

THE BUDGET 2014

landtax



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Budget Report 2014

This Report, which was written immediately after the Chancellor of the Exchequer delivered his Budget Speech, is intended to provide an overview of the latest announcements and recent measures most likely to affect you or your business.

Throughout this guide we have included tips and ideas for effective tax and financial planning, but it is important to remember that this planning should be an ongoing, year-round process, rather than something that is left until the last minute.

We can help you to reassess your plans regularly, and adapt them as your personal and business circumstances change. With our help, you can plan for a rewarding and financially secure future.

How to make the most of our services

Use page 15 to compile your own summary of the key points arising from this Budget and any actions you wish to consider. Keep a copy of the 2014/15 Tax Calendar on page 16 handy. It details many of the key dates and deadlines for the coming year.

Contact us as soon as possible to discuss any action you may be considering, and to review your longer term plans. We always welcome the opportunity to help.

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Please note: while most taxation changes take effect from the start of the financial year, or tax year, some may not take effect until 2015, or later. Where relevant, details of these changes have been included in this Report. Throughout the Report, 'HMRC' refers to HM Revenue & Customs.

Osborne offers a Budget to 'bolster resilience'

Chancellor George Osborne unveiled his fifth Budget amidst signs of growing levels of confidence in the UK's economic condition. Keen to drive home the message that the economy is recovering 'faster than forecast', the Chancellor announced that the Office for Budget Responsibility had revised its economic growth forecast upwards from 2.4% to 2.7% for 2014.

However, warning that 'the job is far from done', the Chancellor announced that further austerity measures would be necessary to tackle ongoing high levels of borrowing and help secure economic 'resilience', and confirmed that 2015 will see the introduction of a five-year structural welfare cap, starting at £119bn.

“ If you're a maker, a doer or a saver: this Budget is for you. ”

Chancellor George Osborne

Central to the speech were business investment, productivity and exports, with another temporary increase in the Annual Investment Allowance to £500,000, coupled with a doubling of export lending to £3bn. British manufacturers will benefit from a £7bn package aimed at reducing spiralling energy costs.

The Chancellor also revealed some significant personal tax measures, with sweeping changes to the taxation of pensions, including granting pensioners the freedom to control their own pension pots. Individual taxpayers are set to benefit from a further increase in the basic income tax personal allowance, which will rise to £10,500 with effect from 2015.

Turning his attention to the plight of UK savers, the Chancellor announced the reduction to zero of the 10p starting rate for savings and outlined a dramatic reform of Individual Savings Accounts (ISAs), through a New ISA (NISA) which will combine the cash and stocks and shares element of the existing ISA.

Confirming that the fuel duty rise for September will not go ahead, the Chancellor went on to announce a freeze in duty on whisky, other spirits and ordinary cider, and a reduction of beer duty by a penny a pint.

Other measures confirmed by the Chancellor include changes to the Tax-Free Childcare scheme worth up to £2,000 for working families, an increase in the National Minimum Wage, an extension of the Help to Buy scheme, and the creation of a new garden city at Ebbsfleet in Kent.

Finally, the Chancellor outlined plans to scrap the £1 coin in favour of a new twelve-sided coin, which will mirror the shape of the historic 'thrupenny bit' while embracing the latest in anti-counterfeiting technology.

Budget Highlights

- Annual Investment Allowance doubled to £500,000
- Income tax personal allowance to rise to £10,500
- New £15,000 ISA to combine cash and stocks and shares elements
- Export finance doubled to £3bn
- Retirees to be granted more power over their pension pots
- Up to £2,000 of Tax-Free Childcare for working families

2014 Economic Forecasts

UK economic growth	2.7%
Public sector net borrowing	£107.8bn
Inflation	1.9%
Unemployment	6.8%



Business tax and investment incentives

Corporation tax

Corporation tax rates and bands are as follows:

Financial year to	31 March 2015	31 March 2014
Taxable profits		
First £300,000	20%	20%
Next £1,200,000	21.25%	23.75%
Over £1,500,000	21%	23%

From 1 April 2015 the main rate of corporation tax will be reduced and unified with the small profits rate, giving a new unified rate of 20%.

