Emergency Budget Report 2015

Summary of the main taxation provisions announced by the Chancellor of the Exchequer on 8 July 2015

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Contents

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Introduction

This publication focuses only on the main taxation provisions in the Emergency Budget. It does not cover other matters other than in passing.

Flush with their election victory in May, the Conservatives no longer have to compromise their plans with a coalition partner on any of their pre-election promises or indeed on any further plans they have. Today's Budget provides the first glimpse of any non-manifesto tax changes although some clues were given in the Queen's Speech on 27 May - see https://www.gov.uk/government/speeches/queens-speech-2015

Earlier this year, in March, the Chancellor, George Osborne, presented his Spring Budget. This second Budget in 2015, today, is referred to as an *Emergency* Budget but it has also been referred to in some quarters - in particular HM Treasury - as *The Summer* Budget. The Chancellor called it a "budget for working people": It's a "one-nation budget", he said.

Measures already announced or leaked

Earlier today, *CITY A.M.* published a useful summary (see http://www.cityam.com/219691/summer-budget-2015-what-watch-out) of measures already announced or leaked:

Extended Sunday shop hours

- The Chancellor is expected to unveil plans to devolve powers to mayors or councils to decide for themselves what the rules over trading hours should be in their areas, paving the way for shops and supermarkets to stay open later on Sundays.

A cut in inheritance tax

- The inheritance tax threshold could go up from £650,000 to £1m for couples from 2017, a plan first laid out in the Conservative manifesto. The policy will be paid for by limiting the amount of tax relief on pension contributions given to those earning more than £150,000 a year.

Higher rents for council homes

- More than 300,000 council tenants will be told today that they will need to start paying full market rent if they earn more than £40,000 per year in London and above £30,000 elsewhere.

Slashes to the BBC's subsidies

- The Chancellor will force the BBC to meet the cost of providing free TV licences for pensioners over the age of 75, a cost currently borne by the government.

A lower cap on benefits

- The benefits cap, the total amount a family can claim in welfare benefits each year, will be cut to £23,000 in London, and even lower (reportedly £20,000 per household) outside of London.

Treasury Documents published on 8 July 2015

- Charter for Budget Responsibility: Summer Budget 2015 update
- Strengthening the incentive to save: a consultation on pensions tax relief limit
- ISA qualifying investments: consultation on whether to include investment based crowdfunding limit
- ISA qualifying investments: consultation on including peer-to-peer loans
- Air Passenger Duty discussion paper
- Business rates administration review: discussion paper
- Business rates avoidance review: discussion paper
- The case for a Business Rates Relief for local newspapers
- Tax-advantaged venture capital schemes: draft legislation and explanatory notes
- Financial policy remit letter: 2015
- The Royal Bank of Scotland shares: letter to the Chancellor
- Access to HMRC's collection of tax documents from Summer Budget 2015.

The Chancellor's Speech

HM Treasury has published the Chancellor's speech in full at:
https://www.gov.uk/government/speeches/chancellor-george-osbornes-summer-budget-2015-speech

BBC News summarised the main points from Chancellor George Osborne's Emergency Budget Report as follows:

- Mr Osborne opened with: "This is a Budget that puts security first, and recognises the hard-working British people."
- "This is the new settlement", he said. "A Budget that sets out a plan for Britain for the next five years to keep moving us from a low wage, high tax, high welfare economy; to the higher wage, lower tax, lower welfare country we intend to create."
- George Osborne sang the UK's economic praises. "The British economy I report on today is fundamentally stronger than it was five years ago. We're growing faster than any other major advanced economy. Our businesses have created two million more jobs."
- Mr Osborne said: "The greatest mistake this country could make would be to think all our problems are solved. You only have to look at the crisis unfolding in Greece as I speak, to realise that if a country's not in control of its borrowing, the borrowing takes control of the country."
- He said that business investment was 31.9% higher than 2010 and revised up again this year.
  OBR forecast: more than two million more people in work since start of last Parliament. One million more expected in next five years.
  George Osborne said living standards are rising "strongly", but "Britain still spends too much, borrows too much."
- "We should cut the deficit at the same pace as we did on the last parliament," he said. "At this pace the national debt is lower as a share of our national income in every future year than when I presented the Budget in March. And it is achieved without a rollercoaster ride in public spending."

- Mr Osborne wants to run a surplus. The deficit - that's the gap between borrowing and income - was 10.2% of national income in 2010. This year it's expected to be 3.7% and 2.2% in 2016/17.
- Mr Osborne talked up achievements over the last five years:
  "Our tax receipts are stronger than forecast, showing the recovery is firmly entrenched.
  "Second - as a strong majority government we've been able to get on with making extra savings in this financial year.
  "Third - we can make faster progress in returning our banks, including RBS, to where they belong - the private sector."
- The Chancellor said: "This is a one nation Government, Britain is back in the black." "We should always fix the roof while the sun is shining," he added, saying that "those with the broadest shoulders are bearing the greatest burden."

- Mr Osborne said "our priority is the NHS". There will be savings made though, he confirmed. As promised, during the election, the NHS will receive £8bn on top of the extra £2bn provided this year, or £10bn a year more by 2020.
- The Chancellor said he will continue recent public sector pay awards with a rise of 1% per year for the next four years.
- An extra £750m will be set aside for HMRC to raise £2bn of extra tax combating tax evaders.
- On non-domicile tax rules, in place since 1914, the Chancellor said they have an "important place" and won't be dumped outright, but "it is not fair for people to be born in the UK, to non-dom parents and then claim to be non-doms themselves. Putting homes in offshore companies is not fair either, nor is permanent use of the status." From 2017, non-doms who've spent 15 of the last 20 years in the UK will pay the same tax as everyone else, he said. These new rules will raise £1.5bn.
- On the bank levy, the Chancellor said: "I will, over the next six years, gradually reduce the bank levy rate - and after that make sure it no longer applies to worldwide balance sheets."
  He said he will introduce a new 8% surcharge on bank profits from 1 January 2016.
- Claims management companies will be more strictly regulated and insurance premium tax will be raised to 9.5% from November.
- There's more money for recipients of the Victoria Cross and George Cross Association on their 75th anniversary, and for a permanent memorial for victims of terrorism overseas, including those murdered in Tunisia. Other funding includes £50 million to expand the number of cadet units in state schools to 500 and an extra helicopter for the Children's Air Ambulance.
- In the last 25 years there's only been 300 miles of new motorway, he said. By 2017 three quarters of new cars will pay no vehicle duty in the first year. This is "not sustainable" he said. From 2017, new cars will pay emissions-based vehicle excise duty, he said, £140 on average. No extra revenue will be raised, but it will be "more secure", and the money will be spent on roads, he added.
- For new cars, the duty in the first year will be set according to emissions, like today, but updated for new technology. "Thereafter there will be three duty bands - zero emission, standard and premium."
- As expected, from 2016/17 student maintenance grants will be replaced by loans, payable on incomes above £21,000. The government will consult on freezing that threshold for five years. This is "fairer" on taxpayers, Mr Osborne said.
- On apprenticeships, George Osborne promised "a radical, and frankly long overdue approach". There will be a new apprenticeship levy on all large firms - firms that offer apprenticeships can "get more back than they put in".
  He said it will bring three million more apprenticeships, and the money will be "directly controlled by employers".
- The Chancellor agreed to devolve control of fire services, land and children services to Greater Manchester. Other councils are discussing the matter. £30m of funding to be given to a body to provide Oyster card style public transport payments in the north.
- As expected, there'll be the option to relax Sunday trading hours. Local councils and their Mayors will have the power to set the hours in their areas. "Let local people decide," the Chancellor said.

