

Serenity

Financial planning for the life you want.

A GUIDE TO THE
**AUTUMN
STATEMENT
2013**

THE KEY ANNOUNCEMENTS
FROM THE CHANCELLOR

FINANCIAL GUIDE

London City office: 1 Ropemaker Street, Moorgate, London, EC2Y 9HT
North London office: 76 Capel Road, Barnet, Herts, EN4 8JF
Tel: 020 8440 4788 Mob: 07976 306543 Fax: 0870 458 1986
Email: tina@serenityfp.com Web: www.serenityfp.com

www.serenityfp.com

Registered in England and Wales number 5800712. Serenity Financial Planning is a trading name of Financial Weeks Ltd which is authorised and regulated by the Financial Services Authority.

A GUIDE TO THE AUTUMN STATEMENT 2013

THE KEY ANNOUNCEMENTS FROM THE CHANCELLOR

Chancellor George Osborne delivered his fourth Autumn Statement on 5 December 2013, describing it as a plan to deliver a 'responsible recovery'.

He outlined a brighter economic climate than a year ago, but said that 'difficult decisions' still had to be made.

He took the opportunity to announce eye-catching plans about the State Pension and taxes on small businesses.

A number of measures had already been announced, including some during the Budget in March 2013.

FROM APRIL 2014

PERSONAL TAX

The tax-free personal allowance will increase from £9,440 to £10,000.

The 40% tax band, which was previously £41,450, will increase to £41,865, while the £150,000 tax band remains at 45%.

The Individual Savings Account (ISA) contribution limit will be raised to £11,880, half of which can be saved in a Cash ISA.

Disposals of shares that result in a controlling interest in a company being

held by an employee ownership trust will be relieved from capital gains tax (CGT).

The Government will reduce the final period exemption for CGT for private residence relief from 36 months to 18 months.

From October 2014, bonus payments made to employees of indirectly employee-owned companies which are controlled by an employee ownership trust will be exempt from income tax up to a cap of £3,600 per annum.

BUSINESS TAX

The Share Incentive Plan annual limits will increase to £3,600 per year for free shares, and to £1,800 per year for partnership shares.

The maximum monthly amount that an employee can contribute to Save As You Earn savings arrangements will increase from £250 to £500.

The income tax relief for interest paid on loans to invest in close companies and employee-controlled companies

will be extended to investments in such companies resident throughout the European Economic Area.

A 50% business rates relief for 18 months up to the State Aid limits for businesses that move into retail premises that have been empty for a year or more will be introduced. Businesses which move into empty premises between 1 April 2014 and 31 March 2016 will be eligible for the relief.

The doubling of Small Business Rate Relief will be extended for a further year from 1 April 2014.

PENSIONS

Individual Protection 2014 (IP14) will be introduced as a consequence of the reduction in the lifetime allowance to £1.25 million from 6 April 2014. Individuals with IP14 will have a lifetime allowance of the value of their pension savings on 5 April 2014 subject to an overall maximum of £1.5 million.





An increase in State Pension age to 68 could come forward to the mid 2030's, and the State Pension age could increase further to 69 by the late 2040's. The State Pension will also rise by £2.95 a week.

OTHER

There will be a new tax relief for equity and certain debt investments in social enterprises.

Investments that are conditionally linked in any way to a Venture Capital Trust (VCT) share buy-back, or that have been made within six months of a disposal of shares in the same VCT, will not qualify for new tax relief.

The Government will remove the stamp duty and Stamp Duty Reserve Tax (SDRT) charge on purchases of shares in exchange-traded funds (ETF) that would currently apply if an ETF were domiciled in the UK.

Further changes to filing and payment dates for inheritance tax (IHT) relevant property trust charges will be announced in due course.

There will be funding to support universal free school meals for children in reception, year 1 and year 2 and disadvantaged students in sixth form colleges from September 2014.

From 1 October 2014 a paper tax disc for vehicles will no longer be required.

FROM APRIL 2015

PERSONAL TAX

The 40% tax band will start at £42,285.

From 2015/16 spouses and registered civil partners will be able to transfer £1,000 of their income tax personal allowance to their spouse or registered civil partner. Couples where neither partner is a higher or additional-rate tax

payer will be eligible to transfer.

There will be no employer National Insurance Contributions (NICs) for those under the age of 21, with the exception of those earning more than the Upper Earnings Limit, which is £42,285 a year (£813 per week) in 2015/16.

In October 2015 there will be a new class of voluntary NICs to allow pensioners who reach State Pension age before 6 April 2016 an opportunity to top up their Additional Pension records.

OTHER

CGT on future gains made by non-residents disposing of UK residential property to apply from April 2015. A consultation on how best to introduce the new CGT charge will be published in early 2014.

During 2015/16, HMRC will provide an online service for IHT, reducing administrative burdens for customers and agents.



THE AUTUMN STATEMENT 2013 AT A GLANCE

ECONOMIC GROWTH

Forecasts for the next few years are: 2.4% in 2014, 2.2% in 2015, 2.6% in 2016 and 2.7% in 2017.

