



KELLANDS

FINANCIAL MANAGEMENT CONSULTANTS

GUIDE TO THE

BUDGET 2016

SUMMARY AND HIGHLIGHTS:
EVERYTHING YOU NEED TO KNOW

FINANCIAL GUIDE



Kellands (Bristol) Limited, Financial Management Consultants, Quays Office Park, Conference Avenue,
Portishead, Bristol BS20 7LZ - Tel: 0117 900 4000. www.kelland-bristol.com email: bristol@kelland.co.uk

Authorised and regulated by the Financial Conduct Authority



Tax and savings were central to Mr Osborne's 62-minute speech, his eighth Budget speech on Wednesday 16 March.

Welcome

Budget 2016: the impact on your finances today and in future years to come

Chancellor of the Exchequer George Osborne delivered his eighth Budget speech on Wednesday 16 March, his third in 12 months. In our summary of the key announcements, we consider how they could impact on your finances today and in future years to come.

Tax and savings were central to Mr Osborne's 62-minute speech. He had already scrapped proposals to shake up pension tax relief and instead unveiled a retirement savings vehicle for millennials called the Lifetime Individual Savings Account (LISA). Ultimately, this is a testing ground for the Pensions ISA proposed before Budget 2016, and it gives the Government the option to see how consumers react to the ISA option.

Mr Osborne added that people under 40, many of whom haven't had a good deal from the pensions system, would gain government bonuses for saving into their LISAs, receiving £1 from the Government for every £4 saved, at a maximum of £4,000 a year.

For investors, there was good news with the higher rate of Capital Gains Tax (CGT) being cut from 28% to 20%, which comes into effect from April this year. Now

it is even more attractive to create wealth through capital gains rather than earnings for higher-rate taxpayers on all gains apart from on residential property or 'carried interests'. The details are to follow, but this will enable investors to benefit by realising the profit on the sale of shares and other assets at the reduced rate of tax.

The Chancellor raised the earnings threshold at which you start paying Income Tax, from £10,600 to £11,500 from 6 April 2017. Higher earners were originally paying 40% tax on income over £42,385, but this threshold now rises to £45,000 from 6 April 2017.

Plans have also been laid out to raise £12bn by the end of this Parliament through a package of measures to target tax avoidance. The Government will introduce new measures to tackle disguised remuneration and make sure UK tax is paid on property development. ■

ARE YOUR FINANCIAL PLANS STILL ON TRACK AFTER BUDGET 2016?

There are likely to have been a number of key announcements in this Budget that could have a bearing on your current and future financial plans. To review what action you may be required to take to keep your plans on track, please contact us.



Contents

04 BUDGET 2016

What it really means to you

- Personal Allowance increase
- Lifetime Individual Savings Account (LISA)
- New Help to Save scheme
- New tax allowances for 'micro-entrepreneurs'
- Capital Gains Tax rates cut
- Insurance Premium Tax (IPT) increased
- Corporation Tax cut
- Employers National Insurance
- Class 2 National Insurance abolished
- Workplace advice tax boost
- Extension of Entrepreneurs' Relief
- New stamp duty rates for commercial property
- Cutting business rates for all ratepayers
- Tax avoidance crackdown
- Tax changes on loans to a shareholder

06 BUDGET 2016

At a glance

08 NEW LIFETIME ISA FOR HOMEBUYERS AND RETIREMENT

Helping young people save flexibly for the long term throughout their lives

11 STAMP DUTY NEW RULES

Who are the winners and losers?

11 CHANGES TO THE NON-DOM TAX REGIME

Rebasing offshore assets to their market value at 6 April 2017

Budget 2016

What it really means to you

THE PERSONAL ALLOWANCE WILL INCREASE TO £11,500, AND THE HIGHER-RATE THRESHOLD WILL RISE TO £45,000 IN APRIL 2017

The Personal Allowance is the amount of income you can earn before you start paying Income Tax. This is currently £10,600 – it will already rise to £11,000 in 2016/17, and will now increase further to £11,500 in April 2017.

The point at which you pay the higher rate of Income Tax will increase from £42,385 to £43,000 in 2016 and to £45,000 in April 2017.

LIFETIME INDIVIDUAL SAVINGS ACCOUNT (LISA): A NEW £4,000 LISA THAT YOU CAN USE TO SAVE FOR RETIREMENT OR TO BUY YOUR FIRST HOME.