- Mortgage interest payments can be offset against income for buy-to-let landlords, an unfair advantage over people buying homes to live in, he said. This has fuelled buy-to-let mortgages, which are now 15% of the market. Mortgage interest relief will be restricted to the basic rate of interest, he said. Room rental tax relief will be raised to £7,500.
- Wanting to pass something onto your children is the most "basic, human and natural aspiration there is", Mr Osborne said. From 2017, there will be a new £175,000 allowance on homes left to children or grandchildren, allowing £1 million to be passed on tax-free. "Promise made, promise delivered," he added with a flourish.
- The new inheritance tax allowance will be on top of the existing £325,000 threshold which will be fixed until the end of 2020-21, Mr Osborne said. Both allowances can be transferred to the spouse or partner.
  The government will "taper the relief" away for estates worth more than £2 million. He said the cut in inheritance tax will be paid for by changes to the pensions' tax relief to the highest earners.
  "No more inheritance tax on family homes. Aspiration supported," he said.
- Mr Osborne said he will be looking for ways to increase saving, rather than having "an economy based on debt". "Now it's time we look at the other end of the age scale, people starting pensions," he went on. Pensions could be treated now like ISAs, being taken from taxed income, he suggested. Although there'll be a consultation before he decides, he said.
- Mr Osborne said the dividend tax system is "complex and archaic". He is replacing dividend tax credit with a tax-free allowance of £5,000 of dividend income for all taxpayers.
  The rates of dividend tax will be set at 7.5%, 32.5% and 38.1%.
- "Welfare spending is not sustainable," the Chancellor said, and "traps people into dependency". He said he wants a "lower tax, lower welfare". Remember, the government needs to find £12bn of welfare savings.
- The Chancellor said those aged 18 to 21 must either earn or learn, so he is abolishing automatic entitlement to housing benefit for that age group. This, he said, this will be new "youth obligation".
- From September 2017, all working parents of three and four-year-olds will receive free childcare of up to 30 hours a week, he said. This was a key election manifesto pledge. "As a result we now expect parents with a youngest child aged three, including lone parents, to look for work if they want to claim Universal Credit," he added.
- The government will legislate to freeze working age benefits for four years, the Chancellor said, so that "earnings growth will catch up and overtake the growth in benefits".
  That will include Tax Credits and Local Housing Allowance. Statutory payments like Maternity Pay and the disability benefits - PIP, DLA and ESA Support Group will be excluded from the freeze.

- Rents paid in the social housing sector will be reduced by 1% a year for the next four years, and the income threshold in tax credits will be reduced, from £6,420 to £3,850.
  Universal Credit work allowances will be similarly reduced - and will no longer be awarded to non-disabled claimants without children.
  The rate at which a household's tax credit award is reduced as they earn more will be increased.
- The £26,000 cap on benefits will be reduced to £23,000 in London and £20,000 outside the capital - we knew that was coming. Subsidised rents for the better-off will be cut as well, he said. As also expected, tax credits and Universal Credit support will only apply to the first two children.
- Rates of income tax remain unchanged but the thresholds do not. The personal allowance goes up to £11,000 from next April. The threshold at which the higher rate kicks in, will go up to £43,000. 29m people will pay less tax, the Chancellor said.
- Mr Osborne said he will meet the NATO pledge to spend 2% of national income on defence - every year of this decade. "While those commitments don't come cheap, the alternatives are far more costly," he said.
  The Chancellor also "guarantees" a real increase in the defence budget every year, and a joint security fund of £1.5 billion a year by the end of the parliament.
- "Britain deserves a pay rise," said the Chancellor, announcing a new national living wage. It'll be £9 per hour by 2020 for people 25 and older. And it'll start at £7.20 an hour from next April.
- The OBR suggests a small impact on jobs from hiking the minimum wage up to a living wage - about 60,000 jobs. Corporation tax will be cut to help employers though, the Chancellor said - 2.5m people will get a direct pay rise.

Summary of the Chancellor’s Proposals

1. Introducing a new National Living Wage of over £9 an hour by 2020

From April 2016, a new National Living Wage of £7.20 an hour for the over 25s will be introduced. This will rise to over £9 an hour by 2020.

2. The government will run a surplus in 2019-20

The deficit will be reduced by around 1% of GDP (the value of the economy as a whole) on average in each year, which is the same pace as over the last 5 years. This means a surplus (where more tax is raised than is spent) will be achieved in 2019-20, and debt will fall in every year. Included in this is:

- £12 billion by 2019-20 through welfare reforms
- £5 billion by 2019-20 from measures to tackle tax avoidance, planning, evasion, compliance, and imbalances in the tax system
- Plans for the remaining savings will be set out in the autumn following the spending review.

3. The tax-free Personal Allowance will increase in April 2016

The tax-free Personal Allowance – the amount people earn before they have to start paying Income Tax – will increase to £11,000 in 2016-17.

Increases to the Personal Allowance since 2010, when it was £6,475, mean that a typical taxpayer will be £905 a year better off in 2016-17.

The government has an ambition to increase the Personal Allowance to £12,500 by 2020, and a law will be introduced so that once it reaches this level, people working 30 hours a week on the National Minimum Wage won't pay Income Tax at all.

4. Protecting defence spending

The Ministry of Defence's budget will rise by 0.5% (above inflation) each year to 2020-21. Up to an additional £1.5 billion a year will also be available by 2020-21 to fund increased spending on the military and intelligence agencies.

The government will meet the NATO pledge to spend 2% of national income on defence every year of this decade.

5. Reforming the welfare system to make it more affordable

The welfare system will be reformed to make it fairer for taxpayers who pay for it, while continuing to support the most vulnerable. Changes include:

- working-age benefits, including tax credits and Local Housing Allowance, will be frozen for 4 years from 2016-17 (this doesn't include Maternity Allowance, maternity pay, paternity pay and sick pay);
- the household benefit cap will be reduced to £20,000 (£23,000 in London);
- support through Child Tax Credit will be limited to 2 children for children born from April 2017;
- those aged 18 to 21 who are on Universal Credit will have to apply for an apprenticeship or traineeship, gain work-based skills, or go on a work placement 6 months after the start of their claim;
- rents for social housing will be reduced by 1% a year for 4 years, and tenants on higher incomes (over £40,000 in London and over £30,000 outside London) will be required to pay market rate, or near market rate, rents.

6. Reforming dividend tax

The dividend tax credit (which reduces the amount of tax paid on income from shares) will be replaced by a new £5,000 tax-free dividend allowance for all taxpayers from April 2016. Tax rates on dividend income will be increased.

