

**Oury Clark**  
**(44) 1753 551111**

01753 551111

[www.ouryclark.com](http://www.ouryclark.com)

[contact@ouryclark.com](mailto:contact@ouryclark.com)

# INTRODUCTION

Chancellor Philip Hammond said he'd take a "balanced approach" to his second Budget of 2017.

Once again the speech was light on headline-grabbing finance changes and there were no 'giveaways' or major surprises.

Instead, the chancellor focussed on measures to prepare the economy for post-Brexit life.

Raising productivity is key to boosting economic growth and wages, but growth has "remained stubbornly flat" and continues to be an issue.

In light of this, the Office for Budget Responsibility revised down its forecasts for growth.

It expects GDP to grow by 1.5% in 2017 (down from 2% predicted at the Spring Budget in March) and 1.4% in 2018 (down from 1.6%).

To help address the problem, the National Productivity Investment Fund, which supports innovation and infrastructure, will be extended by a year and expanded to more than £31bn.

The chancellor also announced a range of investments, including:

- £3bn over 2 years to prepare for Brexit
- £30m to develop digital skills distance learning courses
- funding to support building 300,000 new homes a year by the mid-2020s.

Significant announcements for businesses include the VAT thresholds remaining unchanged for 2 years, while business rates will increase using the CPI measure of inflation from April 2018.

For individuals, stamp duty has been abolished for most first-time buyers while increases to the personal allowance and the national living and minimum wage will be welcomed by many.

This report summarises the announcements made by Hammond during Autumn Budget 2017 on 22 November 2017.

However, these are subject to change following the Finance Bill and the Spring Statement.

## IMPORTANT INFORMATION

The way in which tax charges (or tax relief, as appropriate) are applied depends upon individual circumstances and may be subject to change in the future. The information in this report is based upon our understanding of the 2017 Autumn Budget, in respect of which specific implementation details may change when the final legislation and supporting documentation are published.

This document is solely for information purposes and nothing in this document is intended to constitute advice or a recommendation. You should not make any investment decisions based upon its content.

Whilst considerable care has been taken to ensure that the information contained within this document is accurate and up-to-date, no warranty is given as to the accuracy or completeness of any information.

# AT A GLANCE



## BUSINESS

### Business rates

Increases to be determined by CPI, not RPI, from April 2018

### Staircase tax

Businesses can have their original bill reinstated and backdated

### R&D expenditure credits

R&D expenditure credit rises to 12% from 1 January 2018



## INFRASTRUCTURE FINANCE

### Devolution deals

Second devolution deal for the West Midlands

### Regional transport

6 metro mayors to share half of £1.7bn transport fund



## PERSONAL

### Personal allowance

Basic rate threshold rises to £11,850, higher rate up to £46,350

### National living wage

Increase of 4.4% brings NLW to £7.83 an hour for over-25s

### Pension lifetime allowance

To rise to £1.03m for 2018/19 tax year



## VAT

### Threshold frozen

Threshold to remain at £85,000 for 2 years from April 2018

### Anti-fraud measure

All online marketplaces are jointly and severally liable for unpaid VAT of their sellers



## DUTIES

### Stamp duty

Abolished for first-time buyers on all homes worth up to £300,000

### Diesel cars

Tax for diesel cars that fail to meet latest standards rise a band

### Cigarettes and alcohol

Tobacco rises by 2% above RPI; 'white ciders' face new duty



## OTHER

### EIS

Investment limit to double to £2m for knowledge-led companies

### Capital gains indexation allowance

Indexation for companies no longer calculated up to month of disposal

### Company van benefit

To be increased from £3,230 to £3,350 from 6 April 2018



## BUSINESS

### CAPITAL ALLOWANCES

The annual investment allowance will remain at £200,000 for 2018/19 and 2019/20. The main rate and special rate writing down allowance on plant and machinery will be 18% and 8%, respectively.

The 100% first-year allowance for businesses purchasing zero-emission goods vehicles or gas refuelling equipment will be extended for a further 3 years.

For zero-emissions goods vehicles, the scheme will end on 31 March 2021 for corporation tax and 5 April 2021 for income tax.

For gas refuelling equipment, the scheme will end on 31 March 2021 for both corporation tax and income tax.

