DRG
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The Budget 2016

March 2016

On Wednesday, 16th March 2016, the Chancellor, George Osborne, delivers a 'next generation Budget' as the storm clouds gather.

Introduction

Chancellor George Osborne delivered his eighth Budget to the House of Commons, dubbing it a 'Budget for the long term' but warning that 'the storm clouds are gathering again'.

Having proclaimed that the British economy is 'fit for the future' and that the Government remains on course to achieve a budget surplus of £10.4bn in 2019/20, the Chancellor warned that growing global economic gloom threatens the UK.

With low productivity growth and a weak global outlook continuing to present a 'dangerous cocktail of risks', the Chancellor revealed that the Office for Budget Responsibility (OBR) has significantly revised down its economic forecasts for the next five years, with UK economic growth forecast to be just 2% in 2016.

Official figures also revealed that the Chancellor has missed his target to reduce debt as a share of GDP. Borrowing forecasts have been revised upwards to £55.5bn for 2016/17, and the Chancellor announced the need for deeper spending cuts, with £3.5bn of additional savings to be made by 2019/20.

With an EU referendum fast approaching the Chancellor was keen to point out that the OBR's forecasts were predicated on there being no Brexit, and claimed that leaving the EU could usher in a 'period of uncertainty' for the UK.

The Chancellor revealed a package of business tax measures, announcing that in England the Small Business Rate Relief threshold will rise from £6,000 to £12,000 from April 2017 and promising further radical changes, with the uprating of business rates set to change from RPI to CPI. Greater London will see the complete devolution of business rates from next April.

Meanwhile, for individuals, building on the recent announcement of a new Help to Save scheme, the Chancellor unveiled a new Lifetime ISA, which is intended to allow adults aged under 40 the opportunity to save up to £4,000 a year towards buying their first home (up to a limit of £450,000) or to save towards their retirement, and which the Government will top up by 25%.

Other key announcements on personal taxation included the next step in the Government's drive to increase the income tax personal allowance, which will rise to

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£11,500 from April 2017, at which time the threshold for higher rate tax will also rise to £45,000.

Capital gains tax rates will also be cut, with the headline rate falling from 28% to 20% and the basic rate from 18% to 10% with effect from 6 April 2016.

Fuel duty will remain frozen for the sixth consecutive year, while tobacco duties will rise above inflation, and from 2018 a new sugar levy on the soft drinks industry will aim to combat the problem of childhood obesity.

Other significant measures include additional investment in the nation's infrastructure, further measures towards the 'devolution revolution' and plans to turn every school in England into an academy.

How the Budget could affect you and your business

In this report, you will find a summary of the Budget highlights. Please do seek professional advice to consider the impact these changes could have on you and your business.

Budget highlights

- Small Business Rate Relief threshold rising to £12,000
- Corporation tax to reach 17% from April 2020
- New Lifetime ISA for the under-40s
- Stamp duty on commercial property reduced for lower bands
- Capital gains tax to be cut from 28% to 20%
- Income tax personal allowance rising to £11,500 from April 2017
- Class 2 NICs for the self-employed abolished from 2018
- ISA allowance to rise to £20,000
- New sugar levy on soft drinks from 2018

Business tax and investment incentives

Corporation tax

Financial year to	31st March 2017	31st March 2016
Corporation tax rate	20%	20%

The corporation tax rate will be 19% for the financial years beginning 1 April 2017, 1 April 2018 and 1 April 2019, and 17% for the financial year beginning 1 April 2020.

Corporation tax loss relief

For losses incurred on or after 1 April 2017, businesses will be able to use carried forward losses against profits from other income streams or from other companies within a group.

From 1 April 2017, the amount of profit that can be offset through losses carried forward will be restricted to 50%. This restriction will only apply to profits in excess of £5m. For groups, the £5m allowance will apply to the group.

Corporation tax payment dates

It was previously announced that companies with annual taxable profits of £20m or more would make corporation tax payments in the third, sixth, ninth and twelfth months of their accounting period.

The introduction of this is to be deferred so that the new payment dates will now apply to accounting periods starting on or after 1 April 2019.

