shipleys LLP
Chartered Accountants & Professional Business Advisers

Budget Summary

November 2017

Introduction

With the economy more sluggish and less productive than forecast, uncertainties around Brexit and a slender parliamentary majority, ‘Spreadsheet Phil’ was not expected to deliver a magic pill or any major policy shifts in his second Budget as Chancellor. He did however attempt to address some of the key politically challenging issues by making more money available to the NHS and dealing with some of the problem areas around Universal Credit (we will wait to see whether this has gone far enough).

One positive was news that the public borrowing figure was £8.45 billion lower than forecast in March (though that may well be going to the EU escape fund!).

Notable announcements include the abolition of stamp duty for some first-time buyers of homes and a proposed much harsher regime for overseas owners of all types of UK property.

In a nod to the pressures facing small businesses, the VAT threshold will remain at £85,000 (there had been talk of it being much reduced) and business rates will be pegged to the Consumer Prices Index in 2018 (rather than the higher RPI), two years earlier than planned.

The Chancellor also revealed a raft of incentives and proposals aimed at ensuring Britain is at the forefront of technology, including increasing R&D tax credits.

Despite all these giveaways he said he would still be able to meet the target to cut the deficit to below 2% by the end of this parliament, albeit with less room for manoeuver.

Our Budget Highlights over the page are followed by more detailed analysis of the main announcements.

Simon Robinson
Managing Principal

Budget Highlights

Income tax – Personal allowance for 2018/19 will be increased to £11,850. Basic rate limit will be increased to £34,500.

Capital gains tax – Annual CGT exempt amount for 2018/19 increased to £11,300 for individuals and £5,650 for personal representatives and most trusts.

The CGT on gains on disposal of residential property after 5 April 2020 is to be payable within 30 days of completion – rather than on 31 January after the end of the tax year.

Companies' chargeable gains for disposals from 1 January 2018 will reflect the indexation allowance only up to December 2017.

National Insurance Contributions (NIC) – Class 2 NIC will be abolished from April 2019 and other reforms will be made to NIC.

Pensions – The lifetime pension allowance is increased to £1.03m for 2018/19.

Benefits-in-kind – Employees will not be taxed on electricity provided by an employer for an electric car, from April 2018.

Foreign service relief for termination payments will end from April 2018.

The Government will consult on making the **employment status** tests clear for both employment rights and tax.

R&D tax credit increases from 11% to 12% from January 2018.

Enterprise Investment Scheme (EIS) and Venture Capital Trusts (VCTs) limits to relief for knowledge-intensive companies are increased from April 2018.

Non-residents are to be subject to tax on gains on *all* UK 'immovable property' with effect from April 2019. Currently they are only taxed on UK residential property.

Non-resident companies' UK property income, and gains on UK residential property, are to be subject to corporation tax from April 2020.

Partnership taxation – The changes to partnership taxation to apply from April 2018 that were supposed to clarify treatment of profits have been amended so as to be more compatible with commercial arrangements.

Stamp duty land tax (SDLT) is reduced for some first-time buyers of residential property from 22 November 2017. If the consideration is not over £500,000, the SDLT is only 5% on the excess over £300,000. The SDLT filing date is to be cut from 30 days to 14 days for transactions from 1 March 2019

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Personal Taxation

Income Tax

Rates and Bands for 2018/19

(2017/18 figures in brackets)

	Dividends	**Savings income**	**Other***
First £2,000 *(£2,000)*	0% *(0%)**	0% *(0%)*	20% *(20%)*
£2,001 - £5,000 *(£2,001 - £5,000)*	7.5% *(0%)**	0% *(0%)*	20% *(20%)*
£5,001 - £34,500* *(£5,001 - £33,500)* (basic rate)	7.5% *(7.5%)*	20% *(20%)*	20% *(20%)*
£34,501 - £150,000 *(£33,501 - £150,000)* (higher rate)	32.5% *(32.5%)*	40% *(40%)*	40% *(40%)*
Over £150,000 (*additional rate)*	38.1% *(38.1%)*	45% *(45%)*	45% *(45%)*

Dividends are treated as the top slice of total income, interest and other savings income as the next**.**

Construction industry sub-contractors: tax deduction on account 20%, or 30% if the sub-contractor is unregistered.