This simpler system will mean that only those with significant dividend income will pay more tax. Investors with modest income from shares will see either a tax cut or no change in the amount of tax they owe.

7. Taking the family home out of Inheritance Tax

Currently, Inheritance Tax is charged at 40% on estates over the tax-free allowance of £325,000 per person. Married couples and civil partners can pass any unused allowance on to one another.

From April 2017, each individual will be offered a family home allowance so they can pass their home on to their children or grandchildren tax-free after their death. This will be phased in from 2017-18.

The family home allowance will be added to the existing £325,000 Inheritance Tax threshold, meaning the total tax-free allowance for a surviving spouse or civil partner will be up to £1 million in 2020-21.

The allowance will be gradually withdrawn for estates worth more than £2 million.

8. Pensions for those earning over £150,000

The amount people with an income of more than £150,000 can pay tax-free into a pension will be reduced.

Most people can contribute up to £40,000 a year to their pension tax-free. From April 2016, this amount will be reduced for individuals with incomes of over £150,000, including pension contributions.

9. Tax threshold increases

The amount people will have to earn before they pay tax at 40% will increase from £42,385 in 2015-16 to £43,000 in 2016-17.

10. Corporation Tax will be cut

The main rate of Corporation Tax has already been cut from 28% in 2010 to 20%, in order to boost UK competitiveness. It will now fall further, from 20% to 19% in 2017, and then to 18% in 2020, benefiting over a million businesses.

11. Annual investment allowance

The annual investment allowance, which has previously been increased temporarily, will be set permanently at £200,000 from January 2016.

The allowance means businesses can deduct the full value of certain items, including equipment and machinery, up to a total value of £200,000 from their profits before tax. This helps them with cash flow because it means the full tax relief is given in the year items are purchased, rather than over several years.

This permanent increase will help businesses plan their spending on longer-term investments.

12. Employment Allowance

Businesses will have their employer National Insurance bill cut by another £1,000 from April 2016, as the Employment Allowance rises from £2,000 to £3,000.

The Employment Allowance gives businesses and charities a cut in the employer National Insurance they pay.

This means, next year, businesses will be able to employ 4 people full time on the National Living Wage and pay no National Insurance at all.

13. Insurance Premium Tax

From November 2015 the standard rate of Insurance Premium Tax will be increased from 6% to 9.5%. Households' insurance prices are falling and the standard rate remains lower than that of many other EU countries.

14. Clamping down on nuisance calls from claims management companies

The amount that can be charged by claims management companies – such as those that encourage claims for payment protection insurance (PPI) or personal injury insurance – will be capped, reducing nuisance calls to potential customers.

15. Restricting tax relief for wealthier landlords

Currently, individual landlords can deduct their costs – including mortgage interest – from their profits before they pay tax, giving them an advantage over other home buyers.

Wealthier landlords receive tax relief at 40% and 45%. This tax relief will be restricted to 20% for all individuals by April 2020. In addition, from April 2016, the 'wear and tear allowance', which allows landlords to reduce the tax they pay (regardless of whether they replace furnishings in their property) will also be replaced by a new system that only allows them to get tax relief when they replace furnishings.

16. Ending permanent non-dom status

Non-domiciled individuals (non-doms) live in the UK but consider their permanent home to be elsewhere. The UK rules allow non-doms to pay UK tax on their offshore income only when they bring it into the UK.

Permanent non-dom status will be abolished from April 2017. From that date, anyone who's been resident in the UK for 15 of the past 20 years will be considered UK-domiciled for tax purposes.

17. Reforming the way banks are taxed

Following increasing bank profits, and to reflect changes in bank regulation, the government is:

- introducing a new 8% tax on banking sector profits from January 2016;
- introducing a phased reduction in the rate of the Bank Levy (which is charged on banks' balance sheets) from 0.21% to 0.1% between 2016 and 2021;
- excluding UK banks' overseas subsidiaries from the Bank Levy from January 2021.

18. Three million new apprenticeships

Three million new apprenticeships will be created by 2020, funded by a levy on large employers. Firms that are committed to training will be able to get back more than they put in.

19. £30 million of funding for Transport for the North

Cities and counties in the North will be given even more control over local transport. Transport for the North (TfN) will be supported by £30 million in funding over 3 years, and will have more responsibility for setting out policy and investments.

20. 30 hours of free childcare for 3 and 4 year olds

From September 2017, working families with 3 and 4 year olds will receive 30 hours of free childcare – an increase from the 15 hours they're currently offered.

21. Student maintenance grants will be replaced with loans

From the 2016-17 academic year, cash support for new students will increase by £766 to £8,200 a year, the highest level ever for students from low-income households.

New maintenance loan support will replace student grants. Loans will be paid back only when graduates earn above £21,000 a year.

22. Road tax will be reformed and the money raised spent on the road network

The road tax system will be revised to make it fairer and sustainable. From 2017, there will be a flat rate of £140 for most cars, except in the first year when tax will remain linked to the CO_2 emissions that cars produce. Electric cars won't pay any road tax at all and the most expensive cars will pay more.

Existing cars won't be affected – no one will pay more for a car that they already own. The money brought in from road tax in England will be spent on England's roads from 2020.

The government will extend the deadline for the first MOT of new cars and motorcycles from 3 years to 4 years.

23. Public sector pay will increase by 1%

Public sector pay will increase by 1% a year for 4 years from 2016-17.

24. Making sure individuals and businesses pay what they owe

The government will continue to clamp down on tax avoidance, planning and evasion, as well as increasing resources for HM Revenue and Customs (HMRC) so they can make sure people pay the tax that's due. This includes:

- extra investment between now and 2020 for HMRC's work on evasion and non-compliance;
- tripling the number of criminal investigations HMRC can undertake into complex tax crime, concentrating on wealthy individuals and companies;
- allowing HMRC to access more data to identify businesses that aren't declaring or paying tax;
- clamping down on the organised crime gangs behind the illicit trade in tobacco and alcohol;
- stopping investment fund managers from using tax loopholes to avoid paying the correct amount of Capital Gains Tax on their profits from the fund (this is known as carried interest);
- making sure international companies pay tax on profits diverted from the UK;
- introducing a 'general anti-abuse rule' penalty and tough new measures for serial avoiders, including publishing the names of people who repeatedly use failed tax avoidance schemes.

Strengthening the incentive to save: a consultation on pensions' tax relief

The government's long-term economic plan is providing the foundations for the UK's future economic security. Key parts of this plan have been continuing to put the public finances back on track, giving individuals greater freedom with their money and fostering a strong culture of saving.

The pension reforms announced at Budget 2014 have given people control over what happens when they access their pension, and automatic enrolment is ensuring that more and more people have the opportunity to build up savings for their retirement. But it has been over a decade since the government last reviewed the support on offer through the tax system for those saving into a pension.

At the heart of the current system is a simple principle: the contributions you make to a pension during your working life are tax free, and you pay tax on them when you come to take your pension. However, recent years have seen a substantial increase in life expectancy. This has resulted in a shift away from final salary defined benefit pensions towards defined contribution pensions in which you and your employer save into a pot that you can access at retirement. With increased longevity and the changing nature of pension provision, the government needs to make sure that the system incentivises more people to take responsibility for their pension saving so that they are able to meet their aspirations in retirement.