Tax deductibility of corporate interest expenses

The Government is to cap the amount of relief for interest to 30% of a group's taxable earnings in the UK or based on the net interest to earnings ratio for the worldwide group. The rule will be introduced from 1 April 2017 and will include a group threshold limit of £2m net UK interest expense and provisions for public benefit infrastructure.

Loans to participators

The rate of tax charged on loans to participators and other arrangements is to be increased from 25% to 32.5% so that it continues to mirror the higher rate of dividend tax. This new rate will apply to loans made and benefits conferred by close companies on or after 6 April 2016. For accounting periods which straddle 6 April 2016, different rates will be applied to separate loans made or benefits conferred before, and on or after, 6 April 2016.

Personal service companies

From April 2017, individuals working through their own company in the public sector will no longer be responsible for deciding whether the intermediaries legislation (known as IR35) applies and then paying the relevant tax and national insurance contributions (NICs). This responsibility will instead move to the public sector employer, agency, or third party that pays the worker's intermediary. They will have to decide if the rules apply to a contract and, if so, account for and pay the liabilities through the RTI system and deduct the relevant tax and NICs.

The existing IR35 rules will continue as they are now for non-public sector engagements.

Profits from trading in and developing UK land

Legislation will be introduced to ensure that non-resident developers of UK property will always be brought into UK tax on the profits from that development. The legislation puts in place a specific set of rules to tax trading profits derived from land in the UK and these rules will apply equally to resident and non-resident businesses, and will not depend on the existence of a 'permanent establishment' in the UK.

The legislation will be introduced at Report Stage of Finance Bill 2016 and will take effect from the date of introduction. Anti-avoidance rules will take effect from Budget Day to counteract arrangements, put in place between Budget Day and the date the new legislation is introduced, that are designed to get around the charge.

Research and Development (R&D)

Legislation is to be introduced to prevent an unintended reduction in the R&D relief available to some SMEs when the Large Company relief, which is being replaced by R&D Expenditure Credit, expires on 31 March 2016. The revised calculation will apply in respect of expenditure incurred on or after 1 April 2016.

Vaccine research relief will cease to apply to expenditure incurred on or after 1 April 2017.

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Enterprise Management Incentives (EMI)

A rights issue which takes place on or after 6 April 2016 in respect of shares received on exercise of an EMI option will be treated in the same way for share identification purposes as other rights issues: the new shares will be treated as acquired at the same time as the original shares.

Enterprise Zones

The period in which businesses investing in new plant and machinery, in enhanced capital allowance sites in Enterprise Zones, can qualify for 100% capital allowances is to be extended to eight years. The legislation will have effect from Royal Assent.

Venture capital schemes

The method of determining the five year period for the average turnover amount and the relevant three preceding years for the operating costs conditions will be clarified for both Enterprise Investment Scheme (EIS) and Venture Capital Trusts (VCTs) to ensure that the most recently filed accounts of a company are generally used to determine the end date of the relevant period. This will have effect from 18 November 2015 for shares issued under EIS and for investments made by VCTs, however an investee company may elect to apply the existing legislation for investments received between 18 November 2015 and 5 April 2016, inclusive.

A new condition will be introduced to clarify the non-qualifying investments a VCT may make for liquidity management purposes. This will have effect from 6 April 2016.

Trading income received in non-monetary form

Legislation will be introduced to confirm that trading and property business income received in non-monetary form is brought into account in calculating taxable profits for corporation tax and income tax purposes. This will have effect in relation to transactions occurring on or after 16 March 2016.

National insurance contributions (NICs)

2016/17 Class 1 – Payable on weekly earnings of:-	Employee (Primary)	Employer (Secondary)
Below £112 (lower earnings limit)	Nil	-
£112 - £155 (primary threshold)	*0%	-
Up to £156 (secondary threshold)	-	Nil
Above £156	-	13.8%

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2016/17 Class 1 – Payable on weekly earnings of:-	Employee (Primary)	Employer (Secondary)
£155.01-£827 (upper earnings limit)	**12%	-
£156.01 - £827 (upper secondary threshold (UST) for under 21s)	12%	0%
£156.01 - £827 (apprentice upper secondary threshold (AUST) for under 25s)	12%	0%
Above £827	**2%	-

**No NICs are actually payable but notional Class 1 NIC is deemed to have been paid; this protects contributory benefit entitlement.*
***Over state pension age, the employee contribution is generally nil.*

Changes to the Employment Allowance

From April 2016 the annual Employment Allowance for employer NICs increases from £2,000 to £3,000. However, companies where the director is the sole employee will no longer be able to claim this allowance.