The list of technologies and products covered by the energy saving first-year allowances has been updated. It adds 3 new products, which include evaporative air coolers, saturated steam to electricity conversions and white LED lighting modules to the list. The measure also modifies 9 and removes 2 items from the list.

The scheme allows 100% of the cost of an investment in qualifying plant and machinery to be written off against the taxable income of the period in which the investment was made.

### R&D EXPENDITURE CREDIT

From 1 January 2018, the rate of tax relief available to companies that carry out qualifying R&D and claim the research and development expenditure credit (RDEC) will increase from 11% to 12%.

The RDEC is a standalone and above the line credit that is brought into account as a receipt in calculating profits, which allows companies to claim an enhanced corporation tax deduction or payable credit on their R&D costs.

### COMPANY VAN BENEFIT AND FUEL BENEFIT CHARGE

From 6 April 2018, the van benefit charge will increase from £3,230 to £3,350 and the van fuel benefit charge will increase from £610 to £633.

### COMPANY CAR FUEL BENEFIT AND COMPANY CAR DIESEL SUPPLEMENT

Employees provided with fuel for private mileage in a company car will see the value of the multiplier used for calculating the cash equivalent of the fuel benefit increase from £22,600 to £23,400. This measure will apply from 6 April 2018.

The diesel supplement used to calculate the company car benefit and company car fuel benefit will increase from 3% to 4% for all diesel cars registered on or after 1 January 1998 that do not meet real driving emissions step two standards. (RDE2). Diesel cars which are certified to RDE2 standard will not be liable to the diesel supplement.

The maximum appropriate percentage applied for cars, including any diesel supplement, will remain at 37%.

### ANNUAL TAX ON ENVELOPED DWELLINGS

The annual chargeable amounts for the annual tax on enveloped dwellings (ATED) will increase in line with inflation for the 2018/19 chargeable period, which begins on 1 April 2018.

The increase will see the annual chargeable amount for a property with a value in the range of £500,001 to £1m rise from £3,500 a year to £3,600 a year.

“R&D expenditure credit rises to 12% from 1 January 2018”



### CORPORATION TAX RATE

The main rate of corporation tax will remain at 19% from 1 April 2018.

### REMOVAL OF CAPITAL GAINS INDEXATION ALLOWANCE

For a capital gain made by a company on or after 1 January 2018, the indexation allowance which is applied in order to determine the amount of the chargeable gain will only be calculated up to December 2017.

This change means that for disposals made after this date, the indexation will no longer be calculated up to the month in which the disposal of the asset occurs.

### AMENDMENTS TO CORPORATE INTEREST RESTRICTION RULES

The corporate interest restriction rules for large companies which incur net interest expense and other financing costs above £2m a year will be amended.

A number of technical changes will be made, with some having effect from 1 April 2017 when the corporate interest relief restriction rules commenced. The remainder will have effect from 1 January 2018.

Some of these measures include amendments to:

- the calculation of group-EBITDA to align the treatment of R&D expenditure credits with the approach taken in the calculation of the tax-EBITDA
- the infrastructure rules to ensure insignificant amounts of non-taxable income do not affect their operation

- the definition of a group to align it with accounting standards and to ensure asset managers do not cause unrelated businesses to be grouped together.

### DOUBLE TAXATION RELIEF AND PERMANENT ESTABLISHMENT LOSSES

Legislation will be introduced to restrict the amount of credit allowed or deduction given for foreign tax where the company has received relief for losses against non-permanent establishment profits in the foreign jurisdiction.

The purpose of the policy is to ensure that relief for foreign tax is only given where profits have been taxed both in the UK and the foreign jurisdiction.

The measure will have effect for accounting periods ended on or after 22 November 2017 with a transitional rule applying for accounting periods that straddle 22 November 2017.

### OTHER MEASURES

A variety of other complex corporation tax changes were introduced which legislate to ensure:

- technical changes are made to the hybrid and other mismatches regime
- license arrangements between a company and a related party in respect to intangible fixed assets are subject to the market value rule

“Employer-provided electricity at workplace charging points for electric and hybrid cars owned by employees will be exempt from being taxed as a benefit-in-kind from April 2018.”