This is why the government is today publishing a consultation on pensions' tax relief. If people are to take responsibility for their retirement, it is important that the support on offer from the government is simple and transparent, and that complexity does not undermine the incentive for individuals to save. It is also vital that the system is sustainable. Over the course of the last Parliament, the government took action to control the growing cost of pensions' tax relief through the lifetime and annual allowances. The State Pension age was also raised, to reflect the pressure placed on the public finances by increased life expectancy.

These difficult but important decisions have helped put the public finances on a more sustainable footing. Pensions' tax relief is a complex area which has wide-ranging implications for employers, the pensions industry and most importantly, pension savers. That is why the government is approaching the consultation with an open mind, rather than putting forward a specific proposal for reform. The government's interest is in a lasting system that stands the test of time. The issues surrounding any reform will need to be considered carefully.

See Consultation Document at:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/442159/Strengthening_the_incentive_to_save_consultation__print_.pdf

ISA qualifying investments: consultation on whether to include investment based crowdfunding

At Autumn Statement 2014, the Chancellor announced that the government would consult on whether to allow crowdfunded debt securities to be eligible for inclusion within Individual Savings Accounts (ISAs).

Budget 2015 extended this consultation to consider whether equity investments offered via crowdfunding platforms should also be included in the list of ISA-eligible investments.

1.1 About ISAs

An ISA is a tax-advantaged savings account within which any interest, dividends or capital gains that arise are tax-free for the investor. There are currently two types of ISA: a cash ISA and a stocks and shares ISA.

There are limits on how much investors can subscribe to an ISA in each tax year. The annual limit for 2015-16 is £15,240; this can be invested in either a stocks and shares ISA, a cash ISA, or a combination of the two. From April 2016 taxpayers will also be able to hold peer-to-peer loans through the Innovative Finance ISA1.

Not all types of assets can be held in ISAs. The assets that can be held in them are specified in The Individual Savings Accounts Regulations, 1998.

1.2 About Crowdfunding

Crowdfunding is the process by which individuals use an online platform to invest money in the debt of equity of a company, to pre-purchase a product or reward, or to support a social or charitable project.

The government says that it is pleased to see the continuing success of crowdfunding in the UK and notes the impressive annual growth rates of 201% for equity crowdfunding and 63% for debt crowdfunding.

Crowdfunding is an important source of alternative finance for small and mid-sized companies and a driver of economic growth. For instance, since securing funding from equity crowdfunding platforms, 70% of businesses have increased turnover and 60% have increased employment.

The government is already supporting the growth of the crowdfunding industry through measures such as the Enterprise Investment Scheme (EIS) and Seed Enterprise Investment Scheme (SEIS), but is keen to explore through this consultation whether additional support through ISA inclusion could help the industry to develop further while also meeting wider policy objectives around ISAs.

1.3 Policy objectives

As set out in its public consultation on including peer-to-peer loans within ISAs, the government wants to increase the choice of investments available to ISA investors while maintaining ISAs reputation as a trusted and effective savings product.

In addition, the government is committed to improving competition in the banking sector, including by making it easier for alternative finance providers to enter the market and grow, and diversifying the available sources of finance to businesses. Alongside peer-to-peer lending, the crowdfunding sector represents a small but growing source of finance for individuals and businesses that provides an effective alternative to more traditional sources of finance.

The government is therefore exploring the case for including certain investments made through a crowdfunding platform within ISAs. Inclusion within ISA would mean that an individual's returns on these investments would be free from income and capital gains taxes.

This change would meet the government's objectives to promote choice for ISA savers and encourage growth in the crowdfunding sector. The government's decision over whether to proceed with this change will also reflect its overarching objective to maintain ISAs as a trusted and effective savings product.

See Consultation Document at:
https://www.gov.uk/government/consultations/isa-qualifying-investments-consultation-on-whether-to-include-investment-based-crowdfunding/isa-qualifying-investments-consultation-on-whether-to-include-investment-based-crowdfunding

ISA qualifying investments: consultation on including peer-to-peer loans

The consultation response document summarises the comments received on the consultation on including peer-to-peer loans in ISAs and the government's decisions regarding policy design and implementation.

This includes the decision to introduce a new type of ISA for peer-to-peer loans – the Innovative Finance ISA – alongside cash ISAs and stocks and shares ISAs.

Further details of the policy design are set out in the government's response to the consultation (see link below) The government intends to publish draft legislation for technical consultation later this year, with a view to legislating to allow peer-to-peer loans to be held in an ISA from 6 April 2016.

See Consultation Response Document at:
https://www.gov.uk/government/consultations/isa-qualifying-investments-consultation-on-including-peer-to-peer-loans

Tax-advantaged venture capital schemes: draft legislation and explanatory notes

In July 2014, the government launched a consultation on the tax-advantaged venture capital schemes. Following this, the government announced at the Summer Budget 2015 that it would introduce a series of changes to place a greater emphasis on supporting innovative firms, whilst continuing to provide targeted support for growing firms, in line with new State aid rules.

The Consultation Response paper summarises the main issues raised by respondents under the consultation questions and outlines the government's response to these. It reiterates the government's commitment to ensuring that the schemes continue to provide appropriate support for small and growing businesses across the UK, and provides further details on the changes announced at the Summer Budget 2015.

See Consultation Response at:
https://www.gov.uk/government/consultations/isa-qualifying-investments-consultation-on-including-peer-to-peer-loans

HMRC's Overview

HMRC's overview highlights some of the key announcements made by the Chancellor in his Summer budget speech which will affect taxpayers. It is not a comprehensive summary of every proposal and you should refer to Chapter 2 of the main Budget Report and other supporting documents for full details. The relevant Chapter 2 paragraph references are included with each heading.

In some cases, the information is repeated elsewhere in this publication.

The HMRC Overview document is published at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/443285/HMRC_Summer_Budget_Overview_Version_4_0.pdf

2.53 Tax lock

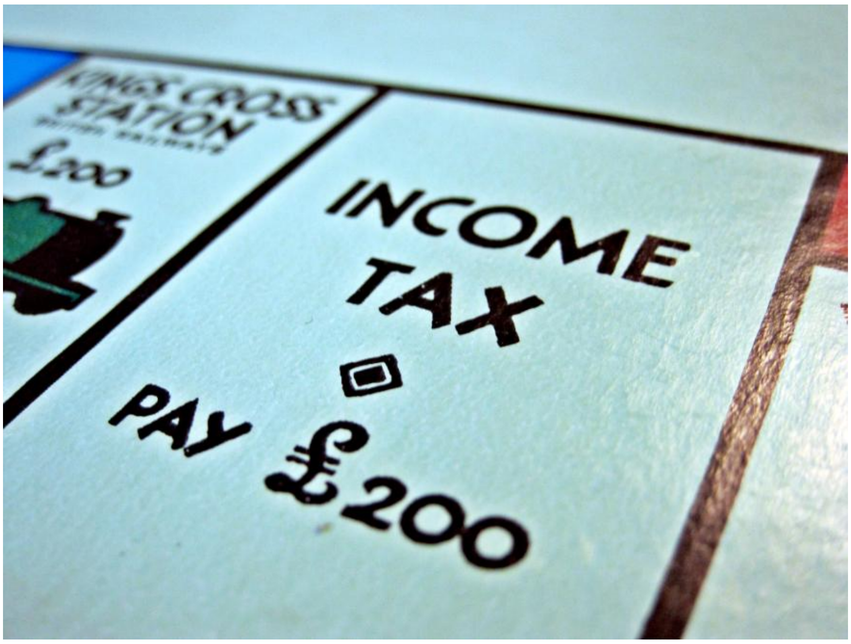
The government will legislate to set a ceiling for the main rates of income tax, the standard and reduced rates of VAT, and employer and employee (Class 1) NICs rates, ensuring that they cannot rise above their current (2015-16) levels. The tax lock will also ensure that the NICs Upper Earnings Limit cannot rise above the income tax higher rate threshold; and will prevent the relevant statutory provisions being used to remove any items from the zero rate of VAT and reduced rate of VAT for the duration of this Parliament.