* Scottish taxpayers pay the Scottish rate of income tax on income other than savings income and dividends. The rates and bands for 2018/19 will be announced on 14 December 2017.

Allowances

	2018/19 £	***2017/18 £***
Relief at individual's top tax rate		
Personal allowance[1]	11,850	*11,500*
Blind person's allowance	2,390	*2,320*
Relief at 10%		
Married couple's allowance if born before 6 April 1935 and either is aged over 75[2]	8,695	*8,445*
Relief at 20%		
Transferable marriage allowance[3]	1,185	*1,150*
Savings allowance[4]	1,000	*1,000*
Savings allowance[5]	500	*500*

[1] The personal allowance is reduced by £1 for every £2 of income in excess of £100,000.
[2] Reduced to a minimum of £3,360 *(£3,260 in 2017/18*) by £1 for every £2 income exceeds £28,000 *(£28,000 in 2017/18*).
[3] For married couples and civil partners not entitled to the married couple's allowance if neither has income liable at a rate other than the basic rate, the dividend ordinary rate or the starting rate for savings.
[4] Limited to the excess over £5,000 savings income and if, ignoring that allowance, the individual has no 'higher rate' income.
[5] Limited to the excess over £5,000 savings income and if, ignoring that allowance, the individual has no 'additional rate' income.

Termination Payments Foreign Service Relief

With effect from 6 April 2018, termination payments made to employees with overseas service who are resident in the UK in the year their employment was terminated will not be eligible for foreign service relief. They will, if applicable, continue to attract the £30,000 income tax exemption and an unlimited exemption from employees' Class 1 National Insurance Contributions (NICs).

Employers' NICs are aligned to the income exemption of £30,000.

Disguised Remuneration

Legislation will build on previous measures introduced that tackled disguised remuneration schemes and prevent their future use. More information on the changes to be introduced will be published on 1 December 2017.

The proposed changes include:

1. Making clear when Part 7A of ITEPA 2003 (covering employment income provided through third parties) applies to disguised remuneration schemes used by owners of close companies.

2. Clarifying the scope of the interaction between the disguised remuneration rules and other tax charges. This prevents double taxation by clarifying the interaction between overlapping provisions.

3. Introducing a duty to provide information about outstanding disguised remuneration loans to HMRC for users of disguised remuneration schemes.

4. Amending to the legislation to ensure that an employee who benefitted from a disguised remuneration avoidance scheme is liable for the tax arising on the loan charge where their employer is based offshore.

Seafarers' Earnings Deduction

From the date of Royal Assent to Finance Bill 2017/18, qualifying members of the Royal Fleet Auxiliary Service will qualify as seafarers for the purposes of claiming the Seafarers' Earnings Deduction. This deduction was previously given on a concessionary basis.

Marriage Allowance Claims – Deceased Partners

With effect from 29 November 2017, the spouse of a deceased partner will be able to make a claim for Marriage Allowance, for up to four years earlier.

Gift Aid Donors' Benefits

The rules limiting the benefits charities may give Gift Aid donors are to be simplified from 6 April 2019.