From April 2017, any adult under 40 will be able to open a new Lifetime ISA (LISA). Up to £4,000 can be saved each year, and savers will receive a 25% bonus from the Government on this money.

Money put into this account can be saved until someone is over 60 and used as retirement income, or can be withdrawn to help purchase a first home.

The total amount an adult can save each year into all ISAs will also be increased from £15,240 to £20,000 from April 2017.

NEW HELP TO SAVE SCHEME

A new Help to Save scheme is to be launched for people on low incomes, providing a 50% government bonus on up to £50 of monthly savings.

NEW TAX ALLOWANCES FOR MONEY EARNED BY 'MICRO-ENTREPRENEURS'

From April 2017, there will be two new tax-free £1,000 allowances – one for selling goods or providing services, and one income from property you own.

People who make up to £1,000 from occasional jobs will no longer need to pay tax on that income.

In the same way, the first £1,000 of income from property will be tax-free.

The introduction of these new allowances should help simplify taxation in the sharing economy.

CAPITAL GAINS TAX RATES WILL BE CUT FROM 6 APRIL 2016, BUT RESIDENTIAL PROPERTY WILL STILL BE TAXED AT CURRENT RATES

Capital Gains Tax (CGT) is a tax on the gain you make when you sell something (an 'asset') that has gone up in value. It is paid at a basic or higher rate depending on the rate of Income Tax you pay.

From April 2016, the higher rate of CGT will be cut from 28% to 20%, and the basic rate from 18% to 10%.

There will be an additional 8% surcharge to be paid on residential property and carried interest (the share of profits or gains that is paid to asset managers).

CGT on residential property does not apply to your main home, only to additional properties (for example, a flat that you let out).

Further details are to follow, but this enables investors to benefit by realising the profit on the sale of shares and other assets at the reduced rate of tax.

INSURANCE PREMIUM TAX (IPT) WILL BE INCREASED BY 0.5%

Insurance Premium Tax (IPT) will increase by 0.5%, making the tax 10%. IPT is the amount insurers are taxed, which they then pass on to consumers. In July 2015, Mr Osborne announced an increase in the tax from 6% to 9.5%, which took effect in January this year.

Among other things, IPT is charged on medical insurance.

CORPORATION TAX WILL BE CUT AGAIN TO 17% IN 2020

The main rate of Corporation Tax will be cut again to 17% in 2020.

EMPLOYERS WILL PAY NATIONAL INSURANCE ON PAY-OFFS ABOVE £30,000 FROM APRIL 2018

From April 2018, employers will need to pay National Insurance contributions on pay-offs (for example, termination payments) above £30,000 where Income Tax is also due.

For people who lose their job, payments up to £30,000 will remain tax-free, and they will not need to pay National Insurance on any of the payment.

CLASS 2 NATIONAL INSURANCE CONTRIBUTIONS (NICs) FOR SELF-EMPLOYED PEOPLE WILL BE ABOLISHED FROM APRIL 2018

Currently, self-employed people have to pay Class 2 NICs at £2.80 per week if they make a profit of £5,965 or over per year. They also pay Class 4 NICs if their profits are over £8,060 per year.

From April 2018, if you are self-employed you will only need to pay



Mr Osborne announced a further Insurance Premium Tax increase by 0.5%



Plans have been laid out to raise £12bn by the end of this Parliament through a package of measures to target tax avoidance.

one type of National Insurance on your profits: Class 4 NICs.

Paying Class 2 NICs currently enables self-employed people to build entitlement to the State Pension and other contributory benefits.

After April 2018, Class 4 NICs will also be reformed so self-employed people can continue to build benefit entitlement.

WORKPLACE ADVICE TAX BOOST

Tax reliefs offered on employer-arranged advice as part of a series of measures to boost take-up are to be extended.

Currently, companies can pay up to £150 per employee per year towards the cost of pension advice before they are subject to a benefit-in-kind tax charge.

The Government has proposed raising the exemption to £500 in April 2017. In addition, the Treasury will consult on allowing people to withdraw up to £500 tax-free from their defined contribution scheme to redeem against the cost of advice.