Annual Investment Allowance (AIA)

The maximum amount of the AIA has been increased from £250,000 to £500,000 for all qualifying expenditure on plant and machinery made from 1 April 2014 for corporation tax and 6 April 2014 for income tax. After 31 December 2015 the limit will be reduced to £25,000. Transitional rules will apply.

Enhanced capital allowance (ECA)

The period in which businesses investing in new plant and machinery in ECA sites in Enterprise Zones can qualify for 100% capital allowances has been extended by three years to 31 March 2020.

Theatre tax relief

A new corporation tax relief for theatrical productions and touring theatrical productions is to be introduced. The Government will consult shortly after the Budget on the design of the relief.

Research and development (R&D)

From 1 April 2014 the rate of R&D payable tax credit for loss making SMEs will be increased from 11% to 14.5%.

Seed Enterprise Investment Scheme (SEIS)

The SEIS and the associated capital gains tax (CGT) relief for re-investing chargeable gains in SEIS shares are to be made permanent.

Venture Capital Trusts (VCTs)

The Government will introduce a measure to prevent VCTs from returning share capital to investors within three years of the end of the accounting period in which the VCT issued the shares. This will have effect in respect of shares issued on or after 6 April 2014. Distributions made from realised profits will not be affected by this change.

Social investment tax relief

Legislation will be introduced to provide a range of income and CGT reliefs, to provide incentives for investment by individuals in qualifying social enterprises. Income tax relief will be available at 30% of the amount invested. These changes will have effect from 6 April 2014.



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 on the right. The car fuel benefit is calculated by applying the same percentages to the fuel benefit charge multiplier, which for 2014/15 is £21,700.

For cars which cannot produce CO₂ engine emissions under any circumstances when driven ('zero emission cars', including those powered solely by electricity), the appropriate percentage is reduced to 0%, thereby reducing the car benefit charge to nil. For cars emitting between 1g/km and 75g/km the appropriate percentage is reduced to 5% (8% for diesel) for five years from 6 April 2010.

The lower threshold will be reduced from 115g/km to 110g/km with effect from April 2014. The lowest appropriate percentages will remain at 0% and 5%. The appropriate percentage will increase by 1% for all vehicles with CO₂ emissions between 95g/km and 210g/km, to a maximum of 35%.

Future changes

From April 2015, there will be two new appropriate percentage bands for company cars emitting 0-50g/km CO₂ (5%) and 51-75g/km CO₂ (9%). The remaining appropriate percentages are increased by 2% for cars emitting more than 75g/km CO₂ to a new maximum of 37%.

From April 2016, all the appropriate percentages are increased by 2% up to the maximum of 37%. The diesel supplement will be removed, so that diesel cars will be subject to the same level of tax as petrol cars.

CO ₂ emissions (g/km)	Appropriate percentage		Quarterly VAT	
	Petrol %	Diesel %	Flat Rate Valuation	VAT on charge £
Zero	0	0	156.00	26.00
Up to 75	5	8	156.00	26.00
76 - 94	11	14	156.00	26.00
95 - 99	12	15	156.00	26.00
100 - 104	13	16	156.00	26.00
105 - 109	14	17	156.00	26.00
110 - 114	15	18	156.00	26.00
115 - 119	16	19	156.00	26.00
120 - 124	17	20	156.00	26.00
125 - 129	18	21	234.00	39.00
130 - 134	19	22	251.00	41.83
135 - 139	20	23	266.00	44.33
140 - 144	21	24	282.00	47.00
145 - 149	22	25	297.00	49.50
150 - 154	23	26	313.00	52.17
155 - 159	24	27	328.00	54.67
160 - 164	25	28	345.00	57.50
165 - 169	26	29	360.00	60.00
170 - 174	27	30	376.00	62.67
175 - 179	28	31	391.00	65.17
180 - 184	29	32	408.00	68.00
185 - 189	30	33	423.00	70.50
190 - 194	31	34	439.00	73.17
195 - 199	32	35	454.00	75.67
200 - 204	33		470.00	78.33
205 - 209	34		485.00	80.83
210 - 214	35		502.00	83.67
215 - 219			517.00	86.17
220 - 224			533.00	88.83
225 or more		548.00	91.33	