2.54 Personal allowance increase

The government will increase the income tax personal allowance from £10,600 in 2015-16 to £11,000 in 2016- 17. It will increase to £11,200 from 2017-18.

2.56 Higher rate threshold increase

The government will increase the higher rate threshold from £42,385 in 2015-16 to £43,000 in 2016-17 and to £43,600 in 2017-18. The NICs Upper Earnings Limit will also increase to remain aligned with the higher rate threshold.



2.57 Dividend taxation

The government will abolish the Dividend Tax Credit from April 2016 and introduce a new Dividend Tax Allowance of £5,000 a year. The new rates of tax on dividend income above the allowance will be 7.5% for basic rate taxpayers, 32.5% for higher rate taxpayers and 38.1% for additional rate taxpayers.

2.58 Reform of the Wear and Tear Allowance

From April 2016, the government will replace the Wear and Tear Allowance with a new relief that allows all residential landlords to deduct the actual costs of replacing furnishings. Capital allowances will continue to apply for landlords of furnished holiday lets. The government will publish a technical consultation before the summer.

2.59 Restricting finance cost relief for landlords

The government will restrict the relief on finance costs that individual landlords of residential property can get to the basic rate of tax. The restriction will be phased in over 4 years, starting from April 2017.

2.60 Increasing the level of the Rent-a-Room relief

The government will increase the level of Rent-a-Room relief from £4,250 to £7,500 from April 2016.

2.61 Increasing the employer National Insurance contributions Employment Allowance by £1,000

The government will increase the annual Employment Allowance from £2,000 to £3,000. This will come into effect from April 2016.

2.63 Abolishing non-domicile status for long domicile residents

The government will legislate so that from April 2017 anybody who has been resident in the UK for more than 15 of the past 20 tax years will be deemed to be domiciled in the UK for tax purposes. A detailed note explaining these proposals has been published alongside the Summer Budget. A technical consultation will be published later in the year.

2.64 Eligibility of non-domicile status for UK born individuals

From April 2017, individuals who are born in the UK to parents who are domiciled here, will no longer be able to claim non-domicile status whilst they are resident in the UK.

2.81 Secondary market for annuities

Following consultation, the government has decided to delay implementation of this measure until 2017, in order to ensure there is a robust package to support consumers in making their decision. It will set out further plans for introducing this measure in the autumn.

2.82 Lifetime Allowance for pension contributions

The government will reduce the Lifetime Allowance for pension contributions from £1.25 million to £1 million from 6 April 2016. Transitional protection for pension rights already over £1 million will be introduced alongside this reduction to ensure the change is not retrospective. The Lifetime Allowance will be indexed annually in line with CPI from 6 April 2018.

2.83 Pensions: reduced Annual Allowance for top earners

The government will restrict the benefits of pensions' tax relief for those with incomes, including pension contributions, above £150,000 by tapering away their Annual Allowance to a minimum of £10,000. This policy will come into effect from April 2016.

2.84 Pensions' tax relief

The government will consult on whether and how to undertake a wider reform of pensions tax relief.

2.88 Inheritance tax and the main residence nil-rate band

The government will introduce an additional nil-rate band when a residence is passed on death to direct descendants. This will be £100,000 in 2017-18, £125,000 in 2018-19, £150,000 in 2019-20, and £175,000 in 2020-21.

It will then increase in line with CPI from 2021-22 onwards. Any unused nil-rate band will be transferred to a surviving spouse or civil partner. It will also be available when a person downsizes or ceases to own a home on or after 8 July 2015 and assets of an equivalent value, up to the value of the additional nil-rate band, are passed on death to direct descendants. This element will be the subject of a technical consultation.

There will also be a tapered withdrawal of the additional nil-rate band for estates with a net value of more than £2 million. This will be at a withdrawal rate of £1 for every £2 over this threshold.

2.89 Inheritance tax and the nil-rate band

The inheritance tax nil-rate band is currently frozen at £325,000 until April 2018. The government will continue to freeze the nil-rate band at £325,000 until April 2021.

2.90 Inheritance tax on UK residential property of non-domiciles, including non-domiciles who are not UK resident

The government will legislate to ensure that, from April 2017, inheritance tax is payable on all UK residential property owned by non-domiciles, regardless of their residence status for tax purposes, including property held indirectly through an offshore structure.

A more detailed note setting out the scope of this proposal has been published alongside the Summer Budget. A full detailed consultation will follow later this year.

2.91 Inheritance tax and non-domiciles

The government will bring forward the point at which an individual who is classed as a non-domicile is deemed domiciled for inheritance tax purposes to 15 out of 20 years. It will also treat individuals who were born in the UK to parents who are domiciled here, as UK domiciled whilst they are in the UK. This aligns inheritance with the changes to the income tax and capital gains tax regime. This will take effect from April 2017.

2.100 Tax credit debt recovery

The government will make the tax credits system fairer, by improving the powers it has to recover tax credit debts, including by:

- making the recovery of tax credits debt more efficient; HMRC will recover overpayments of Working Tax Credit from payments of Child Tax Credit, and recover overpayments of Child Tax Credit from payments of Working Tax Credit;
- expanding the enforcement of tax credits debt.

HMRC will extend the use of the private sector to improve the collection of tax credit debt; this will target tax credit debt in excess of £3,000 that has already passed the Extending Tax Credits debt collection process.

2.101 Changes to taper rates in tax credits

From April 2016 the taper rate in tax credits will be increased from 41% to 48% of gross income. Once claimants earn above the income threshold in tax credits, their award will be withdrawn at a rate of 48 pence for every extra pound earned.

2.102 Changes to tax credits income thresholds and Universal Credit work allowances

From April 2016 the income threshold in tax credits will be reduced from £6,420 to £3,850 per year. Work allowances in Universal Credit will be abolished for non-disabled childless claimants, and reduced to £192 per month for those with housing costs and £397 per month for those without housing costs. Claimants earning below these amounts will retain their maximum award.