EXTENSION OF ENTREPRENEURS' RELIEF

Previously, a disposal of shares in a qualifying company only attracted Entrepreneurs' Relief (ER) when the individual was an employee and owned at least 5% of the share capital and voting rights for the 12-month period prior to the sale of the shares. ER will now be extended in the form of investors' relief to external investors purchasing newly issued shares in unlisted trading companies on or

after 17 March 2016 that are held for a period of at least three years from 6 April 2016. Investors' relief will be subject to a lifetime cap of £10m.

NEW STAMP DUTY RATES FOR COMMERCIAL PROPERTY

The way stamp duty on freehold commercial property and leasehold premium transactions is calculated will change. These rates applied to the whole transaction value, but from 17 March 2016 the rates apply to the value of the property over each tax band.

The new rates and tax bands are:

■ £0 – £150,000	0%
■ £150,001 – £250,000	2%
■ above £250,000	5%

Stamp duty rates on new non-residential leases will also change with a new 2% stamp duty rate on leases with a net present value over £5m.

CUTTING BUSINESS RATES FOR ALL RATEPAYERS

From April 2017, small businesses that occupy property with a rateable value of £12,000 or less will pay no business rates.

Currently, this 100% relief is available if you're a business that occupies a property, for example, a shop or office with a value of £6,000 or less.

There will be a tapered rate of relief on properties worth up to £15,000.

TAX AVOIDANCE CRACKDOWN

Plans have been laid out to raise £12bn by the end of this Parliament through a package of measures to target tax avoidance. The Government will introduce new measures to tackle disguised remuneration and make sure UK tax is paid on property development.

The Treasury will seek to introduce Capital Gains Tax on performance rewards and limit exempt gains, as well as introducing new measures to limit the ability of individuals to work as 'personal service companies'.

For firms making profits over £5m, the ability to use past losses to offset profits will be capped at 50%, with further rules to limit the ability of multi-national companies to borrow in the UK to fund activities abroad.

TAX CHANGES ON LOANS TO A SHAREHOLDER

Private companies can make a loan to a shareholder in preference to a dividend, which under current tax rules can be advantageous as the tax rate on such a loan is 25%, while a dividend could be taxed up to 38.1%.

It was announced in Budget 2016 that the company loan rate will change to 32.5% to bring the rate in line with the tax a higher-rate taxpayer would pay on a dividend. Company owners in future will have to consider the implications of making a loan to their shareholders rather than a dividend. ■

Budget 2016

At a glance

ECONOMY

- Growth forecast to be 2% in 2016, down from 2.4% in November's Autumn Statement
- GDP predicted to grow 2.2% and 2.1% in 2017 and 2018, down from 2.4% and 2.5% forecast previously
- Inflation forecast to be 0.7% for 2016, rising to 1.6% in 2017
- UK still forecast to grow faster than any other major Western economy
- A million jobs forecast to be created by 2020

PERSONAL TAXATION

- The threshold at which people pay 40% Income Tax will rise from the current £42,385 to £45,000 in April 2017
- Tax-free personal allowance (the point at which people pay Income Tax) to rise to £11,500 in April 2017
- Capital Gains Tax to be cut from 28% to 20%, and from 18% to 10% for basic-rate taxpayers
- 0.5% rise in Insurance Premium Tax
- Class 2 National Insurance contributions abolished

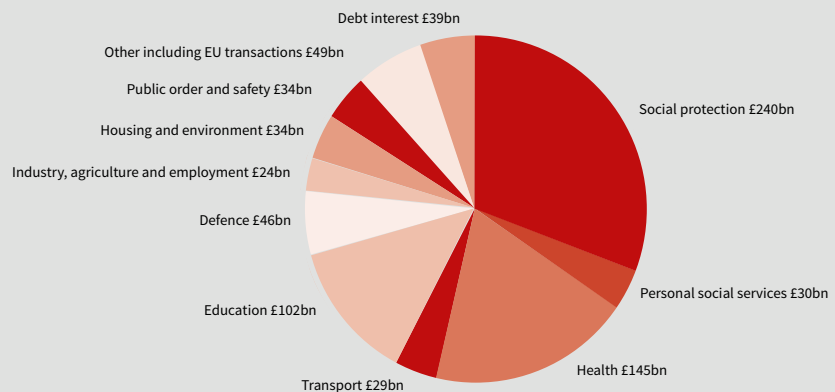
PENSIONS AND SAVINGS

- Annual Individual Savings Account (ISA) limit to rise from the current £15,240 to £20,000
- New 'Lifetime' ISA for the under-40s, with government putting in £1 for every £4 saved
- People will be able to save up to £4,000 a year until they turn 50
- New state-backed savings scheme for low-paid workers, worth up to £1,200 over four years
- The Money Advice Service to be abolished

