE

- Universal Credit taper rate to be cut from 65% to 63% from April at a cost of £700m
- No plans for further welfare savings in this parliament

HOUSING

- End of upfront fees charged by letting agents in England 'as soon as possible'
- £2.3bn housing infrastructure fund to help provide 100,000 new homes in high-demand areas
- £1.4bn to deliver 40,000 extra affordable homes

FUEL

- Fuel duty rise cancelled at a cost of £850m, saving the average car driver £130 and van driver £350 a year
- For the oil and gas sector, the Carbon Price Support capped until 2020 and business rates reductions worth £6.7bn

INFRASTRUCTURE, TRANSPORT AND REGIONS

- £1.1bn extra investment in English local transport networks
- £220m to reduce traffic pinch points
- £23bn to be spent on innovation and infrastructure over five years
- £2bn per year by 2020 for research and development funding
- £110m for East West Rail and commitment to deliver Oxford to Cambridge Expressway
- More than £1bn for digital infrastructure and 100% business rates relief on new fibre infrastructure
- £1.8bn from Local Growth Fund to English regions
- Rural Rate Relief to be increased to 100%, 'giving small businesses a tax break worth up to £2,900'

Truly Independent Ltd® is authorised and regulated by the Financial Conduct Authority to provide investment advice and is bound by its rules. FCA register no: 513655
Registered Address: Forsyth House,93 George Street,Edinburgh,EH2 3ES Company Reg no and place of registration: SC367442 registered in Scotland

TRULY INDEPENDENT

Truly Independent Ltd®
Pacific House, Parkhouse,
Carlisle, Cumbria CA3 0JL

Tel: 0344 41 42 744
Email: info@trulyonline.co.uk
Web: www.trulyonline.co.uk

FACTSHEET

BUSINESS MATTERS

MAIN RATE OF CORPORATION TAX WILL BE CUT TO 17% BY 2020

- New rules introduced from April 2017 to limit the tax deductions that groups can claim for UK interest expenses

DOUBLING OF THE UK'S EXPORT FINANCE CAPACITY

- £400m into venture capital funds through the British Business Bank to unlock £1bn in finance for growing firms
- Legislation introduced to restrict the use of carried-forward losses to 50% of profits in excess of £5m. New rules apply from 1 April 2017. Special rules continue to apply for banks
- Government considering bringing all non-resident companies receiving taxable income from the UK into the corporation tax regime. A consultation will be published on the case and options for implementing this change
- From April 2017, changes will be made to simplify the Substantial Shareholder Exemption (SSE) rules, removing the requirement for the investing company to be a trading company or a member of a trading group, and provide a more comprehensive exemption for companies owned by qualifying institutional investors
- Government to review the tax environment for Research & Development (R&D) to look at ways to build on the introduction of the 'above the line' R&D tax credit to make the UK an even more competitive place to do R&D
- Income Tax and Capital Gains Tax (CGT) reliefs on shares issued to an employee under an Employee Shareholder Status (ESS) agreement made on or after 1 December 2016 will be withdrawn. Tax relief in respect of shares issued under ESS agreements made before that date is not affected ■

KEEP YOUR FINANCIAL PLANS ON TRACK AFTER AUTUMN STATEMENT 2016

This year's Autumn Statement marked the first major fiscal event since the UK voted to leave the EU. There were fewer surprises than we may have been expecting, but there were still some announcements that could derail your financial plans.

To review what action you may need to take to keep your plans on track, please contact us.

Truly Independent Ltd® is authorised and regulated by the Financial Conduct Authority to provide investment advice and is bound by its rules. FCA register no: 513655
Registered Address: Forsyth House,93 George Street,Edinburgh,EH2 3ES Company Reg no and place of registration: SC367442 registered in Scotland