National Insurance Contributions

		2018/19	***2017/18***
Class 1	Employees' contributions (monthly)		
	On earnings up to £702 *(2017/18 £680)*	Nil	*Nil*
	On earnings between £702 and £3,865 *(2017/18 £680 and £3,753)*	12%	*12%*
	On earnings over £3,865 *(2017/18 £3,753)*	2%	*2%*
	Employees' contracted-out rebate (monthly)		
	On earnings between £503 and £3,865 *(2017/18 £490 and £3,753)*	Nil	*Nil*
	Married women's reduced rate (monthly)		
	On earnings between £702 and £3,865 *(2017/18 £680 and £3,753)*	5.85%	*5.85%*
	On earnings over £3,865 *(2017/18 £3,753)*	2%	*2%*
	Employers' contributions (monthly)		
	On earnings up to £702 *(2017/18 £680)*	Nil	*Nil*
	Employees under 21 on earnings under £3,865 *(2017/18 £3,753)*	Nil	*Nil*
	Apprentices over 21 but under 25 on earnings over £702 and under £3,865	Nil	*Nil*
	Other earnings over £702 (*2017/18 £680)*	13.8%	*13.8%*
	Employers' contracted-out rebate (monthly) – salary-related schemes		
	On earnings between £503 and £3,865 (*2017/18 £490 and £3,753*)	Nil	*Nil*
Class 1A	Employers' contributions on taxable benefits-in-kind	13.8%	*13.8%*
Class 2	Self-employed contributions (monthly)	£12.78	*£12.35*
	Small earnings exception (annual)	£6,205	*£6,025*
Class 3	Voluntary contributions (monthly)	£63.48	*£61.75*
Class 4	Self-employed (annual profit-related)		
	On profits between £8,424 and £46,350 *(2017/18 £8,164 and £45,000)*	9%	*9%*
	On profits over £46,350 *(2017/18 £45,000)*	2%	*2%*
	Employment allowance (annual)	£3,000	*£3,000*

Capital Gains Tax

	2018/19	***2017/18***
Annual exemption		
Individuals, personal representatives (for year of death and following two years) and trusts for disabled, etc	£11,700	*£11,300*
Other trusts		
Divided by the number of trusts with same settlor – up to five	£5,850	*£5,650*

Rates of Tax

Gains of individuals, trustees, personal representatives, trustees (and ATED-related gains of companies), other than those eligible for entrepreneurs' and investors' relief (and excepting residential property and carried interests), are taxed at 20%; save that, in the case of individuals, gains equal to any unused basic rate band are taxed at 10%. Gains on residential property and carried interests remain at 18% or 28%.

Carried Interest

Certain transitional rules affecting the July 2015 carried interest rules will not apply from 22 November 2017.

The transitional rules affected relate to:

- an exclusion from the rules for carried interest arising to an investment manager on or after 8 July 2015 in connection with the disposal of partnership assets before that date
- the application of provisions in the disguised investment management fee rules which determine the time at which amounts of carried interest arise to a manager, including where the right to carried interest has been assigned to someone else.

Inheritance Tax

Rates at Death	**From 6 April 2018**	***From 6 April 2017***
Nil	Up to £325,000	*Up to £325,000*
Nil – residence nil rate band	Further £125,000[1]	*Further £100,000[1]*
Excess above nil rate band	40%[2]	*40%[2]*

[1] For bequests of a main residence to direct descendants. The relief is reduced by £1 for every £2 the estate exceeds £2 million.

[2] A reduced 36% rate of IHT is available where 10% or more of the estate net of reliefs, exemptions and the nil rate band is left to charity.

Pension Inputs

Annual limit on pension 'inputs' (contributions and accrual of benefits)		
	2018/19	***2017/18***
If income does not exceed £150,000	£40,000	*£40,000*
If income exceeds £150,000 but not £210,000	£40,000 less £1 for every £2 income exceeds £150,000	*£40,000 less £1 for every £2 income exceeds £150,000*
If income exceeds £210,000	£10,000	*£10,000*
Money purchase annual allowance	£4,000	*£4,000*

Lifetime allowance limit	£1,030,000	*£1,000,000*

Motor Car Benefits

CO_2 emissions g/km	Petrol engine %	Diesel engine %*
50 or less	13	17
51 - 75	16	20
76 - 94	19	23
per additional 5g/km, until 160g/km	+1	+1
160 - 164	33	37
165 - 169	34	37
170 - 174	35	37
175 - 179	36	37
180 and above	37	37

* The supplement for diesel company cars is increased from 3% to 4% from 6 April 2018.