PUBLIC BORROWING/DEFICIT/SPENDING

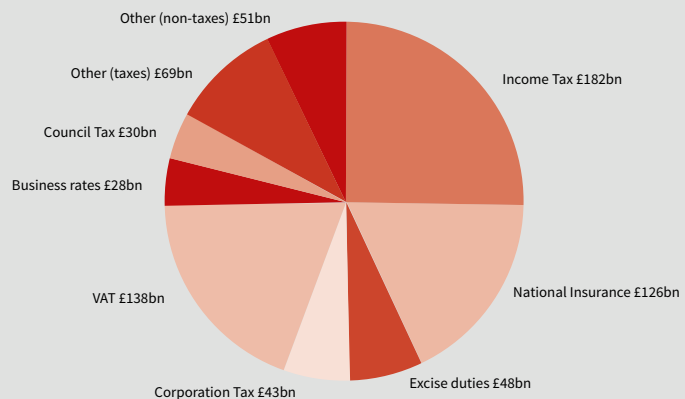
- Further cuts of £3.5bn by 2020, with spending as a share of GDP set to fall to 36.9%
- Debt targets to be missed. Forecast debt as a share of GDP revised up in each of the next five years to 82.6% in 2016/17 and 81.3%, 79.9%, 77.2% and 74.7% in subsequent years
- Debt to be £9bn lower in 2015/16 in cash terms
- Annual borrowing in 2015/16 forecast to be £72.2bn, £1.3bn lower than forecast in November
- Public finances still projected to achieve a £10.4bn surplus in 2019/20
- Borrowing forecasts revised up to £55.5bn (+£5.6bn), £38.8bn (+£14bn) and £21.4bn (+£16.8bn) in 2016/17, 2017/18 and 2018/19 respectively
- The deficit as a share of GDP is projected to fall to 2.9% in 2016/17, 1.9% in 2017/18 and 1% in 2018/19

PUBLIC SECTOR SPENDING 2016/17



Source: Office for Budget Responsibility 2016/17 estimates. Illustrative allocations to functions are based on HMT analysis including capital consumption figures from the Office for National Statistics. Figures may not sum due to rounding.

PUBLIC SECTOR RECEIPTS 2016/17



Source: Office for Budget Responsibility, 2016/17 forecast. Figures may not sum due to rounding. Other (taxes) includes capital taxes, stamp duties, vehicle excise duties and other smaller tax receipts. Other (non-taxes) includes interest and dividends, gross operating surplus and other smaller non-tax receipts.



£500m to ensure 'fair funding' formula for schools in England

HEALTH AND EDUCATION

- Introduction of a new sugar tax on the soft drinks industry to be introduced in two years' time, raising £520m a year to be spent on doubling funding for primary school sport
- Levy to be calculated on levels of sugar in sweetened drinks produced and imported, based on two bands
- Pure fruit juice and milk-based drinks to be excluded, and small supplies will be exempt
- Secondary schools in England to bid for new funding for extra after-school activities like sport and art
- Plan for all schools in England to become academies by 2022
- Compulsory maths lessons until 18 to be considered
- £500m to ensure 'fair funding' formula for schools in England
- Libor funds to be spent on children's hospital services, specifically in Manchester, Sheffield, Birmingham and Southampton



Anti-tax avoidance and evasion measures to raise £12bn by 2020

BUSINESS

- Headline rate of Corporation Tax – currently 20% – to fall to 17% by 2020
- Anti-tax avoidance and evasion measures to raise £12bn by 2020
- Annual threshold for small business tax relief to be raised from £6,000 to a maximum of £15,000
- Supplementary charge for oil and gas producers to be halved from 20% to 10%
- Petroleum revenue tax to be 'effectively abolished'
- £9bn to be raised by closing corporate tax loopholes
- Use of 'personal service companies' by public sector employees to reduce tax liabilities to end
- Commercial stamp duty 0% rate on purchases up to £150,000, 2% on next £100,000 and 5% top rate above £250,000. New 2% rate for high-value leases with net present value above £5m

New rail lines to get green light, including Crossrail 2 in London and the HS3 link between Manchester and Leeds