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. The table above shows the VAT chargeable for quarters commencing on or after 1 May 2014.

Plug-in Grants

Motorists (private or business) purchasing new qualifying ultra-low emission cars can receive a grant of 25% towards the cost of the vehicle, up to a maximum of £5,000. 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 75g/km or less, including electric, plug-in hybrid and hydrogen-fuelled cars, are all 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.



Mileage rates

Changes to the HMRC business mileage rates are announced from time to time. The rates from 1 March 2014 are as follows:

Vehicle	First 10,000 miles	Thereafter	Car – fuel only advisory rates			
			Engine capacity	Petrol	Diesel	LPG
Car/van	45p	25p	1400cc or less	14p	12p	9p
Motorcycle	24p	24p	1401cc to 1600cc	16p	12p	11p
Bicycle	20p	20p	1601cc to 2000cc	16p	14p	11p
			Over 2000cc	24p	17p	17p

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, with lower scale rates for cars using alternative fuels. The following table shows the rates which apply from 1 April 2014 for cars registered on or after 1 March 2001:

VED Band	CO ₂ Emissions (g/km)	First Year Rate	Standard Rate	
			Petrol & Diesel	Alternative Fuels
A	Up to 100	£0	£0	£0
B	101 - 110	£0	£20	£10
C	111 - 120	£0	£30	£20
D	121 - 130	£0	£110	£100
E	131 - 140	£130	£130	£120
F	141 - 150	£145	£145	£135
G	151 - 165	£180	£180	£170
H	166 - 175	£290	£205	£195
I	176 - 185	£345	£225	£215
J	186 - 200	£485	£265	£255
K*	201 - 225	£635	£285	£275
L	226 - 255	£860	£485	£475
M	Over 255	£1,090	£500	£490

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

Company vans

The taxable benefit for the unrestricted private use of vans is £3,090. There is a further £581 taxable benefit if the employer provides fuel for private travel.

Van and fuel charge	Van	Fuel	Total
Tax (20% taxpayer)	£618	£116.20	£734.20
Tax (40% taxpayer)	£1,236	£232.40	£1,468.40
Tax (45% taxpayer)	£1,390.50	£261.45	£1,651.95
Employer's Class 1A NICs	£426.42	£80.18	£506.60

The flat rate of £3,090 is reduced to nil for vans emitting zero CO₂. There is no fuel benefit for such vans.



National Insurance Contributions (NICs)

2014/15	Employee (primary)	Employer (secondary)
Class 1 – (not contracted out)		
Payable on weekly earnings of:		
Below £111 (lower earnings limit)	Nil	–
£111 - £153 (primary threshold)	*0%	–
Below £153 (secondary threshold)	–	Nil
Above £153	–	13.8%
£153.01 - £805 (upper earnings limit)	**12%	–
Above £805	**2%	–

*No NICs are actually payable but a 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.

Employment Allowance up to £2,000 (per year)

Class 1A	On relevant benefits	13.8%
Class 2	Self employed	£2.75 per week;
	Limit of net earnings for exception	£5,885 per annum
Class 3	Voluntary	£13.90 per week
Class 4*	Self employed on profits	
	£7,956 - £41,865	9%;
	Excess over £41,865	2%

*Exemption applies if state pension age was reached by 6 April 2014.