Motor Van Benefits

The annual benefit taxable for an employee's private use of a van (not over 3,500kg) is £3,350 (*2017/18 £3,230*). This amount is reduced if the van is not used for the whole tax year or if someone else also uses the van for private travel or if something is paid for using the van privately.

Fuel Benefits (Cars and Vans)

Where the employer also provides fuel for private motoring in a car provided to an employee, a further benefit is taxable. For 2018/19, it is the 'car benefit percentage' of £23,400 (*2017/18 £22,600*). This figure is also subject to NIC for employers. Where fuel for private use of a van (not over 3,500kg) is provided, a benefit charge of £633 applies (*2017/18 £610*).

A 2% discount on the company car fuel multiplier for benefits in kind applies if the car is capable of being run on E85 fuel (unleaded petrol mixed with 85% bioethanol).

Advisory fuel rates for company cars (per mile) from 1 September 2017

	LPG	Petrol	Diesel	
1400cc or less	7p	11p	1600cc or less	9p
1401 - 2000cc	8p	13p	1601 - 2000cc	11p
over 2000cc	13p	21p	over 2000cc	12p

Offshore Trusts: Anti-Avoidance Rules

From 6 April 2018, capital payments or benefits provided from an offshore trust to a close family member of a UK resident settlor will be taxable as if they were received by the settlor.

Capital payments to a non-resident beneficiary made after 5 April 2018 (unless the recipient becomes a 'temporary' non-resident) will not be matched against the pool of trust gains. This does not apply to payments in the year the trust ends if at least one of the beneficiaries is UK resident.

If payments or benefits are made or received by individuals who do not pay tax on them (because they are non-resident or a non-domiciled remittance basis user) and by prior intention that person makes a gift to a UK resident, the UK resident recipient will be treated as having received a capital payment or benefit from the trust equal to the amount of the gift.

Venture Capital Schemes

Knowledge-Intensive Companies

The rules for the Enterprise Investment Scheme (EIS) and Venture Capital Trusts (VCTs) will be changed to encourage investment in knowledge-intensive companies (KICs).

The limit for individuals investing in EIS will be increased from £1 million in each tax year to £2 million, provided that the excess over £1 million is invested in KICs. This will apply from 6 April 2018.

Similarly, the limit on the amount of EIS and VCT investment a KIC can receive in a year will also increase to £10 million from 6 April 2018.

Currently, a company must use the money raised within two years of the share issue or when it starts to trade (makes a sale) whichever is later. For KICs, this is to be extended for shares issued after 5 April 2018; so instead of using the date it started to trade it can use the date on which its turnover exceeded £200,000.

These changes are subject to state aid rules.

Risk to Capital

Investments in VCTs and in companies under the EIS or the seed EIS scheme (SEIS) can bring significant tax advantages. The schemes were designed to encourage investment in smaller and riskier businesses, but the Government takes the view that some investments have been made on a lower-risk basis where the tax relief provides most of the return, and so does not meet the original objectives.

From 6 April 2018, investments in these schemes will have to pass a new qualifying test in addition to those already in force. The company’s objective must be to grow over the long-term and there must be a significant risk of loss of the investor’s capital to an extent greater than the net return. Many investments will meet these tests but some capital-preservation investments will no longer qualify.

The HMRC advance assurance scheme for proposed investments will not give assurance on any investments failing this test once the draft guidance is published with the Finance Bill.

From the date of Royal Assent, VCTs will no longer be able to make secured loans to investee companies (unsecured loans only), and any returns on loan capital above 10% must represent no more than a commercial return on the principal amount.

VCTs will have to invest at least 30% of the funds raised in an accounting period beginning after 5 April 2018 in qualifying holdings during the accounting period or within the next 12 months. From 6 April 2019, the period for reinvestment of gains on disposals of qualifying holdings will increase from six to twelve months, and the minimum proportion of VCT funds that must be held in qualifying holdings will increase from 70% to 80%.