HOUSING/INFRASTRUCTURE/TRANSPORT/REGIONS/ENERGY/CULTURE

- Powers over criminal justice to be devolved to Greater Manchester and Greater London Assembly to retain business rates
- New rail lines to get green light, including Crossrail 2 in London and the HS3 link between Manchester and Leeds
- More than £230m earmarked for road improvements in the north of England, including upgrades to M62
- £700m for flood defences schemes, including projects in York, Leeds, Calder Valley, Carlisle and across Cumbria
- Tolls on Severn River crossings between England and Wales to be halved by 2018
- £115m to tackle rough sleeping and homelessness
- In Scotland, Libor bank fines to pay for community facilities in Helensburgh and for naval personnel at Faslane
- New elected mayors for cities and towns in southern England
- New Shakespeare North theatre in Knowsley, Merseyside



MISC

- Fuel duty to be frozen at 57.95p per litre
- Beer, cider and spirits duties to be frozen
- Excise duties on tobacco to rise by 2% above inflation

New Lifetime ISA for homebuyers and retirement

Helping young people save flexibly for the long term throughout their lives

The Government said the introduction of a new Lifetime Individual Savings Account (LISA) will help young people save flexibly for the long term throughout their lives. The aim is to help them simultaneously save for a first home and for their retirement without having to choose one over the other.

The LISA is designed to work in conjunction with existing ISA products and be simple for savers to use by harnessing the simplicity and popularity of the ISA wrapper where contributions are made out of post-tax income but investment growth on savings and future withdrawals are tax-efficient.

25% BONUS RECEIVED

From April 2017, people under the age of 40 will be able to open a LISA and contribute up to £4,000 in each tax year. The Government will then provide a 25% bonus on these contributions at the end of the tax year. This means that people

who save the maximum each year will receive a £1,000 bonus each year from the Government. Savers will be able to make LISA contributions and receive a bonus from the age of 18 up to the age of 50.

