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SUMMARY OF THE MAIN ANNOUNCEMENTS IN THE AUTUMN STATEMENT 3rd DECEMBER, 2014.

INCOME TAX RATES AND ALLOWANCES

The Chancellor announced that the individual personal allowance for those under 65 will increase to **£10,600 for 2015/16** from the current rate of **£10,000**.

The goal is to raise the personal allowance to £12,500.

For the first time in 5 years the benefit of the increase will be passed on to those paying 40% tax by raising the 40% threshold from £41,865 to £42,385

The rates of tax for 2015/16 will remain at **20% and 40% for the basic and higher rates** and there is no further reduction in the **additional rate of tax which remains at 45%**.

CORPORATION TAX

The Main rate of Corporation Tax, (on profits over £1.5m), currently at 21% for 2014/15 will drop to 20% from 1st April, 2015.

The small companies rate remains at 20%, thereby unifying the rates of Corporation Tax from 1st April, 2015.

The Chancellor 'recognises the strongly held arguments for devolving Corporation Tax setting powers to Northern Ireland' and 'the Treasury believes that can be implemented provided the NI Executive can show that it is able to manage the financial implications.'

This is dependent on the success of the current Stormont talks.

The Research and Development Tax Credit for small and medium sized firms is to be increased from 225% to 230%.

INHERITANCE TAX

Pension funds and ISA's are to be transferrable on death, free of Inheritance Tax.

STAMP DUTY REFORM

Stamp Duty is reformed (with effect from tonight) to become more progressive. Higher rates of duty will only apply to the portion of the price in excess of each band.

Up to £125,000 - no tax
From 125,000 to £250,000 - 2pc
From 250,000 to £925,000 - 5pc
From 925k to £1.5m - 10pc
Above that - 12pc

By applying these progressive rates, stamp duty will be cut for 98pc of homebuyers who pay it.

Interestingly, on the London Stock Exchange, it is reported this afternoon that house-builders' and estate agents' shares have risen.

BANK LOSSES FOR TAX PURPOSES

Tax relief on losses incurred and brought forward by banks against future profits will be capped at 50% of the brought forward loss. This is on the basis that banks were bailed out by the taxpayer and should not get tax relief on their losses in addition.

NATIONAL INSURANCE

From 6th April 2015 Employers' National Insurance contributions will be abolished in respect of apprentices under 25 years of age.

FUEL DUTY

It might have been expected that the Chancellor would have taken advantage of falling oil prices to raise duties. Surprisingly, he has resisted the temptation to do so and fuel duties will not be increased.

AIR PASSENGER DUTY

APD for children under the age of 12 to be abolished and for under 16's from 2016.

MISCELLANEOUS

The Cathedral renovation fund is to be extended to cover repairs to the country's churches.

The entire outstanding debt incurred to fight WW1 is to be repaid.

Hospice charities to have VAT which they have incurred refunded.

Inheritance Tax exemption is to be extended to cover aid workers who die while dealing with humanitarian emergencies.

The Chancellor wishes to preserve the 'non-dom' status that makes the UK attractive but wants those non-domiciled who have been here for a number of years to pay a 'fair contribution'. This will extend from the current amount of £30,000 to 2 new rates of £60,000 and £90,000 where non-doms have been resident for more than 12 of the last 14 years and 17 of the last 20 years respectively.

ANTI-AVOIDANCE

The Chancellor announced the introduction of a 25% tax on profits generated by multi-nationals from economic activity in the UK where the profits are then artificially shifted out of the country. This will be known as the Diverted Profits Tax and is projected to raise 1 billion over the next 5 years.

He also announced that he is taking measures to prevent the unfair benefit which can arise on the transfer of some intangible assets on incorporation of a business.

FEEL FREE TO CONTACT ME FOR FURTHER DETAILS ON ANY OF THE ABOVE:

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