- all activities by UK petroleum license holders that give rise to tariff income in relation to UK oil and gas assets are subject to ring fenced corporation tax and supplementary charge
- the time limit of 6 years within which companies must adjust for any depreciable transactions is removed when claiming a capital loss on disposal of shares in a group company
- an anomaly is corrected whereby a postponed tax charge may become payable when a new holding company is inserted directly above an overseas company to which a UK company has previously transferred trade and assets of a foreign branch in return for shares.

### PARTNERSHIP TAXATION: PROPOSALS TO CLARIFY TAX TREATMENT

To provide more clarity over aspects of the taxation of partnerships, a number of measures have been proposed, affecting:

- partners in nominee or bare trust arrangements
- partnerships with partnerships as partners
- investment partnerships
- partnerships that are partners in another partnership.

### OFF-PAYROLL WORKING REFORM

The government will consult in 2018 on tackling non-compliance with the intermediaries' legislation (commonly known as IR35) in the private sector.

The purpose of the legislation is to ensure individuals who effectively work as employees, but structure their work through a company, are taxed as employees.

The consultation will explore the possibility of extending the recent public sector reforms to the private sector.

### DISINCORPORATION RELIEF

The government will not extend disincorporation relief beyond the current 31 March 2018 expiry date.

### ELECTRIC CARS

Employer-provided electricity at workplace charging points for electric and hybrid cars owned by employees will be exempt from being taxed as a benefit-in-kind from April 2018.

### SAVE-AS-YOU-EARN

From 6 April 2018, the government will allow employees on maternity and parental leave to take a pause of up to 12 months from saving into their save-as-you-earn employee share scheme, which is an increase from the current limit of 6 months.

### SUBSISTENCE BENCHMARKING

With effect from April 2019, employers will no longer be required to check receipts when making payments to employees for subsistence using benchmark scale rates.

Employers will still be required to ensure employees are undertaking qualifying business travel.

### BUSINESS RATES

Major reforms were announced to business rates worth approximately £9bn by the end of this parliament. There are a number of measures, which include:

- bringing forward the planned switch in indexation from RPI to CPI to 1 April 2018

Table 1 - Business taxation

Financial year from 1 April	2018	2017
Corporation tax rate	19%	19%
Loans to participators	32.5%	32.5%
Diverted profits tax	25%	25%

- continuing the £1,000 business rate discount for public houses with a rateable value of up to £100,000, subject to state aid limits for businesses with multiple properties, for 1 year from 1 April 2018
- legislating retrospectively to address the so-called 'staircase tax' to enable affected businesses to ask the Valuation Office Agency to recalculate valuations so bills are based on previous practice backdated to April 2010
- moving to revaluations every 3 years following the next revaluation, which is currently due in 2022.

### WITHHOLDING TAX: ROYALTIES

From April 2019, withholding tax obligations will be extended to royalty payments, and payments of certain other rights, made to low or no tax jurisdictions in connection with sales to UK customers. This measure will apply regardless of where the payer is located.

### INVESTMENT THROUGH VENTURE CAPITAL TRUSTS

A series of measures were announced which are intended to ensure that tax-advantaged venture capital trusts (VCTs) continue to focus on long-term investment in higher-risk companies.

These measures change certain rules on investments made by VCTs that will:

- insert a final date of 6 April 2018 in relation to the applicability of certain 'grandfathering' provisions
- double the time VCTs have to reinvest gains from investments from 6 to 12 months

- require 30% of funds raised in an accounting period to be invested in qualifying holdings within 12 months after the end of the accounting period
- require qualifying loans to be unsecured and ensure returns on loan capital above 10% represent no more than a commercial return on the principal
- increase the proportion of VCT funds that must be held in qualifying holdings from 70% to 80%.

### VENTURE CAPITAL SCHEMES RELEVANT INVESTMENTS

The definition of a 'relevant investment' is amended to ensure that all investments, including all risk finance investments made before 2012, are counted towards the lifetime funding limit for companies receiving investment under tax advantaged venture capital schemes.

The limit is £12m for most companies and £20m for knowledge-intensive companies.