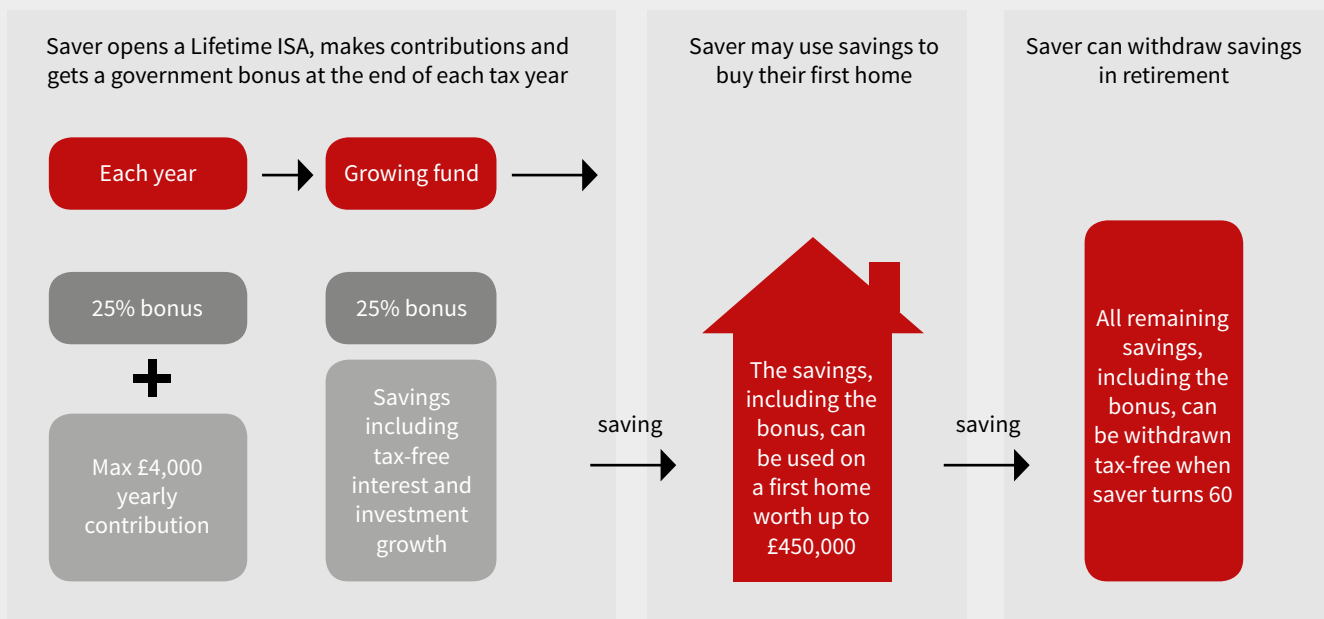
TAX-EFFICIENT GROWTH

The bonus will be paid into the LISA at the end of each tax year so that savers will also benefit from tax-efficient growth on the bonus from the time it is added. For example, a £4,000 contribution made by a 25-year-old into a LISA which grew at 4% a year would be nearly five times larger due to the government bonus and investment growth by the time they reach 60.

£32,000 MAXIMUM LIFETIME BONUS

Over their lifetime, savers will be able to have contributions of £128,000 matched by the Government for a maximum bonus of £32,000, with investment growth on both their contributions and the government bonus. Tax-efficient funds, including the government bonus, can be used to buy a first home worth up to £450,000 at any time from 12 months after opening the account. The funds, including the government bonus, can be withdrawn from the LISA from age 60 for any other purpose.

THE LIFETIME ISA



Source: HM Treasury

PAYING VALID BONUS CLAIMS

LISA managers will claim the bonus due on the accounts they manage from HM Revenue & Customs (HMRC) who will pay valid bonus claims (up to a maximum of £1,000 per person per tax year). Where the individual is purchasing a home having contributed in that same tax year, they will be able to receive their bonus and will not have to wait until the following tax year.

OPENING A LISA

Individuals will be able to open a LISA from the age of 18 until they turn 40. Opening a LISA will, in most ways, be identical to opening a regular ISA under the existing rules. Individuals will be able to open more than one LISA during their lives but will only be able to pay into one LISA in each tax year.

SAVING INTO A LISA

Saving into a LISA will also be very similar to saving into any other ISA. For example, contributions will be made with the individual's own cash. Qualifying investments in a LISA will be the same as for a Cash ISA or Stocks & Shares ISA. Individuals will be able to transfer their LISA within 30 days between providers to get the best deal in line with the existing ISA rules.

There will, however, be a few additional rules:

- Any contributions to a LISA will sit within the overall £20,000 ISA contribution limit
- The government bonus will be paid on contributions of up to £4,000 per tax year
- There will be no monthly contribution limit
- Individuals will be able to contribute to their LISA and receive a government bonus on contributions up until the point they reach 50
- Individuals will be able to transfer savings from other ISAs as one way of funding their LISA. In line with existing rules, transfers from previous years' ISA contributions do not affect that year's £20,000 overall ISA limit. During 2017/18 only, additional transfers may be made and matched from the Help to Buy ISA

Savers will be able to contribute to one LISA in each tax year – as well as a Cash ISA, a Stocks & Shares ISA and an Innovative Finance ISA – within the new overall ISA limit of £20,000 from April 2017.



SAVING ADDITIONAL FUNDS

The Government said they want to make it as easy as possible for individuals to save additional funds on top of those receiving a bonus (for example, if they want to contribute more than £4,000 a year or keep contributing after age 50). Savers will be able to contribute to one LISA in each tax year – as well as a Cash ISA, a Stocks & Shares ISA and an Innovative Finance ISA – within the new overall ISA limit of £20,000 from April 2017.

USING THE GOVERNMENT BONUS TO PURCHASE A FIRST HOME

Where people choose to withdraw savings from the LISA to make a first home purchase:

- They will be able to withdraw up to 100% of their LISA balance, including the government bonus. They will get the benefit from compound growth because the government bonus is paid each year
- Their withdrawal can only be put towards a first home located in the UK with a purchase value of up to £450,000
- There will be an initial minimum holding period of 12 months from account opening before withdrawals that include the government bonus can be made for a home purchase
- If you are buying your first home with someone else, you can each use a LISA and each benefit from the government bonus

- The detailed rules will be based on those for the Help to Buy ISA, including that the withdrawal must be for a deposit on a property for the first-time buyer to live in as their only residence and not buy-to-let
- They will inform their ISA manager of the purchase, who will claim any additional bonus due from HMRC, and the withdrawal will then be paid directly to the conveyancer. If a purchase falls through after a withdrawal has been made, the funds will be returned to the same ISA manager by the conveyancer and will not count against the annual contribution limit

HELP TO BUY ISA

The Help to Buy ISA will be open for new savers until 30 November 2019, and open to new contributions until 2029. Savers will be able to save into both a Help to Buy ISA and a LISA but will only be able to use the government bonus from one of their accounts to buy their first home.