2.103 Limit Child Element in tax credits and Universal Credit

The Child Element of tax credits and Universal Credit will no longer be awarded for third and subsequent children born after 6 April 2017. This will also apply to families claiming Universal Credit for the first time after April 2017. Households who have been in receipt of tax credits or Universal Credit, with an interruption of less than 6 months, will be protected. Furthermore, children with disabilities will continue to receive the Disabled Child Element or Severely Disabled Child Element in tax credits and the equivalent in Universal Credit. Multiple births will be protected in both systems.

The Department for Work and Pensions and HMRC will develop protections for women who have a third child as the result of rape, or other exceptional circumstances. Consequential changes will be made in Housing Benefit from April 2017.

2.104 Income rise disregard in tax credits

From April 2016 the amount by which a claimant's income can increase in-year compared to their previous year's income before their award is adjusted (the income rise disregard) will be reduced from £5,000 to £2,500.

2.107 Removing the Family Element in tax credits, the first child premium in Universal Credit and the Family Premium in Housing Benefit

From April 2017, the Family Element in tax credits and the equivalent in Universal Credit will no longer be awarded when a first child is born. This will also apply for families with children making their first claim to Universal Credit. Households who have been in receipt of tax credits or Universal Credit with an interruption of less than 6 months will be protected. Furthermore, children with disabilities will continue to receive the Disabled Child Element or Severely Disabled Child Element in tax credits and the equivalent in Universal Credit. In Housing Benefit, the family premium will be removed for new claims and new births from April 2016.

2.115 Benefits uprating

Most working-age benefits will be frozen for 4 years from April 2016. This will apply to Jobseekers' Allowance; Employment and Support Allowance; Income Support; Child Benefit; applicable amounts for Housing Benefit; and Local Housing Allowance rates, with provision for high rent areas. This excludes Maternity Allowance; Statutory Sick Pay; Statutory Maternity Pay; Statutory Paternity Pay; Statutory Shared Parental Pay; and Statutory Adoption Pay; disability, carers and pensioners' premia in the frozen benefits; the Employment and Support Allowance Support Group component; and other disability, carer and pensioner benefits, which will continue to be uprated in relation to prices or earnings as applicable.

2.116 Tax credits uprating

The uprating freeze will extend to the Child Tax Credit and Working Tax Credit (excluding disability elements). All disability elements will continue to be uprated by prices each year.

2.117 Corporation tax rates

The government will reduce the corporation tax rate from 20% to 19% in 2017 and 18% in 2020.

2.118 Corporation tax payment dates

The government will introduce new payment dates for companies with annual taxable profits of £20 million or more. Where a company is a member of a group, the £20 million threshold will be divided by the number of companies in the group. Affected companies will be required to pay corporation tax in quarterly instalments in the third, sixth, ninth and twelfth months of their accounting period. The measure will apply to accounting periods starting on or after 1 April 2017. The government will publish legislation in draft in the autumn.

2.120 Capital allowances: Annual Investment Allowance (AIA)

The government will increase the permanent level of the AIA from £25,000 to £200,000 for all qualifying investment in plant and machinery made on or after 1 January 2016.

2.121 Research and development (R&D) tax credits: universities and charities

The government will correct an anomaly in the R&D tax credits legislation so that universities and charities are unable to claim the R&D Expenditure Credit (RDEC), in line with the original intention of the policy. This will apply to expenditure from 1 August 2015.

2.124 Restriction of corporation tax relief for business goodwill amortisation

The government will restrict the corporation tax relief a company may obtain for the cost of 'goodwill' (the reputation and customer relationships associated with a business). This will affect all acquisitions and disposals on or after 8 July 2015.

2.125 Business tax roadmap

The government will publish a Business tax roadmap by April 2016, setting out its plans for business taxes over the rest of the Parliament.

2.126 Bank corporation tax surcharge

The government will introduce a supplementary tax on banking sector profit of 8% from 1 January 2016. The tax will apply to banks' corporation tax profit before the use of any existing carried-forward losses. The tax will not apply to the first £25 million of profit within a group.

2.127 Bank levy reform

The government will reduce the full bank levy rate from 0.21% to 0.18% in 2016, 0.17% in 2017, 0.16% in 2018, 0.15% in 2019, 0.14% in 2020 and 0.10% in 2021. The government will also legislate in this Parliament to change the tax base to UK operations from 1 January 2021.

2.133 Insurance premium tax standard rate

From 1 November 2015, the standard rate of insurance premium tax (IPT) will be increased by 3.5 percentage points to 9.5%. From this date all premiums received by insurers using the IPT cash accounting scheme will be charged at 9.5%. For insurers using the special accounting scheme, there will be a 4 month concessionary period that will begin on 1 November 2015 and end on 29 February 2016, during which premiums received that relate to policies entered into before 1 November 2015 will continue to be liable to IPT at 6%. From 1 March 2016 all premiums received by insurers will be taxed at the new rate of 9.5%, regardless of when the policy was entered into.

2.138 Tobacco levy

Following a period of consultation, the government will not proceed with a tobacco levy as the impacts on the tobacco market would be the same as a duty rise but with added complexity, costs and delay.

2.140 Tackling illicit tobacco abroad

The government will expand its Fiscal Crime Liaison Officer network and the supporting UK intelligence staff in order to reduce the supply of illicit tobacco from Europe, enhance HMRC'S overseas footprint and further develop international collaboration and partnerships.

2.141 Tackling illicit tobacco

As part of the refreshed tobacco strategy the government will expand the number of criminal investigation teams in HMRC working on tobacco fraud by 50% and recruit additional Crown Prosecution Service staff to manage additional prosecutions.

2.142 Tackling illicit alcohol

The government will set up a new national alcohol control room and introduce a mobile task force in order to tackle alcohol fraud.

2.150 Climate Change Levy (CCL)

The government will remove the Climate Change Levy exemption for renewably sourced electricity from 1 August 2015. There will be a transitional period for suppliers, from 1 August 2015, to claim the CCL exemption on any renewable electricity that was generated before that date. The government will discuss the details of this transitional period with stakeholders over the summer and autumn, to determine an appropriate length for it.

2.166 Making tax easier

The government will publish a roadmap by the end of the year showing how it will transform tax administration for individuals and small businesses over this Parliament. Over the summer, HMRC will begin discussing the policy choices underpinning this roadmap with key stakeholders and delivery partners, including small businesses and their representatives.

2.167 Simplification of HMRC debtor and creditor interest rate

The government will set the rate of interest which applies on taxation-related debts payable under a court judgment or order by HMRC to a rate equal to the Bank of England base rate plus 2%. The government will also apply the late payment interest rate of 3% to taxation-related debts owed to HMRC under a court judgment or order.

These changes will apply to new and pre-existing judgments and orders in respect of interest accruing on and after 8 July 2015.

2.168 Financial Intermediaries writing to their customers in advance of receipt of data under the Common Reporting Standard

The government will legislate to require financial intermediaries (including tax advisers) to notify their customers about the Common Reporting Standard, the penalties for evasion and the opportunities to disclose.

2.170 Direct recovery of debts

This government will introduce legislation to modernise and strengthen HMRC's powers to recover tax and tax credit debts directly from debtors' bank and building society accounts, including funds held in cash ISAs. Having widely consulted, this measure will be subject to robust safeguards including a county court appeal process and a face-to-face visit to every debtor before they are considered for debt recovery through this measure.