Employment allowance up to £3,000 (per year)

Class 1A	On relevant benefits	13.8%
Class 2	Self employed Small profits threshold	£2.80 per week £5,965 per annum
Class 3	Voluntary	£14.10 per week
Class 3A	Voluntary contributions may be available to 5 April 2017 in order to obtain extra additional State Pension (maximum £25 a week) - variable contribution rates according to age	
Class 4	Self employed on profits: £8,060 - £43,000 Excess over £43,000	 *9% *2%

*Exemption applies if state pension age was reached by 6 April 2016.

Future changes

It was announced that from April 2018, Class 2 NICs will be abolished, and a reform of Class 4 NICs will be undertaken.

Termination payments

From April 2018, employer NICs will be due on termination payments above £30,000 that are already subject to income tax.

The first £30,000 of a termination payment will remain exempt from income tax and the full payment will be outside the scope of employee NICs.

Tax and travel

Car and fuel benefits

The taxable petrol and diesel car benefit is based on the car's CO2 emissions. It is calculated using the car's UK list price and applying the 'appropriate percentage', as shown in the table in the appendices. The car fuel benefit is calculated by applying the same percentages to the fuel benefit charge multiplier, which for 2016/17 is £22,200.

From April 2015, the five year exemption for zero carbon and the lower rate for ultra-low carbon emission cars came to an end. Two new bands were introduced for ultra-low emission vehicles (ULEVs). These were set at 0-50 g/km (5%) and 51-75 g/km (9%).

The appropriate percentages for the remaining bands were increased by 2% for cars emitting more than 75 g/km, to a new maximum of 37%.

From April 2016, all the appropriate percentages will be increased by 2%, up to the maximum of 37%. In addition, new European standards which came into force in September 2015 required diesel cars to have the same air quality emissions as petrol cars. The 3% diesel supplement was set to be removed in April 2016. However, it will now be retained until April 2021, when EU-wide testing procedures will ensure new diesel cars meet air quality standards even under strict real-world driving conditions.

The appropriate percentage will increase by 2% for cars emitting more than 75 g/km to a maximum of 37% in each of years 2017/18 and 2018/19.

VAT on fuel for private use in cars

Where businesses wish to reclaim the input VAT on fuel which has some degree of private use, they must account for output VAT for which they may use the flat rate valuation charge.

Plug-in Grants

Motorists (private or business) purchasing new qualifying ultra-low emission cars can receive a grant of 35% towards the cost of the vehicle, up to a maximum of either £2,500 or £4,500 depending on the model. The scheme also covers new qualifying ultra-low emission vans, where the available grant will be 20% towards the cost of the vehicle, up to a

maximum of £8,000. Vehicles with CO2 emissions of 75 g/km or less, including electric, plug-in hybrid and hydrogen-fuelled cars, are potentially eligible for the subsidy. There are strict criteria to be met before specific vehicles can be confirmed as eligible under the rules of the scheme.

Zero emission vans

As previously announced, the benefit for zero emission vans is to be increased on a tapered basis so that there will be a single van benefit charge applying to all vans by April 2020. For 2016/17 the charge will be 20% of the value of the standard van benefit charge (i.e. £634). There is no fuel benefit for such vans, as set out below.

Company vans

The taxable benefit for the unrestricted private use of vans is £3,170. There is a further £598 taxable benefit if the employer provides fuel for private travel (see table in appendices)

Mileage rates

Changes to the HMRC business mileage rates are announced from time to time. The rates from 1 March 2016 are as follows:-

Vehicle	First 10,000 miles	Thereafter
Car / van	45p	25p
Motorcycle	24p	24p
Bicycle	20p	20p

Fuel only advisory rates (Company cars only)			
Engine capacity	**Petrol**	**Diesel**	**LPG**
1400cc or less	10p	8p	7p
1401cc to 1600cc	12p	8p	8p
1601cc to 2000cc	12p	10p	8p
Over 2000cc	19p	11p	13p

The fuel only advisory rates relate to company cars only. They can be applied as a tax-free maximum rate for employees claiming for petrol used on business journeys and for employees reimbursing their employers with the cost of petrol used for private journeys. HMRC will consider claims for a higher maximum rate, if it can be demonstrated that it is necessary for an employee to use a car with higher than average fuel costs.