For example, if an individual holds a Help to Buy ISA and a LISA, they may:

- Use their Help to Buy ISA with its government bonus to purchase their first home and save their LISA with its government bonus for retirement
- Use their LISA with its government bonus to purchase their first home and withdraw the funds held in their Help to Buy ISA to put towards this purchase without the government bonus

- Use their Help to Buy ISA, including its government bonus, to purchase their first home and withdraw funds from their LISA to put towards the purchase. In this instance, the government bonus on the LISA savings would be returned to the Government, and the individual would be required to pay a charge

TRANSFERRING FUNDS

During the 2017/18 tax year only, those who already have a Help to Buy ISA will be able to transfer these funds into a LISA and receive the government bonus on those savings. Any Help to Buy ISA funds that were saved prior to the introduction of the LISA on 6 April 2017 will not count towards the LISA annual contribution limit.

ANNUAL CONTRIBUTION LIMIT

Contributions made after this point to the Help to Buy ISA and transferred across will count against the annual contribution limit. At the end of the tax year, they will receive a bonus on the full amount of the transferred Help to Buy ISA and their LISA contributions. In line with the normal LISA rules, Help to Buy ISA savers will be able to purchase a first home with the government



Any Help to Buy ISA funds that were saved prior to the introduction of the LISA on 6 April 2017 will not count towards the LISA annual contribution limit.

bonus 12 months from the date of opening their LISA.

RETIREMENT

Full or partial withdrawals can be made from age 60. The withdrawal (including the bonus) can be used for any purpose and will be paid free of tax. Funds can remain invested, and any interest and investment growth will be tax-efficient.

OTHER CIRCUMSTANCES

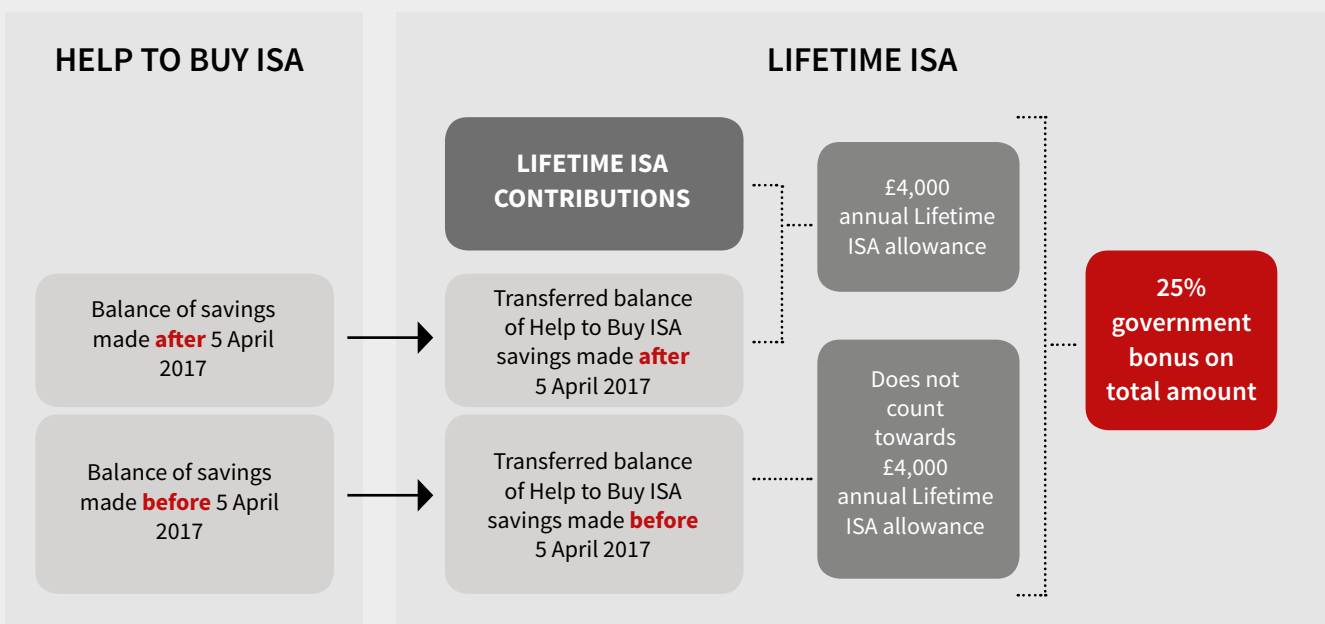
Where people are diagnosed with terminal ill health, they will be able to withdraw all of the funds (including the bonus) tax-efficiently, regardless of the individual's age. The definition of

terminal ill health will be based on that used for pensions.