This measure will affect companies, social enterprises, fund managers and individuals using the enterprise investment scheme (EIS), VCTs and social investment tax relief. The changes will apply to qualifying investments made on or after 1 December 2017.



CONTACT US TO DISCUSS YOUR BUSINESS





## INFRASTRUCTURE FINANCE

The Budget contained a range of public expenditure announcements that could result in funds being accessed, or contracts bid for. These infrastructure announcements include (in no particular order):

### INDUSTRY

The National Productivity Investment Fund will be extended for a further year with total funding increased to £31bn.

There will be an additional £23bn for investment in R&D.

### REGULATORS' PIONEER FUND

Plan to unlock £20bn for new investment in UK scale-up businesses, through:

- a new fund in the British Business Bank, seeded with £2.5bn of public money
- facilitating pension fund access to long-term investments
- doubling EIS investment limits for knowledge intensive companies from £1m to £2m.

### ELECTRIC VEHICLE TECHNOLOGY

The chancellor announced:

- £400m charging infrastructure fund
- £100m in plug-in car grant
- £40m in vehicle charging R&D.

### ENVIRONMENT

£220m Clean Air Fund to support implementation of local air quality plans.

### EDUCATION

A range of spending commitments to support education including £20m to support further education colleges to prepare for T-levels.

Boosting digital skills via £30m in the development of digital skills distance training courses.

### HOUSING

- £28m in 3 new 'Housing First' pilots in West Midlands, Manchester and Liverpool
- £630m small sites fund to facilitate delivery of 40,000 homes
- £2.7bn to more than double the Housing Infrastructure Fund
- £400m for estate regeneration
- £1.1bn to unlock strategic sites
- £8bn of new financial guarantees to support private house building and purpose-built private rented sector
- £34m to develop construction skills.

### REGIONAL

- £30m on digital connectivity on trains on Trans-Pennine route, £337m investment in replacement rolling stock for Tyne & Wear.



## PERSONAL

### PERSONAL ALLOWANCE

The tax-free personal allowance will increase from £11,500 to £11,850 from 6 April 2018.

### HIGHER RATE THRESHOLD

The basic rate threshold will increase from £33,500 to £34,500 as of 6 April 2018. This means for most people the higher rate threshold will increase to £46,350.

Different thresholds may apply in Scotland.

### CAPITAL GAINS TAX

The capital gains tax (CGT) annual allowance will increase from £11,300 to £11,700 for individuals and from £5,650 to £5,850 for most trustees of a settlement from 6 April 2018.

The government's intention to introduce a 30-day payment window for CGT payments due on the disposal of residential property will be deferred until April 2020.

With effect from 22 November 2017, the transitional provision which excluded sums of carried interest arising after 8 July 2015 and in connection with the disposal of a partnership will be removed, irrespective of any connection with disposals made prior to 22 October 2015. This means asset managers will pay CGT on their full economic gain.

### NATIONAL INSURANCE CONTRIBUTIONS

The implementation of the proposed reforms to the national insurance contributions (NICs) system, to include the abolition of class 2 NICs, will be delayed by a year and will now take effect from April 2019.

As previously announced, the proposal to increase class 4 NICs from 9% to 10% in April 2018 and then to 11% in 2019 will no longer proceed.

### NATIONAL LIVING WAGE AND NATIONAL MINIMUM WAGE

The national living wage will be increased from £7.50 to £7.83 per hour from April 2018, for those aged 25 and over.

The national minimum wage rates will also increase as follows:

- apprentices: £3.70 per hour
- 16 and 17-year-olds: £4.20 per hour
- 18 to 20-year-olds: £5.90 per hour
- 21 to 24-year-olds: £7.38 per hour.



## MARRIAGE ALLOWANCE

Legislation will be introduced in the forthcoming Finance Bill to enable individuals whose spouse or civil partner is deceased to make a claim for the allowance.

Provided the entitlement conditions are met, the claim can be backdated for up to 4 years.

## SAVINGS AND PENSIONS

The 0% starting rate for savings will be maintained at the current level of £5,000 for 2018/19.

The annual subscription limit for an individual savings account (ISA) remains unchanged at £20,000 for the 2018/19 tax year. The annual subscription limit for junior ISAs and child trust funds will increase from £4,128 to £4,260 from 6 April 2018.

