

BUDGET 2015



The Chancellor delivered his annual Budget

Statement on 18th March 2015. This is the last Budget before the general election in May.

As usual I try to pull together the main flavour of the Budget announcement and outline some of the key changes that will affect both your business and your personal finances. Please contact me if you would value greater detail on any single item.

IMPORTANT DATES

MARCH

Tax planning opportunity before end of tax year—review income and available reliefs
19th: PAYE / NIC Payment due
31st : Year-end for many limited companies

APRIL

5th: Last day of 14-15 tax year
6th: First day of 15-16 tax year
19th: Final payments and EPS required for 14-15 payroll year.

NUGGET OF NEWS

Last newsletter (issued beginning of March) we reminded you that RTI late filing and payment penalties are now upon us. Please refer to that newsletter issue for full details (and contact me if you have mislaid it!)

The Chancellor reaffirmed that should he still be in government after the election, then the key priority would remain getting the deficit down. In reality this means more cuts whilst also promoting growth.

The Macro Picture

Growth forecasts for the whole economy have been revised slightly from those figures given at the Autumn Statement in December. Growth is now forecast to be:

2015	2.5%
2016	2.3%

The amount that the government is having to borrow each year (**the deficit**) is falling but won't be in surplus for a few years yet! New figures for annual borrowings are:

14-15	£90.2bn
15-16	£75.3bn
16-17	£39.4bn
17-18	£12.8bn
18-19	£-5.2bn - i.e. a surplus !!

As we will still be borrowing for the foreseeable future, the **total national debt** continues to rise.

This is often stated in terms of our ability to repay the debt i.e. as a % of national income (GDP). Debt as a % of GDP is forecast to be:

14-15	80.4%
15-16	80.2%
16-17	79.8%

Measures affecting Businesses

Inflation is forecast to be only 0.2% for 2015

The Minimum Wage is to rise from £6.50 to £6.70 in October

Small Business Rate Relief has been extended for another year—to April 2016. A full review of the business rates system was also announced which may result in some big changes in a year or two.

Employer's NICs. A reminder that employer's NICs will be abolished for under-21s from April 2015 and this will be extended to apprentices under the age of 25 from April 2016.

£2k Employment Allowance. Available to most employers again from this April.

Corporation Tax. The main rate confirmed to reduce to 20% from April

Annual Investment Allowance. This was to reduce from £500k to only £25k from January. This will now get reviewed upwards but no definite figure provided yet.

Employment Agencies / Umbrella Companies

Measures to restrict abuses around claiming travel expenses.

Northern Power House. New transport investment, rights over local business rate taxation and autonomy over decision-making offered to non-south-east regions



PRACTICE NEWS

Payroll Year-end

We will very shortly be sending out your 2014-2015 year-end payroll summaries and employee P60s. Please look out for these and provide the confirmation we request by return as time-scales are very tight on this.

Annual Leave notification

I will be on annual leave from 5th April, returning on the 20th April. Sue will be available to field important queries (email sue@freemanaccounts.co.uk) but please bear in mind that Sue works part-time and so there may be a longer than usual delay in responding.



BUDGET ROUND-UP

Individual Taxation

Personal tax-free allowances. As announced back in December, this will be £10,600 from April. Further increases to £10,800 from April 2016 and £11,000 from April 2017 were signalled today. The income level at which higher rate tax will be paid will rise to £42,385 from this April.

ISAs From April the limit for the new ISAs will rise to £15,240.

Class 2 NICs paid by the self-employed will be abolished during the next parliament.

Pensions The lifetime allowance will be cut from £1.25m to £1m from April 2016. No change to the annual pension allowance. In addition current pensioners will have the possibility of selling their annuity from April 2016 and will just be taxed at their marginal rate (rather than 55%) if they do so.

Personal Savings Allowance. From April 2016 the first £1k of savings interest will be tax-free (£500 if you are a higher rate tax-payer)

Help-to-Buy ISA. For first-time buyers only, the government will add £50 for every £200 deposited in a special savings scheme (up to a max of £12k savings) for a deposit for a first home.

Duties. Fuel duty is frozen as is tobacco. Beer duty down 1p/pint and duty on cider and spirits is cut by 2%

Transferable Marriage Allowance

This is a measure announced a while back that comes into force this April and merits a bit more explanation.

The transferable marriage allowance permits a spouse or a civil partner to transfer up to £1,060 of their personal allowance to their partner.

To be eligible for this tax break, the donor has to be earning less than the personal allowance of £10,600 and the recipient must not be earning at levels over the basic rate of tax (£42,385).

Transferring the full allowance means a couple saves £212 tax.

The mechanism by which the allowance is transferred is by alterations to the partners' tax codes. One person in the couple has to register for this which can be done via the government website. You can already register interest in this now and the tax codes can be changed from April onwards.

No More Tax Returns!!

One of the headline announcements was the desire to move from annual tax returns to in-year digital tax accounts. Of course a major consultation process will take place but in principle, harnessing data that is already there into a single place is a good idea. Let's just see how HMRC plans to put in place IT systems which are robust enough to make this work!

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