Car costs – Vehicle Excise Duty (VED) rates

VED ('Car Tax') rates also reflect emissions. The table in the appendices shows the standard rates which apply from 1 April 2016 for cars registered on or after 1 March 2001.

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Income tax and personal savings

Income tax rates

	2016/17	2015/16
Basic rate band		
Income up to	£32,000	£31,785
Starting rate for savings	*0%	*0%
Basic rate	20%	20%
Dividend ordinary rate	**7.5%	0%
Higher rate		
Income over	£32,000	£31,785
Higher rate	40%	40%
Dividend Upper rate	**38.1%	25%
Additional rate		
Income over	£150,000	£150,000
Additional rate	45%	45%
Dividend additional rate	38.1%	30.6%
Starting rate limit (savings income	*£5,000	*£5,000

For 2016/17, Scottish taxpayers are effectively subject to the same income tax rates as the rest of the UK.
**If an individual's taxable non-savings income exceeds the starting rate limit, then the starting rate limit for savings will not be available for savings income. For 2016/17, £1,000 of savings income for basic rate taxpayers (£500 for higher rate) may be tax-free.*
***For 2016/17 the first £5,000 of dividends are tax-free.*

The Government has announced an increase in the basic rate limit for the 2017/18 tax year from £32,400 to £33,500. As a result, the higher rate threshold will be £45,000 in 2017/18.

Personal allowances (PA) and married couples' allowance (MCA)

	2016/17	2015/16
Personal allowances		
Born after 5th April 1938	£11,000	£10,600
Born before 6th April 1938	*£11,000	*£10,660
Married couples allowance (MCA) Relief given at 10%		
Either partner born before 6th April 1935	*£8,355	*£8,355
Transferable tax allowance ('Marriage Allowance') Relief given at 20%		
For certain married couples	£1,100	£1.060

**Allowances are reduced by £1 for every £2 that adjusted net income exceeds £27,700 to a minimum PA of £11,000 (£10,600) and to a minimum MCA of £3,220.*

Where adjusted net income exceeds

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£100,000, PA is reduced in the same way until it is nil regardless of the individual's date of birth.

The Government has committed to raise the PA to £12,500 by the end of this Parliament, and to increase it to £11,500 for 2017/18.

Tax shelters

Tax shelters	2016/17	2015/16
Venture Capital Trust up to	£200K	£200K
Enterprise Investment Scheme up to	£1,000K	£1,000K
Seed Enterprise Investment Scheme	£100K	£100K
Social Investment Tax Relief up to	£1,000K	£1,000K

Micro-entrepreneurs

From April 2017, the Budget introduces two new £1,000 allowances for property and trading income.

Individuals with property income or trading income below the level of allowance will no longer need to declare or pay tax on that income.

Those with relevant incomes above £1,000 can benefit by simply deducting the allowance instead of calculating their exact expenses.

Individual Savings Accounts (ISAs)

With effect from 6 April 2017, the ISA annual allowance will increase from £15,240 to £20,000.

The Government will legislate to allow the ISA savings of a deceased person to continue to benefit from tax advantages during the administration of their estate and will set out further plans for introducing this measure in 2016.

2016/17 limits	
Overall investment limit	£15,240
Junior ISA and CTF limit	£4,080

Lifetime ISA

From 6 April 2017 any adult under 40 will be able to open a new Lifetime ISA. They can save up to £4,000 each year and will receive a 25% bonus from the Government for every pound they put in, up to the age of 50.