2.171 Criminal investigations

The government will increase funding to HMRC by a total of over £60 million by 2020-21 to allow HMRC to step up criminal investigations into serious and complex tax crime particularly focusing on wealthy individuals and corporates, with the aim of raising £600 million by the end of the Parliament.

2.172 Tackling the hidden economy

The government will extend HMRC's powers to acquire data from online intermediaries and electronic payment providers to find those operating in the hidden economy. It will legislate at Finance Bill 2016 to achieve this, following a consultation on the detail. It will invest in new HMRC investigators from 2016 to exploit this data. The government will also create a digital disclosure channel which makes it simple for taxpayers to disclose unpaid tax liabilities.

2.173 Additional compliance resource: local compliance

The government will invest around £300 million over 5 years from 2016 to tackle non-compliance by small and mid-sized businesses, public bodies and affluent individuals. This measure will result in additional tax receipts of over £2 billion by 2020-21.

2.176 Large business tax compliance

The government will invest additional resources in large business compliance work to further extend HMRC's efforts to tackle evasion, avoidance and aggressive tax planning by large businesses.

The government will also consult on new measures to increase compliance and tax transparency in relation to large business tax strategies. These will include the introduction of a 'special measures' regime to tackle businesses that persistently adopt highly aggressive behaviours including around tax planning, and a voluntary Code of Practice defining the standards HMRC expects large businesses to meet in their relationship with HMRC.

2.177 Controlled Foreign Companies (CFC) loss relief restriction

The government will remove the ability for companies to use UK losses and reliefs against a CFC charge from 8 July 2015. This will improve the effectiveness of the CFC regime in both deterring the diversion of profits and in taxing any profits that are diverted.

2.179 Taxation of carried interest: Base cost shifting and cherry picking

The government will introduce legislation, effective from 8 July 2015, to ensure that sums which arise to investment fund managers by way of carried interest will be charged to the full rate of capital gains tax, with only limited deductions being permitted. The government will also launch a consultation to better understand the activities of collective investment schemes, to determine under what circumstances performance returns should be taxed as a capital gain. It is not anticipated this will alter the tax treatment of carried interest.

2.180 Additional resource to target non-compliance by wealthy individuals

The government will provide additional resource to HMRC to allow it to identify and tackle tax evasion and other non-compliance among wealthy individuals by extending HMRC's Customer Relationship Model to individuals with net wealth between £10-20 million, and to pursue more criminal investigations against wealthy individuals evading tax. The government will also consult on enhancing the information reported to HMRC by wealthy individuals and trustees.

2.181 Additional specialist personal tax (SPT) resource

The government will invest an additional £36 million over 5 years from 2016 to tackle serious non-compliance by trusts, pension schemes and non-domiciled individuals.

Tax Calendar to the end of 2015

SELF ASSESSMENT: The following dates apply to those who are employed, self-employed, and all other taxpayers

30-Dec-14	For those with a tax liability of less than £3,000, if you file your self-assessment tax return on-line by this date, the tax office will adjust your PAYE code (provided you are an employee) so that you can pay any tax due for 2013/14 over time through PAYE, rather than as a lump sum on 31 January 2015.
31-Jan-15	If you were sent a 2013/14 tax return, this is the deadline for sending back the completed return. This is also the deadline for paying the balance of any tax that you owe for 2013/14. Some people may have to make "payments on account". Each payment will normally equal one half of the previous year's tax liability (after taking off tax deducted at source and tax credits on dividends). The payments are due on 31 January in the tax year and 31 July following the end of the tax year. Any Capital Gains Tax due for 2013/14 would be part of, or form, the balancing payment due on this date. If either the balancing payment for 2013/14 or first payment on account for 2014/15 is not made by this date, then interest will be charged. If you have not made the balancing payment for 2012/13 by this date, a third automatic 5% surcharge will be applied. If you were sent a tax return for 2013/14, you will be charged a penalty of £100 if HMRC has not received your return by this date. The penalty increases over time – see www.hmrc.gov.uk/sa/deadlines-penalties.htm#3 for details.
28-Feb-15	If you have not made the balancing payment due for 2013/14 by this date, a first automatic 5% surcharge will be applied. The 5% surcharge does not apply to late payment of the first payment on account for 2014/15.
05-Apr-15	The last day of the 2014/15 tax year.
31-May-15	By this date, your employer should have given you a Form P60 (pay and tax details from employment) to assist you with the completion of your tax return for the year ended 5 April 2015.
06-Jul-15	If applicable to you, your employer must provide you with a copy of Form P11D showing details of the benefits in kind provided to you or expense payments reimbursed to you. Benefits in kind include, for example, the provision of a company car.
31-Jul-15	Some people may have to make payments on account. Each payment will normally equal one half of the previous year's tax liability (after taking off tax deducted at source and tax credits on dividends). The payments are due on 31 January in the tax year and 31 July following the tax year. If you need to make a second payment on account for the tax year ending on 5 April 2015, this is the date by which it should be made. If you have still not made a balancing payment of tax for 2013/14 by this date, you will be charged a second automatic 5% surcharge. The second 5% surcharge does not apply to late payment of the first payment on account for 2014/15. If you have been sent an Annual Declaration to renew your tax credits, you should provide the information no later than this date.
05-Oct-15	You must tell HMRC of any income or capital gains you have received in the 2014/15 tax year, if you have not received a tax return. You have a legal obligation to do this. HMRC may, or may not, need to send you a tax return - some taxpayers will be able to pay the right amount of tax through an adjustment to their PAYE code.
31-Oct-15	If you were sent a 2014/15 tax return, this is the deadline for sending back the completed paper tax return. Paper tax returns must be filed by this date if you want HMRC to collect any unpaid tax (of under £3,000) for 2014/15 through PAYE. For self-assessment tax returns filed on-line, the filing deadline is 31 January 2016.
30-Dec-15	For those with a tax liability of less than £3,000, if you file your self-assessment tax return on-line by this date, the tax office will adjust your PAYE code (provided you are an employee) so that you can pay any tax due for 2014/15 over time through PAYE, rather than as a lump sum on 31 January 2016.