Anti-Abuse Provisions and Commercial Mergers

Legislation will be introduced to ensure that the anti-abuse provisions will not operate in the circumstances of a commercial merger of two VCTs. The measure will affect claims in respect of VCT shares issued after 5 April 2014.

EIS and VCT Limits

Companies receiving investments under EIS and VCTs are subject to a lifetime limit of £12 million (£20 million for knowledge-intensive companies). The legislation enforcing these limits did not include certain investments received before 2012 and this is to be amended so that the limit will include these for all new investments from 1 December 2017.

Restrictions on Investments

companies (unsecured loans only), and any returns on loan capital above 10% must represent no more than a commercial return on the principal amount.

VCTs will have to invest at least 30% of the funds raised in an accounting period beginning after 5 April 2018 in qualifying holdings during the accounting period or within the next 12 months. From 6 April 2019, the period for reinvestment of gains on disposals of qualifying holdings will increase from six to twelve months, and the minimum proportion of VCT funds that must be held in qualifying holdings will increase from 70% to 80%.

Business Taxation

Corporation Tax

Rates and Bands	**Year to 31 March 2019**	***Year to 31 March 2018***
Main rate	19%	*19%*

Double Taxation Relief and Losses

Companies with an overseas permanent establishment are liable to UK corporation tax in respect of the permanent establishment's profits (unless an election under S.18A CTA 2009 has been submitted before the start of the period), with a credit or relief for any tax paid in the other territory on those profits. For such profits arising from 22 November 2017, the amount of foreign tax for which credit or relief can be claimed will be reduced if losses of the foreign establishment arising in earlier periods have been offset against the taxable income of any other entity (for example under the overseas equivalent of group relief).

Corporate Interest Restriction Rules

Technical amendments will be made to the Corporate Interest Restriction rules introduced from April 2017, to ensure that the regime works as intended. Proposed revisions include:

- rules about relevant derivative contracts to ensure that such contracts hedging a financial trade are not excluded from the rules
- the alignment of the method of calculation of group earnings before interest
- changes to the infrastructure rules
- changes to the administrative rules to ensure that amendments are made to company tax returns if their tax position is changed.

Hybrid and Other Mismatches Regime

Technical amendments will be made to the hybrid mismatch rules to improve the way these rules work to ensure the regime operates as intended.

The measures will impact on multinational groups with a UK parent or subsidiary companies involved in cross-border or domestic transactions involving a mismatch in the tax treatment within the UK or between the UK and another jurisdiction.

The changes in relation to taxes charged at nil rate, and the change in relation to multinational companies, will take effect from January 2018. The other changes will take effect from January 2017.

Debt Traded on a Multilateral Trading Facility

To ensure that the UK debt markets can compete internationally on an equal footing, the requirement to withhold basic rate tax from interest paid on debt admitted to a multilateral trading facility operated by a recognised stock exchange in the EEA will be withdrawn. This will be effective for any interest paid from 1 April 2018. The definition of alternative finance investment bonds will be widened.

Capital Gains Group Depreciatory Transactions

Where the value of the shares in a group company has been reduced by transferring assets to another company in the group at undervalue (a 'depreciatory transaction') and the group later incurs a capital loss on the disposal of those shares, the loss must be adjusted (reduced) to take into account the impact of such earlier depreciatory transactions. For disposals of shares before 22 November 2017, only depreciatory transactions which took place within the previous six years have to be taken into account. For disposals of shares after 21 November 2017, *any* depreciatory transactions which took place since March 1982 will be taken into account.

Intangible Fixed Assets

Where a company transfers an intangible fixed asset or grants a licence in respect of an intangible fixed asset for non-cash consideration (such as new shares in the transferee or licensee) to a related party, the transferor or licensor can account for the disposal as if the right had been sold or granted for its original cost, and the transferee or licensee can account for the corresponding acquisition at its current market value or a higher amount.

For transactions taking place from 22 November 2017, the transferor or licensor will be required to calculate the gain arising on disposal or grant as if the right had been sold or granted for its market value, and the transferee or licensee's allowable acquisition cost will be restricted to the same market value.