Funds can be used to save for a first home or for retirement. Features include:

- Both the savings and Government bonus can be used towards a deposit on a first home, worth up to £450,000
- Accounts are limited to one per person rather than one per home – so two first-time buyers can both receive a bonus when buying together
- During the 2017/18 tax year, those that have a Help to Buy: ISA can transfer the savings into the Lifetime ISA, or continue saving into both, but will only be able to use the

bonus from one to buy a house

- After their 60th birthday savers can withdraw the savings, tax-free
- Savers can withdraw money at any time before their 60th birthday for any purpose, but the Government bonus, together with any interest or growth thereon will be lost. A 5% charge will also be payable.

Pensions

The Government will increase the existing £150 income tax and national insurance relief for employer arranged pension advice to £500.

Where a serious ill-health lump sum is paid to an individual who has reached age 75, it will be taxable at that individual's marginal rate rather than at a flat rate of 45%.

A change is to be made to align the tax treatment of a charity lump sum death benefit after a member has died under the age of 75, whether paid out of drawdown pension funds and flexi-access drawdown funds or out of funds that have not been accessed (uncrystallised funds).

The Scottish rate of income tax (SRIT)

Under the Scotland Act 2012, with effect from 6 April 2016 the Scottish Parliament has the power to set a separate annual rate of income tax for Scottish taxpayers. The new regime means that taxpayers who are deemed to be resident in Scotland will effectively pay two types of income tax on their non-savings income, with the main UK rates of income tax being reduced by 10p for Scottish taxpayers, and the Scottish Parliament levying the SRIT in its place.

In its draft Budget in December 2015, the Scottish government announced that the new SRIT will be set at 10p in the pound for 2016/17. However, while the overall rates of tax paid by Scottish taxpayers remain unchanged for the coming year, the new rules will affect many employers and employees. Any employer in the UK, even those based outside Scotland, will see a change to PAYE procedures if a single one of their employees is classed as a Scottish taxpayer for the purposes of SRIT.

A new 'S' prefix will be added to the tax code of Scottish taxpayers, and payroll software will need to apply the correct rates of SRIT. However, employers should not use an 'S' tax code until advised to do so by HMRC. There is no requirement to identify the SRIT proportion of tax on the P60, but the P60 should show a Scottish tax code where relevant.

Value Added Tax (VAT)

VAT from 1st April 2015	
Standard rate	20%
VAT fraction	1/6
Reduced rate	5%

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Current VAT turnover limits	
Registration Last 12 months or next 30 days	Over £83,000 from 1/4/2016
Deregistration Next 12 months	Under £81,000 from 1/4/2016
Annual and Cash Accounting schem3	£1,350,000
Flat Rate Scheme	£150,000

Duties

Alcohol duty

With effect from 21 March 2016 the following duty rates will be frozen in cash terms this year:

- Duty rates on beer
- Duty rates on spirits and other drinks above 22% alcohol by volume (abv)
- Duty rates on still cider and lower strength sparkling cider

The duty rates on wine and made-wine at or below 22% abv, and high strength sparkling cider above 5.5% abv will rise by RPI inflation from 21 March 2016.

Tobacco duty

With effect from 6pm on 16 March 2016, the hand-rolling tobacco duty rate is increased by 5% above RPI inflation this year. This is an additional 3% rise above the tobacco duty escalator which, as announced at Budget 2014, will continue until the end of this Parliament.

Fuel duty

The main rate of fuel duty for petrol and diesel will remain frozen at 57.95p per litre in 2016/17.

Stamp duty land tax (SDLT) for non-residential property

Changes take effect on and after 17 March 2016 for purchasers of non-residential property with an upfront payment worth more than £150,000 or a lease net present value (NPV) of more than £5m. These measures do not apply in Scotland.

The measure changes the rules for calculating the SDLT charged on purchases of non-residential properties and transactions involving a mixture of residential and non-residential properties. At present, for purchases of freehold, the assignment of an existing lease and for the upfront payment (premium) on a new leasehold transaction, SDLT is charged at a single percentage of the price paid for the property, depending on the rate band within which the purchase price falls.