The pension lifetime allowance will increase to £1.03 million for the 2018/19 tax year.

## GIFT AID DONOR BENEFITS

The current mix of monetary and percentage thresholds that determine the value of benefit a charity can give to donors will be changing as of 6 April 2019.

The new thresholds will be as follows:

- the benefit threshold for the first £100 of the donation will remain at 25% of the amount of the donation
- charities will be able to offer an additional benefit of up to 5% on donations on the amount in excess of £100.

The total value of benefit a donor can receive from the charity will remain at £2,500.

## MILEAGE RATES FOR LANDLORDS

Landlords running unincorporated property businesses made up of only individuals will be able to use mileage rates to calculate a deduction for motoring expenses from 6 April 2017.

Previously, landlords could only technically claim a deduction for actual motoring expenses incurred and capital allowances for the cost of the vehicle.

## VENTURE CAPITAL SCHEMES

An increase to the annual amount an individual can invest under the enterprise investment scheme (EIS) in knowledge-intensive companies will take effect from 6 April 2018.

Provided that anything above £1m is invested in knowledge-intensive companies, an individual can invest up to £2m in total.

A knowledge-intensive company is regarded as a smaller innovative company carrying out research and development and other activities to develop intellectual property for its own trading purposes.

A new 'risk to capital condition' will be introduced for investments made on or after 6 April 2018 when deciding whether an investment qualifies for tax relief using the EIS, seed enterprise investment scheme (SEIS) and venture capital trusts (VCTs).

The condition has 2 elements. First, the company should have entrepreneurial objectives to grow and develop. Second, there should be a significant risk of a loss of capital to the investor greater than the net return. The net return is considered to be income or capital growth and any income tax relief.

Table 2 - Registered pensions

Lifetime allowance limit	£1.03m
Annual allowance limit	£40,000*
Money purchase annual allowance	£4,000
Individuals	£3,600 or 100% of net relevant earnings to £40,000*
Employers	£40,000* less employee contributions
Minimum age for accessing benefits	55
On cumulative benefits exceeding	£1.03m

\*Tapered at a rate of 50% of income to £10,000 if threshold income over £110,000 and adjusted income over £150,000. Subject to certain conditions, the unused amount of the annual allowance can be carried forward up to 3 years and used once the current year annual allowance has been fully utilised.

## TERMINATION PAYMENTS

Individuals who have their employment contract terminated on or after 6 April 2018 will no longer be able to claim foreign service relief if they are UK resident in the tax year of termination.

The statutory residency test will be used to determine an employee's residency status and the existing £30,000 income tax exemption will continue to be available, where applicable.

The withdrawal of the foreign service exemption will not apply to seafarers.

## QUALIFYING CARE RELIEF

A carer previously excluded from the qualifying care relief scheme because the person they look after self-funded their care, will be entitled to use the simplification scheme for 2017/18 onwards, instead of only being entitled to claim for expenses they actually incur.

The person funding the care will be required to pay the carer through an approved shared lives scheme.

## VENTURE CAPITAL TRUSTS

A measure is announced that seeks to limit the scope of an anti-abuse rule relating to share buy-backs by VCTs.

The rule restricts income tax relief for investors who sell shares in a VCT and subscribe for new shares in the same or another VCT within a 6-month period, where those VCTs merge.

This rule will no longer apply if those VCTs merge more than 2 years after the subscription, or do so only for commercial reasons.

The change will have effect for VCT subscriptions made on or after 6 April 2014.



GET IN TOUCH TO SEE  
HOW THESE CHANGES  
MAY AFFECT YOU

**Table 3 - Taxable income bands and tax rates**

	2018/19	2017/18
Starting rate* of 0% on savings up to	£5,000	£5,000
Basic rate band	£34,500	£33,500
Higher rate band	£34,501 - £150,000	£33,501-£150,000
Additional rate band	Over £150,000	Over £150,000
Basic rate	20%	20%
Higher rate	40%	40%
Additional rate	45%	45%
Dividend ordinary rate	7.5%	7.5%
Dividend upper rate	32.5%	32.5%
Dividend additional rate	38.1%	38.1%

\* The starting rate does not apply if taxable non-saving income exceeds the starting rate limit.