Related parties are two companies where one company can exercise control over, or has a major interest in, the other company; or where a third person can exercise control over, or has a major interest in, both companies.

Capital Gains – Branch Incorporation

Where the trade and assets of a UK company's foreign branch are transferred to an overseas company in exchange for shares in that company, the charge to capital gains tax arising on the transfer can be postponed until the overseas company disposes of the transferred assets or the UK company disposes of the shares in the overseas company. This will be amended to ensure that the postponement of the charge continues if the disposal of the shares is part of a reconstruction (with no change in the ultimate ownership of the capital gains assets) and that disposal itself would have qualified for the Substantial Shareholdings Exemption.

Disincorporation Relief

Disincorporation relief, which was first announced in 2013, is to end on 31 March 2018.

Companies' Chargeable Gains

For disposals from 1 January 2018 the indexation allowance, which is intended to adjust the cost for subsequent inflation, will only apply up to December 2017.

Mileage Rates for Property Businesses

From 6 April 2017 instead of unincorporated property businesses having to claim actual motoring expenses incurred and capital allowances, there will now be an option to claim mileage using the authorised mileage rates. There will be transitional rules for businesses who had previously claimed capital allowances for a vehicle but who want to use mileage rates from 6 April 2017 for the same vehicle. The transitional arrangements will prevent any further deduction for capital allowances.

Research and Development Expenditure Credit

Large companies receive a Research and Development Expenditure Credit (RDEC) – also known as 'Above the Line' credit – to support their research and development expenditure. This credit is a taxable amount paid to a company and will increase from 11% to 12% for expenditure from 1 January 2018.

Large companies are those with at least 250 employees or a turnover of at least €50 million and a balance sheet of at least €43 million.

Small and medium-sized companies have a different scheme to support their research and development.

Proposal to Clarify Partnership Taxation

Measures intended to provide clarity in relation to the taxation and allocation of partnership profits are to apply from Royal Assent to the Finance Bill. The proposal is that a partnership's taxable profits should be split between the partners in the proportion in which they actually share the profits. Although this seems logical, this is not always the way partners agree. Otherwise likely to be affected are:

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

Capital Allowances

	2018/19	***2017/18***
Plant and machinery generally Annual investment allowance (on up to £200,000)	100%	*100%*
Annual writing-down allowance	18%	*18%*
Integral features and cars with CO_2 emissions over 110g/km [1]	8%	*8%*
Cars with CO_2 emissions under 50g/km [2]	100%	*100%*
Electric charge-point equipment [3]	100%	*100%*

[1] For 2017/18, applied to cars with CO_2 emissions over 130g/km

[2] For 2017/18, applied to cars with CO_2 emissions under 75g/km

[3] For expenditure incurred from 23 November 2016 to 31 March 2019 (5 April 2019 for income tax)

First Year Tax Credits

The current scheme for first year tax credits to be claimed on products and technologies covered by the Energy Technology and Water Technology lists was due to end on 31 March 2018. This will be extended for a further five years to include expenditure incurred before April 2023. The rate set for the credit for this period will be reduced to two-thirds of the corporation tax rate.

Zero-Emission Goods Vehicles

The scheme for first year allowances to be claimed on zero-emission goods vehicles or gas refuelling equipment due to end on 31 March 2018 will be extended for three years to include expenditure incurred before 31 March 2021 for corporation tax and 5 April 2012 for income tax.

Other Taxation

Value Added Tax

	2018/19	*2017/18*
Standard Rate	20%	*20%*
Registration level	£85,000	*£85,000*
De-registration level	£83,000	*£83,000*

Registration Threshold

The VAT registration threshold will remain unchanged at £85,000 for two years from 1 April 2018. The Government will consult on the design of the threshold during the interim.

Online Marketplaces Liability

The Chancellor announced further measures aimed at tackling VAT evasion and non-compliance in relation to sales of goods to UK consumers via online marketplaces.