On and after 17 March 2016, SDLT will be charged at each rate on the portion of the purchase price which falls within each rate band. The new rates and thresholds for freehold purchases and lease premiums are:

Transaction Value Band	Rate
£0-£150,000	0%
£150,001 - £250,000	2%
£250,000+	5%

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For new leasehold transactions, SDLT is already charged at each of rate on the portion of the NPV of the rent which falls within each band. On and after 17 March 2016 a new 2% rate for rent paid under a non-residential lease will be introduced where the NPV of the rent is above £5m. The new rates bands and thresholds for rent paid under a lease are:

NPV of rent	Rate
£0-£150,000	0%
£150,001 - £5,000,000	1%
£5,000,000+	5%

SDLT: higher rates on purchases of additional residential properties

From 1 April 2016 changes will apply to individuals purchasing a residential property in England, Wales and Northern Ireland who, at the end of the day of the transaction, own two or more residential properties and are not replacing a main residence. Companies and other non-natural persons purchasing residential property will also be subject to the higher rates, including the first purchase of a residential property in England, Wales and Northern Ireland. The higher rates will be three percentage points above the current SDLT rates, as follows:

Threshold	Existing SDLT Rate	New additional property SDLT rates
£0-£125K	0%	3%
£125K - £250K	2%	5%
£250K- £925K	5%	8%
£925K- £1.500K	10%	13%
£1,500K+	12%	15%

A similar levy will apply to the Land and Buildings Transaction Tax in Scotland.

Capital taxes

Capital gains tax

On chargeable gains	2016/17
Total taxable income and gains	
Up to £32,000	10%
From £32,001	20%
Trust rate	20%

Annual exempt amount – individuals £11,100 and most trustees £5,550.

Budget 2016 announces that, from 6 April 2016, the higher rate of CGT will be reduced from 28% to 20%, and the basic rate from 18% to 10%.

There will be an eight percentage point surcharge on these new rates for carried interest and for gains on residential property. Private Residence Relief will continue to ensure that an individual's main home is not subject to CGT.

Employee Shareholder Status (ESS)

Budget 2016 introduces an individual lifetime limit of £100,000 on gains eligible for CGT exemption through ESS. This limit will apply to arrangements entered into on or after 17 March 2016, and will not apply to arrangements already in place.

Entrepreneurs' relief (ER)

Qualifying gains will be taxed at 10%. Claims may be made on more

than one occasion up to a 'lifetime' total of £10m.

ER will be extended to external long term individual investors in unlisted companies, providing a 10% CGT rate for gains accruing on the disposal of newly issued shares in unlisted companies purchased on or after 17 March 2016. This new investors' relief is subject to the shares being held for a minimum of three years from 6 April 2016, and a separate lifetime limit of £10m of gains.

Goodwill on incorporation

The Government will allow ER to be claimed, subject to certain conditions, on gains on the goodwill of a business when that business is transferred to a company controlled by five or fewer persons or by its directors. These changes will take effect for disposals made on or after 3 December 2014.

Associated disposals

There are to be changes to the availability of ER on associated disposals which will be backdated with effect from 18 March 2015. The changes allow ER to be claimed on an 'associated disposal' of a privately-held asset when the accompanying disposal of business assets is to a family member. Relief can also be claimed in some cases where the disposal of business assets does not meet the present 5% minimum size condition.

Joint ventures and partnerships

Changes to the definition of 'trading purposes are to be introduced and will apply to disposals on or after 18 March 2015. Where the new definitions apply, a fraction of the activities of a joint venture company will be treated as carried on by a company which holds shares in the joint venture company. Similarly, where the new definitions apply, trading activities of a company in its capacity as a partner in a firm will be taken into account in deciding whether the company is a trading company for ER purposes.

Property: Finance costs

Legislation will be introduced in Finance Bill 2016 to clarify that the basic rate tax reduction is available to beneficiaries of deceased persons' estates. It will also ensure that the basic rate reduction applies and is calculated as intended.

National Minimum Wage and National Living Wage

From 1 April 2016, the new National Living Wage (NLW) will be introduced for workers aged 25 and above, in the form of a premium on top of the existing National Minimum Wage (NMW). Initially set at £7.20, the NLW is expected to rise to over £9 by 2020. A new NMW rate comes into effect on 1 October each year and will continue to apply for those aged under 25. The table overleaf shows the NMW and NLW rates applying from 1 April 2016.