The LISA will have the same Inheritance Tax (IHT) treatment as all ISAs. Upon the death of the account holder, the funds will form part of the estate for IHT purposes. Their spouse or registered civil partner can also inherit their ISA tax advantages and will be able to invest as much into their own ISA as their spouse used to have, on top of their usual allowance.

The Government will also explore whether savers should be able to access contributions and the government bonus for other specific life events. ■

TRANSFERRING FUNDS FROM THE HELP TO BUY ISA TO THE LIFETIME ISA IN 2017/18



Source: HM Treasury

Stamp duty new rules

Who are the winners and losers?

The new stamp duty rules set out in Budget 2016 take effect on 1 April 2016. For those buyers funding the purchase of a new home with the sale of an existing home, if their buyer pulls out but they still want to go ahead – perhaps by using a bridging loan – they will be liable for the stamp duty surcharge because they will technically own two residential properties at completion.



The stamp duty surcharge will not apply to the purchase of a property used for residential and non-residential purposes.

Although the cost of the stamp duty surcharge may be partially met by the buyer keeping the deposit paid under the failed sale contract, there could be a shortfall for the buyer to fund if they still want to proceed with the purchase of their new home.

Conveyancing lawyers must warn their clients at an early stage of the possibility of an increased tax charge. The extra tax will be repaid, but only if the previous home is sold within 36 months. For a £500,000 purchase, the stamp duty charge on a chain break will be double the amount that would be payable if a break hadn't occurred.

The new stamp duty rules could affect the ability for many newly married couples and registered civil partners to purchase their first home together. The issue arises where one spouse already owns a property. This is because under the new rules, married couples and registered civil partners are treated as one buyer.

In essence, ownership of an existing home by one partner will

affect the purchase of the couple's first home together. For a £500,000 purchase, the stamp duty charge in these circumstances will be double the amount that would be payable if the partner didn't retain their existing property.

The new stamp duty rules will however bypass buyers of mixed-use properties in England, Wales and Northern Ireland.

The stamp duty surcharge will not apply to the purchase of a property used for residential and non-residential purposes, for example, a country house with a stud farm or a residential property purchased at the same time as a non-residential property. Such transactions will continue to be taxed as if they were commercial properties.

In Scotland, however, the rules are different, and the price payable for a mixed-use property is split: the part payable for the residential property is taxed under the residential rates, and the rest is taxed under the commercial rates. ■

Changes to the non-dom tax regime



Rebasing offshore assets to their market value at 6 April 2017

Non-domiciled individuals who are UK resident for more than 15 out of 20 years will become deemed domiciled for all tax purposes from April 2017.

Those who become deemed domiciled in April 2017 can treat the market value of non-UK situated assets at 6 April 2017 as being their base cost.

This will avoid non-doms taking commercial risk and incurring foreign taxes by crystallising capital gains on non-UK assets prior to this date in order to achieve an uplift in the base costs of their non-UK assets.

Further information in relation to the proposals affecting offshore funds is still awaited, although it has been indicated that there will be some transitional rules for those becoming deemed domiciled. ■

Are your financial plans still on track after Budget 2016?

There are likely to have been a number of key announcements in this Budget that could have a bearing on your current and future financial plans.

To review what action you may be required to take to keep your plans on track, please contact us. Our details appear on the front cover.

The content of this Budget 2016 summary 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, and reliefs from, taxation are subject to change and their value depends on an individual's personal circumstances.



Published by Goldmine Media Limited, Basepoint Innovation Centre, 110 Butterfield, Great Marlings, Luton, Bedfordshire LU2 8DL

Content copyright protected by Goldmine Media Limited 2016. Unauthorised duplication or distribution is strictly forbidden.