

Impact on companies

Autumn Budget 2017

In his Autumn Budget speech, the Chancellor announced a number of measures which may impact on companies. The key messages in the Budget announcement are outlined below.

Corporate indexation allowance

In order to bring the corporate system into line with personal Capital Gains Tax (CGT), the corporate indexation allowance will be frozen for inflation up to 1 January 2018, but not thereafter. This measure means that when a company makes a capital gain on or after 1 January 2018, the indexation allowance that is applied in order to determine the amount of the chargeable gain will be calculated up to December 2017.

Non-resident companies

From April 2020, income that non-resident companies receive from UK property will be chargeable to corporation tax rather than income tax and all gains on non-resident disposals of UK real estate, including commercial property, will be brought within the scope of UK tax for gains accrued on or after April 2019 albeit with anti-forestalling measures.

Royalties' payments

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

Research and Development Expenditure Credit (RDEC)

From 1 January 2018, the RDEC will increase from 11% to 12%. This measure increases the tax relief for large companies and small and medium sized enterprises in some cases, that carry out qualifying R&D and claim the RDEC.

VAT registration threshold

The VAT registration threshold will remain at £85,000 for the next two tax years.

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