**Table 4 - Allowances that reduce taxable income or are not taxable**

	2018/19	2017/18
Personal allowance*	£11,850	£11,500
Personal savings allowance:		
Basic rate taxpayer	£1,000	£1,000
Higher rate taxpayer	£500	£500
Dividend allowance	£2,000	£5,000
Marriage allowance**	£1,185	£1,150
Trading allowance***	£1,000	£1,000
Property allowance***	£1,000	£1,000
Rent a room allowance	£7,500	£7,500
Blind person's allowance	£2,390	£2,320

\* The personal allowance is reduced by £1 for each £2 of income from £100,000 to £123,700 (2017/18, £123,000).

\*\* Any unused personal allowance maybe transferred to a spouse or civil partner who is not liable to higher or additional rate tax.

\*\*\* Note that landlords and traders with gross income from this source in excess of £1,000 can deduct the allowance from their gross income as an alternative to claiming expenses.



### REGISTRATION AND DEREGISTRATION THRESHOLDS

There has been pressure on the government to review the rules for VAT registration because thresholds in the UK are significantly higher than those of any other member state of the EU and OECD.

The chancellor stressed the advantage to small businesses whose taxable turnover levels are below the thresholds and confirmed the existing limits will remain in place for 2 years from 1 April 2018.

However, in response to recommendations from the Office of Tax Simplification, the government will consult on the design of the thresholds.

Therefore, the current thresholds will remain until 31 March 2020:

- a person must be VAT-registered when their taxable turnover in the last 12 months has exceeded £85,000 or is expected to exceed £85,000 in the next 30 days
- a person does not need to register if the above limit has been exceeded, but they do not expect to exceed £83,000 in the next 12 months
- a person may apply for deregistration if taxable turnover falls below £83,000 in the preceding 12 months.

The registration and deregistration threshold for relevant acquisitions from other EU member states will also remain at £85,000, although all intra-community rules are likely to change once the UK leaves the EU.

There are around 4.4 million businesses with taxable turnover below the registration threshold, although 23% of those have registered voluntarily.

There are arguments that non-registered businesses have an unfair advantage over those that have grown and therefore had to register, and that those who arrange their affairs so as not to exceed the threshold, whether legally or otherwise, suppress SME growth.

However, the government has chosen to consult, rather than take immediate action to address those arguments.

### IMPORT VAT

The term 'imports' currently refers to the purchase and bringing into the UK of goods from outside the EU.

The existing postponed accounting system provides a cashflow benefit to businesses in that they do not have to account for VAT at the point of entry.

The government will now consider what changes are necessary following exit from the EU so that any cashflow implications are mitigated.

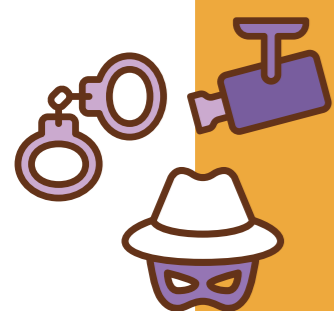
### VAT MITIGATION

Current legislation will be amended, through the forthcoming Finance Bill to ensure UK Combined Authorities and certain fire services in England and Wales will be able to receive VAT refunds.

This applies to the following authorities:

- The Scottish Police Authority
- The Scottish Fire and Rescue Service
- Combined Authorities
- Fire and Rescue Service Bodies, which become a function of Police and Crime Commissioners.

Accident rescue charities will become eligible for a grant under a new scheme designed to cover the cost of otherwise irrecoverable VAT.



“All online marketplaces are jointly and severally liable for unpaid VAT of their sellers”

### PAYMENT WITH VOUCHERS

The government is to consult on plans to ensure that when customers pay with vouchers, businesses will account for the same amount of VAT as they do for other means of payment.

This would align the UK with similar changes being made across the rest of the EU.

A consultation paper will be published on 1 December 2017, with a view to legislation being introduced in the forthcoming Finance Bill.

### THE CONSTRUCTION INDUSTRY

A new reverse charge will be introduced to tackle VAT fraud in labour supply chains in the construction industry.