With effect from Royal Assent to the Finance Bill, legislation will:

- enable HMRC to hold an online marketplace jointly and severally liable for unpaid VAT on goods sold via its website to UK consumers.
- require the online marketplaces to display the seller's VAT number on the website and make sure that the VAT number is genuine.

New penalties will also be introduced to facilitate enforcement of these measures.

Tackling VAT Fraud in the Construction Sector

The Government has announced that a technical consultation on draft legislation aimed at introducing a domestic reverse charge in labour provision in the construction sector will be published in Spring 2018. This will shift responsibility for accounting for VAT from the supplier to the customer in an effort to combat VAT fraud in this sector. It is intended that this will apply from October 2019.

Stamp Taxes

Stamp Duty Land Tax

Rates and Bands

Transfers for consideration (except in Scotland and, from April 2018, Wales) [1]		
Non-residential:		
Lease rents net present value		
£150,000 - £5m	1%	
Balance above £5m	2%	
Other consideration:		
£0 - £150,000	Nil	
Next £100,000	2%	
Over £250,000	5%	
Residential:		
On a single dwelling bought by a 'non-natural person' if over £500,000	15% (subject to a number of exemptions)	
First time buyers from 22 November 2017, if under £500,000:		
£0 - £300,000	0%	
£300,001 - £500,000	5%	
Other buyers:	**First property**	**Other property** [2]
Lease rents net present value if value exceeds £125,000	1%	1%
Other consideration:		
£0 - £40,000	Nil	Nil
Next £85,000	Nil	3%
Next £125,000	2%	5%
Next £675,000	5%	8%
Next £575,000	10%	13%
Balance of consideration	12%	15%

[1] SDLT applies to the market value on certain transfers to a connected company and in connection with certain interests in partnerships if this is more than any actual consideration.

[2] If the property replaces the buyer's main residence which is disposed of within 36 months the extra 3% SDLT may be reclaimed.

Minor Adjustments to SDLT

Minor changes are made from 22 November 2017 to:

- exclude the extra 3% SDLT to help couples who are divorcing and where properties are held in trust for children whose affairs are subject to the Court of Protection, and
- prevent the abuse of relief when someone who changes their main residence retains an interest in their former residence.

Annual Tax on Enveloped Dwellings (ATED)

Value at 1 April 2017 or subsequent acquisition (or substantial part disposal)	2018/19	*2017/18*
More than £500,000 but not over £1 million	£3,600	*£3,500*
More than £1 million but not over £2 million	£7,250	*£7,050*
More than £2 million but not over £5 million	£24,250	*£23,550*
More than £5 million but not over £10 million	£56,550	*£54,950*
More than £10 million but not over £20 million	£113,400	*£110,100*
More than £20 million	£226,950	*£220,350*

Certificates of Tax Deposit

No new Certificates of Tax Deposit will be issued after 22 November 2017.

Other Matters

A 2018 consultation will consider extending the public sector **'off-payroll' working rules** to the private sector as well.

Rent-a-room relief is to be reviewed to ensure it supports longer-term letting.

A 2018 consultation will be held on reforming the **taxation of trusts**.

The abolition of Class 2 National Insurance Contributions (NIC), and changes to the NIC treatment of **termination payments and sporting testimonials** will take effect from April 2019.

There is to be a consultation on the **employment status tests** for both employment rights and taxation.

There is to be a consultation on extending **entrepreneurs' relief** to those whose holdings have fallen below 5% following external finance, so that they can remain involved in the business and retain their tax relief.

The time limit for raising tax assessments on **offshore income** will be extended to 12 years for any non-compliant behaviour. It will still be 20 years for deliberate behaviour.

Non-residents – There is to be a consultation on applying income tax to royalties paid to non-residents. The changes will apply from April 2019.

Non-residents are to be taxed on gains realised on all disposals of UK land and buildings (where not already charged on gains on residential property). This will apply from 1 April 2019 for companies and 6 April 2019 for others.

Non-resident companies' UK property income, and gains on UK residential property, are to be subject to corporation tax from April 2020.