	National Minimum Wage	National Living Wage
Apprentices*	£3.30	-
16 and 17	£3.87	-
18-20	£5.30	-
21 -24	£6.20	-
25 and over	-	£7.20

The Government has also announced an increase in the NMW from 1 October 2016, as follows:

Age	From 1st Oct 2016
Apprentices*	£3.40
16 and 17	£4.00
18-20	£5.55
21 and over	£6.95

*Rate applies to apprentices under 19, or those 19 and over in the first year of apprenticeship.

The NMW and NLW cycles will be aligned with effect from April 2017 so that both rates are amended in April each year.

Other measures announced

Real time collection of tax on benefits in kind: voluntary payrolling

Measures will be introduced to extend the voluntary payrolling framework to allow employers to account for tax on non-cash vouchers and credit tokens in real time from 6 April 2017.

Apprenticeship levy

As announced at the Autumn Statement 2015, an apprenticeship levy will be introduced in April 2017. It was announced in the Budget that from April 2017, employers will receive a 10% top-up to their monthly levy contributions in England and this will be available for them to spend on apprenticeship training through their digital account.

Business rates

Following the business rates review, the Government has announced that from 1 April 2017 it will permanently double Small Business Rate Relief in England from 50% to 100%. It will also increase the thresholds so that businesses with a property with a rateable value of £12,000 and below will receive 100% relief, while businesses with a property with a rateable value between £12,000 and £15,000 will receive tapered relief.

Museums and galleries tax relief

A new tax relief for museums and galleries will be introduced from 1 April 2017 following a consultation over Summer 2016. The relief will be available for temporary and touring exhibition costs.

Soft drinks industry levy

A new soft drinks industry levy will be introduced, to be paid by producers and importers of soft drinks that contain added sugar.

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The levy will be charged on volumes according to total sugar content, with a main rate charge for drinks containing above five grams of sugar per 100 millilitres and a higher rate for drinks with more than eight grams of sugar per 100 millilitres. There will be an exclusion for small operators. Following consultation, legislation will be introduced in Finance Bill 2017 and implemented from April 2018.

Insurance Premium Tax (IPT)

The standard rate of IPT will be increased from 9.5% to 10% with effect from 1 October 2016.

Petroleum Revenue Tax

The Government will permanently reduce the rate of Petroleum Revenue Tax from 35% to 0%, taking effect for chargeable periods ending after 31 December 2015.

For further information

If you would like to discuss the Budget and changes in legislation which might affect you or your business, please do get in touch with us.

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Appendices

Car and fuel benefits

CO_2 emissions	Appropriate percentage	
(g/km)	Petrol %	Diesel %
0 – 50	7	10
51 - 75	11	14
76 - 94	15	18
95 - 99	16	19
100 - 104	17	20
105 - 109	18	21
110 - 114	19	22
115 - 119	20	23
120 - 124	21	24
125 - 129	22	25
130 - 134	23	26
135 - 139	24	27
140 - 144	25	28
145 - 149	26	29
150 - 154	27	30
155 - 159	28	31
160 - 164	29	32
165 - 169	30	33
170 - 174	31	34
175 - 179	32	35
180 - 184	33	36
185 - 189	34	37
190 - 194	35	37
195 - 199	36	37
200 – and above	37	37

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Company vans

Van and fuel charge	Van £	Fuel £	Total £
Tax (20% taxpayer)	634	119.60	753.60
Tax (40% taxpayer)	1,268	239.20	1,507.20
Tax (45% taxpayer)	1,426.50	269.10	1,695.60
Employer's Class 1A NICs	437.46	82.52	519.98

Car costs – Vehicle Excise Duty VED rates

VED Band	CO_2 Emissions (g/km)	Standard Rate £	First Year Rate £
A	Up to 100	0	0
B	101 - 110	20	0
C	111 - 120	30	0
D	121 - 130	110	0
E	131 - 140	130	130
F	141 - 150	145	145
G	151 - 165	185	185
H	166 - 175	210	300
I	176 - 185	230	355
J	186 - 200	270	500
K*	201 - 225	295	650
L	226 - 255	500	885
M	Over 255	515	1,120

** includes cars emitting over 225g/km that were registered before 23 March 2006*