Revised figures from the Office for National Statistics show that UK GDP declined by 7.2% in 2008/09, not 6.3% as previously thought, equivalent in value to £112bn.

GOVERNMENT BORROWING

The UK's 'underlying' deficit - a measure that excludes the acquisition of the Royal Mail pension scheme and the effects of quantitative easing - has been revised down by the Office for Budget Responsibility (OBR) to 6.8% this year, and to 5.6% next year. It is then expected to fall to 4.4%, 2.7% and 1.2% in the subsequent financial years.

The OBR predicts there will be a small cash surplus in 2018/19.

Borrowing is expected to come in at £111bn for this year, falling in 2014/15 to £96bn, then down to £79bn in 2015/16, £51bn the year after and £23bn the year after that.

Public debt this year is due to total 75.5% of GDP - £18bn lower than

forecast in March - rising to 78.3% next year, before peaking at 80% the next year. By 2017/18, debt is expected to be more than £80bn lower than forecast in March.

Departmental budgets will be cut by about £1bn next year and the year after.

BENEFITS AND PENSIONS

Overall welfare spending is to be capped.

Anyone aged 18 to 21 claiming benefits without basic English or Maths will be required to undertake training from day one or lose their entitlement. People unemployed for more than six months will be forced to start a traineeship, take work experience or do a community work placement, or lose benefits.

TAXES AND ALLOWANCES

From April 2015, capital gains tax will be imposed on future gains made by non-residents who sell residential property in the UK.

From 1 January 2014, the rate of the bank levy will rise to 0.156% and is estimated to raise £2.7bn in 2014/15 and £2.9bn each year from 2015/16.

Employer National Insurance contributions are to be scrapped on 1.5 million jobs for young people.

Stamp duty on shares purchased in exchange-traded funds is to be abolished.

The personal income tax allowance will rise to £10,000 from April 2014 and then increase from 2015/6 by the Consumer Prices Index (CPI) measure of inflation.

A married couples and registered civil partners tax break, which is set to cost about £700m a year, is proposed to start in April 2015, enabling people to transfer £1,000 of their income tax allowance to their partners.

Business rates in England to be capped at 2% rather than linked to RPI inflation, with some retail premises in England to get a discount. Businesses moving into vacant high-street properties will have their rates cut by 50%.

From April, a new tax relief is to be introduced for investment in social enterprises and new social impact bonds.

JOBS AND TRAINING

The number of people claiming unemployment benefits is down 200,000,

with unemployment now forecast to fall from 7.6% this year to 7% in 2015. Unemployment is then expected to fall further to 5.6% by 2018.

The total number of jobs to rise by 400,000 this year and 3.1 million jobs predicted to be created by 2019.

A boost in the Government's start-up loans scheme will aim to help 50,000 more people start their own businesses.

Export finance capacity available to support British businesses will be doubled to £50bn.

TRANSPORT

Petrol taxes will stay frozen - a planned rise of 2p per litre this year is to be scrapped.

Regulated train fares will rise in line with inflation, not at 1% above RPI as planned.

EDUCATION AND FAMILIES

An extra 30,000 places at English universities will be created in 2014/15. The

following year, the current cap on student numbers will be abolished entirely.

Science, technology and engineering courses will receive increased funding, and a new science centre in Edinburgh University is to be named after Prof Peter Higgs, the discoverer of the Higgs boson particle.

The proportion of young people from disadvantaged backgrounds applying to university is up.

An additional 20,000 apprenticeships are to be funded over the next two years.

All pupils at state schools in England in reception, year 1 and year 2 are to get free school lunches from next September, at an estimated cost of £600m a year.

HOUSING

The Government hopes £1bn in loans will boost housing developments in Manchester and Leeds, among other sites.

The housing revenue account's

borrowing limit is to rise by £300m.

Councils are to sell off the most expensive social housing, rundown urban housing estates are to be regenerated, and workers who live in council houses are to be given priority on housing lists if they need to move home to find a job.

INFRASTRUCTURE

Tax allowances aiming to encourage investment in shale gas to cut tax on early profits by 50%.

More investment in 'quantum technology', which involves attempting to apply the strange behaviour of materials on a tiny scale to practical purposes, is promised.

OVERSEAS AID

The Government's pledge to spend 0.7% of gross national income on international development is to be met without an increase to the current aid budget.



The content of this guide is for your general information and use only and is not intended to address your particular requirements. The content should not be relied upon in its entirety and shall not be deemed to be, or constitute, advice. Although endeavours have been made to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No individual or company should act upon such information without receiving appropriate professional advice after a thorough examination of their particular situation. We cannot accept responsibility for any loss as a result of acts or omissions taken in respect of the content. Thresholds, percentage rates and tax legislation may change in subsequent Finance Acts. Levels and bases of reliefs from taxation are subject to change and their value depends on an individual's personal circumstances.