PARTNERS AND PARTNERSHIPS: The following are dates for Partners and Partnerships and Members of LLPs

31-Jan-15	If you were sent a 2013/14 tax return, this is the deadline for sending back the completed return. This is also the deadline for paying the balance of any tax that you owe for 2013/14. Some people may have to make "payments on account". Each payment will normally equal one half of the previous year's tax liability (after taking off tax deducted at source and tax credits on dividends). The payments are due on 31 January in the tax year and 31 July following the tax year. Any Capital Gains Tax due for 2013/14 would be part of, or form, the balancing payment due on this date. If either the balancing payment for 2013/14 or first payment on account for 2014/15 is not made by this date, then interest will be charged. For members of a partnership or limited liability partnership, this is the deadline by which the completed 2013/14 partnership tax return should be sent back to HMRC. If either the balancing payment for 2013/14 or first payment on account for 2014/15 is not made by this date, then interest will be charged. If you have not made the balancing payment for 2012/13 by this date, a third automatic 5% surcharge will be applied.
01-Feb-15	If you were sent a tax return for 2013/14, you will be charged a penalty of £100 if HMRC has not received your return by this date. The penalty increases over time – see www.hmrc.gov.uk/sa/deadlines-penalties.htm#3 for details. Where HMRC has not received the completed 2013/14 partnership tax return by this date, each member of the partnership or limited liability partnership will be charged a penalty of £100. This penalty applies even if the member does not have a liability to tax for the year.
28-Feb-15	If you have not made the balancing payment due for 2013/14 by this date, a first automatic 5% surcharge will be applied. The 5% surcharge does not apply to late payment of the first payment on account for 2014/15.
05-Apr-15	The last day of the 2014/15 tax year.
05-Jul-15	You must make a claim to HMRC for any new tax credits to which you are entitled (in order to receive full entitlement).
31-Jul-15	Some people may have to make payments on account. Each payment will normally equal one half of the previous year's tax liability (after taking off tax deducted at source and tax credits on dividends). The payments are due on 31 January in the tax year and 31 July following the tax year. If you need to make a second payment on account for the tax year ending on 5 April 2015, this is the date by which it should be made. If you have still not made a balancing payment of tax for 2013/14 by this date, you will be charged a second automatic 5% surcharge. The second 5% surcharge does not apply to late payment of the first payment on account for 2014/15. If you have been sent an Annual Declaration to renew your tax credits, you should provide the information no later than this date.
05-Oct-15	You must tell HMRC of any income or capital gains you have received in the 2014/15 tax year, if you have not received a tax return. You have a legal obligation to do this.
31-Oct-15	If you want HMRC to calculate your 2014/15 tax liability, your paper 2014/15 tax return must be with them by this date. The deadline for internet filed returns for 2014/15 tax returns is 31 January 2016.

COMPANIES AND EMPLOYERS: The following are dates for companies and employers.
NOTE: Dates relating to companies only are highlighted in purple.

14- Jan-15 *(Companies only)*	Due date for income tax due for the CT61 (Quarterly accounting) quarter to 31 December 2014.
19-Jan-15	Monthly PAYE/NIC to 5 January 2015 due.
02-Feb-15	Last day for notifying car changes in quarter to 5 January 2015 - Form P46 (Car).
19-Feb-15	Monthly PAYE/NIC to 5 February 2015 due.
19-Mar-15	Monthly PAYE/NIC to 5 March 2015 due.
31-Mar-15 *(Companies only)*	End of Corporation Tax financial year. Corporation tax return for the year ended 31 March 2014 to be filed by this date to avoid £100 penalty (£500 for third consecutive default).
06-Apr-15	Real Time Information (RTI) started on 6 April 2013. RTI should improve the operation of the PAYE system by creating more up-to-date taxpayer records and making it easier for employers and HMRC to administer. The fundamentals of PAYE will stay the same, but employers and pension providers will send PAYE information to HMRC each time they pay their employees, rather than after the end of the tax year. See: http://www.hmrc.gov.uk/about/briefings/briefing-rti-paye.pdf for further information.
14 Apr-15 *(Companies only)*	Due date for income tax due for the CT61 (Quarterly accounting) quarter to 31 March 2015.
19-Apr-15	Monthly PAYE/NIC to 5 April 2014 due. Any arrears of PAYE/NIC due for the year ended 5 April 2015 to be paid by this date.
03-May-15	Last day for notifying car changes in quarter to 5 April 2015 - Form P46 (Car).
19-May-15	Monthly PAYE/NIC to 5 May 2015 due.
31-May-15	If you are an employer, you must provide a form P60 (showing pay and tax details) to each employee who is working for you at the end of the tax year and for whom you have completed P11. For an employee who left before 5 April they receive a P45.
19-Jun-15	Monthly PAYE/NIC to 5 June 2015 due.
01-Jul-15 *(Companies only)*	Corporation tax return for the year ended 31 March 2014, not filed before 31 March 2015, to be filed by this date to avoid a minimum £200 penalty (£1,000 for third consecutive default). Tax geared penalties apply where returns are filed more than 18 months after the end of the return period.
06-Jul-15	Copies of Forms P11D, showing details of the benefits in kind provided and/or expense payments reimbursed, for the year ended 5 April 2015 must be provided to all current employees (and to ex-employees who request them).
14-Jul-15 *(Companies only)*	Due date for income tax due for the CT61 (Quarterly accounting) quarter to 30 June 2015.
19-Jul-15	Monthly PAYE/NIC to 5 July 2015 due. Employers Class 1A NICs on Relevant Benefits in Kind must be paid.
19-Aug-15	Monthly PAYE/NIC to 5 August 2015 due.
19-Sep-15	Monthly PAYE/NIC to 5 September 2015 due.
14-Oct-15 *(Companies only)*	Due date for income tax due for the CT61 (Quarterly accounting) quarter to 30 September 2015.
19-Oct-15	Monthly PAYE/NIC to 5 October 2015 due.
19-Nov-15	Monthly PAYE/NIC to 5 November 2015 due.
19-Dec-15	Monthly PAYE/NIC to 5 December 2015 due.

Dates that only apply to companies:

9 months + 1 day, after company year end	Corporation Tax for the year to be paid.
9 months (6 months for PLCs) after company year end	Company accounts for the year to be filed with Companies House.
12 months after company year end	Company accounts for the year to be filed with HMRC, together with Corporation Tax return Form CT600.
Annually on anniversary of company incorporation	Annual Return showing details of Company Directors, Secretary and Shareholders to be filed with Companies House, within 28 days together with filing fee.
Quarterly (unless monthly or annual accounting opted for)	VAT Return to be filed with Customs & Excise: for accounting periods beginning on or after 1 April 2012, virtually all VAT registered businesses must submit their VAT return online. You can only submit a paper return where you have been advised that you are exempt from submitting your return online. The deadline for submission of the VAT return, and payment of the VAT (HMRC must receive cleared funds by the deadline date), is one month and seven days from the end of the VAT quarter.

Further Information

This Budget Report was prepared immediately after the Chancellor's Emergency Budget Statement on 8 July 2015 and is based on official press releases and supporting documentation. This publication focuses on taxation and summarises many, but not all, of the proposals and new measures issued in the press releases published today – these run to hundreds of pages.

HM Treasury published a number of documents on 8 July 2015 from which this publication has been prepared. We acknowledge Crown copyright therein.

The Budget proposals are subject to amendment before the 2015 Finance Act (No. 2) receives Royal Assent.

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This guide is for general interest - it is always essential to take advice on specific issues. We believe that the facts are correct as at the date of publication, but there may be certain errors and omissions for which we cannot be responsible.

If you would like to receive further information about this subject or other publications, please call us – see our contact details on the next page.

Important Notice

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The ICPA – the organisation for accountants in practice

The ICPA, Imperial House, 1a Standen Avenue, Hornchurch, Essex, RM12 6AA
TEL: 0800 074 2896 **FAX:** 01255 426 300
E-mail: info@icpa.org.uk **Web:** www.icpa.org.uk