As with other reverse charges, the responsibility for VAT accounting will shift to the recipient of services, in this case to ensure the tax cannot be stolen. The changes will take effect from 1 October 2019.

The period of nearly 2 years before the changes come into effect will give the government time to respond to representations and allow businesses adequate time to prepare.

### ONLINE VAT FRAUD

Online VAT fraud has been partly addressed already in that online marketplaces are jointly and severally liable for any unpaid VAT of overseas traders, but new measures will be introduced to address the hidden economy.

The first change will extend the powers of HMRC to hold all traders jointly and severally liable, including those from the UK. In effect, this will stop overseas traders forming UK shell companies, just to avoid the joint and

several liability provisions. From the effective date, the extended rules will hold online marketplaces jointly and severally liable for any future VAT that a UK business selling goods via the online marketplace fails to account for after HMRC has issued a notice to the online marketplace, ensuring that all sellers are in scope.

It will also apply to any VAT that a non-UK business selling goods via the online marketplace fails to account for, where the business was not registered for VAT in the UK and that online marketplace knew or should have known that that business should be registered for VAT in the UK.

The second change will require online marketplaces to display a valid VAT number when they are provided with one by a business operating on their platform and to ensure those numbers are valid. These changes will come into force on Royal Assent in the spring.

### SPLIT PAYMENT MODEL FOR ONLINE TRANSACTIONS

As a further means of reducing online fraud and improving how VAT is collected, the government is considering options for a split payment model.

Evidence was called for at Spring Budget 2017, and the government has announced it will publish a response in December, after which it will issue a call for evidence from online platforms in spring 2018 regarding what further steps can be taken to reduce fraud.

A split payment structure would enable VAT to be extracted from online payments in real time.

The government is aware of the complexities associated with this model and therefore, the response document will announce plans for further engagement with relevant parties prior to the full consultation in 2018.



## DUTIES

### STAMP DUTY LAND TAX

A new relief is to be introduced for first-time-buyers within England, Wales and Northern Ireland that will raise the price at which a property becomes liable for stamp duty land tax (SDLT) to £300,000.

Those claiming the relief will pay no SDLT on the first £300,000 of the consideration and 5% on any remainder. No relief will be available for first-time buyers paying more than £500,000.

The new relief will apply to transactions with an effective date on or after 22 November 2017. However, from 1 April 2018, Wales will assume responsibility for setting its own land transaction tax rates.

The rules do not apply in Scotland.

### SDLT HIGHER RATE CHANGES

Minor changes to the operation of the SDLT are introduced to grant relief from tax due under the higher rates and will have effect for transactions on or after 22 November 2017.

These are announced in the Budget as follows:

- a court order issued on a divorce or dissolution of a civil partnership prevents someone from disposing of their interest in a main residence
- a person buys property from their spouse or civil partner
- a person buys a property in a child's name or on a child's behalf, where they are doing so in their capacity as the deputy of that child
- a purchaser adds to their interest in their main residence.

A new rule to prevent abuse of relief for replacement of a purchaser's only or main residence is introduced, by requiring the purchaser to dispose of the whole of their interest in their former main residence and to do so to someone who is not their spouse.

### TOBACCO MINIMUM EXCISE TAX

The new minimum excise tax is £280.15 per 1,000 cigarettes. The change took effect from 6pm on 22 November 2017.

### TOBACCO PRODUCT DUTY RATES

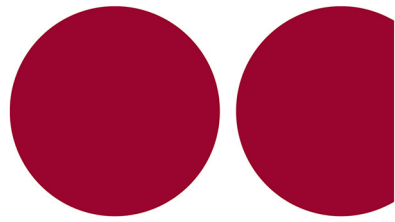
With effect from 6pm on 22 November 2017 tobacco rate increases will apply that will see product costs increasing by 2% above RPI inflation each year until the end of the parliament. It was also announced that hand-rolling tobacco will rise by an additional 1% to 3% above RPI inflation rate.











**Oury Clark**  
**(44) 1753 551111**

01753 551111

[www.ouryclark.com](http://www.ouryclark.com)

[contact@ouryclark.com](mailto:contact@ouryclark.com)

PO Box 150  
58 Herschel Street  
Slough  
SL1 1HD

# **BUDGET REPORT**

2017