



Autumn Statement 2016

23 November 2016

Businesses

- Confirmation that corporation tax rate will be reduced to 17% by 2020.
- Commitment on working towards the introduction of the 12.5% Northern Ireland rate of corporation tax subject to the Executive agreeing sustainable budgets.
- Confirmation that rules will be introduced to limit tax deductions for corporate interest expense from April 2017.
- Confirmation that reform of tax relief for historic losses will be implemented.
- Confirmation that reform of business rates will be implemented.
- Changes to simplify the Substantial Shareholding Exemption (SSE) rules will be introduced from April 2017.
- Legislation will be introduced in Finance Bill 2017 to provide a 100% First-Year Allowance (FYA) for expenditure incurred on electric charge-point equipment.
- A new 16.5% VAT flat rate from 1 April 2017 will be introduced for businesses with limited costs, such as many labour-only businesses.

Individuals

- The personal allowance will increase next year to £11,500 (currently £11,000) and the higher rate threshold to £45,000 (currently £43,000).
- Class 2 NICs (payable by self-employed individuals) will be abolished from April 2018.
- The tax advantages linked to shares awarded under Employee Shareholder Status (ESS) are to be abolished.
- The government will create two new income tax allowances of £1,000 each, for trading and property income. Individuals with trading income or property income below the level of the allowance will no longer need to declare or pay tax on that income.
- The ISA limit will increase from £15,240 to £20,000 from 6 April 2017 onwards.
- Major reforms to the taxation of individuals domiciled outside of the UK will go ahead as planned from April 2017.

Employers

- The tax and employer National Insurance contributions advantages of salary sacrifice schemes will be removed from April 2017, except for arrangements relating to pensions (including advice), childcare, Cycle to Work and ultralow emission cars.
- The so-called IR35 rules will be amended from April 2017 where services are provided to the public sector, moving the onus to decide whether PAYE and national Insurance contributions are due to the payer of personal service companies.
- The National Insurance contributions secondary (employer's) threshold and the National Insurance contributions primary (employee's) threshold will be aligned from April 2017, meaning that both employees and employers will start paying National Insurance on weekly earnings above £157.
- The government will extend the scope of the disguised remuneration scheme changes to tackle the use of these schemes by the self-employed.
- New rules will be introduced to deny tax relief for an employer's contributions to disguised remuneration schemes unless tax and National Insurance contributions are paid within a specified period.
- From April 2018 termination payments over £30,000, which are subject to income tax, will also be subject to employer's National Insurance contributions.
- From April 2017 employees will have to pay their employers any sums that will reduce the taxable value of benefits in kind by 6 July following the tax year.
- The government is going to simplify the PAYE Settlement Agreement process for 2018/19 and following tax years.
- The government will consider the way in which benefits in kind are valued for tax purposes and will issue a consultation document about the valuation of living accommodation.
- The government will review tax relief on employees' business expenses.

Contact us



Peter Legge

Partner - Tax, Grant Thornton (NI) LLP

T +44 (0)28 9587 1081

E peter.legge@ie.gt.com