Employer NICs for under-21s

As announced in the 2013 Autumn Statement, from 6 April 2015 employers will no longer be required to pay Class 1 secondary NICs on earnings paid up to the Upper Earnings Limit to any employee under the age of 21. This will apply to both existing employees and to employers taking on new staff. No individual's state pension entitlement will be affected by the measure.

Real Time Information (RTI)

Micro businesses have been granted additional time to comply with HMRC's new RTI reporting requirements.

Under RTI, employers must submit their PAYE information to HMRC on or before the day of payment. HMRC previously granted temporary relaxation of the RTI regulations for employers with fewer than 50 employees who pay their staff weekly or more regularly and find it difficult to report at the time of payment.

These employers have been allowed to send information by the date of their regular payroll, but no later than the end of the tax month. While this relaxation of the rules will come to an end as planned in April 2014, HMRC has since announced that eligible micro businesses will now be given until April 2016 to prepare for RTI. Until this time they may submit PAYE data on or before the last payday in the tax month. The concession will not apply to businesses that start up during this period.



Income tax and personal savings

Income Tax

	2014/15	2013/14
Basic rate band – income up to	£31,865	£32,010
Starting rate for savings	*10%	*10%
Basic rate	20%	20%
Dividend ordinary rate	10%	10%
Higher rate – income over	£31,865	£32,010
Higher rate	40%	40%
Dividend upper rate	32.5%	32.5%
Additional rate – income over	£150,000	£150,000
Additional rate	45%	45%
Dividend additional rate	37.5%	37.5%
'Rent a Room' exempt on gross annual rent	£4,250	£4,250
Construction Industry Scheme deduction rate	20/30%	20/30%

*Starting rate is for savings income up to the starting rate limit of £2,880 (£2,790) within the basic rate band. The rate applies to any balance of the limit remaining after allocating taxable non-savings income.

Personal allowances (PA)

	2014/15	2013/14
Born after 5 April 1948	£10,000	£9,440
Born after 5 April 1938 and before 6 April 1948	£10,500	£10,500
Born before 6 April 1938	£10,660	£10,660
Married couple's allowance (MCA)		
Either partner born before 6 April 1935 (relief restricted to 10%)	£8,165	£7,915

Age-related allowances are reduced by £1 for every £2 that adjusted net income exceeds £27,000 (£26,100) to a minimum PA of £10,000 (£9,440) and to a minimum MCA of £3,140 (£3,040). Where adjusted net income exceeds £100,000, PA is reduced in the same way until it is nil regardless of the individual's date of birth.

Tax Shelters

Venture Capital Trust up to	£200,000	£200,000
Enterprise Investment Scheme up to	£1,000,000	£1,000,000
Seed Enterprise Investment Scheme up to	£100,000	£100,000



Changes to allowances and rate bands from 2015

The Chancellor announced that from 6 April 2015:

- the personal allowance for all those born after 5 April 1938 will be £10,500
- the basic rate limit will be reduced to £31,785, and
- the starting rate will be 0% and will apply to a maximum of £5,000 of savings income.

Transferable tax allowance for married couples

An individual will be entitled to transfer £1,050 of their personal allowance to their spouse or civil partner, from 6 April 2015, so long as neither is paying tax at more than the basic rate. From 6 April 2016, the transferable amount will be 10% of the personal allowance.

Dual contracts

It was announced that UK resident non-domiciles paying income tax on the remittance basis who use separate employment contracts for UK and overseas duties with the same or associated employers will be taxed on the arising basis, where certain conditions are met. This means that the income will cease to be eligible for the remittance basis tax treatment. The change will have effect for general earnings and employment-related securities income from an overseas employment and overseas employment income provided through third parties arising on and after 6 April 2014 (except where the income is related to employment duties performed in a year prior to 2014/15).

Glasgow Grand Prix and future major sporting events

Non-UK resident sportspeople will benefit from an exemption from UK income tax on any income received as a result of their performance at the athletics event, the Glasgow Grand Prix 2014, or as a result of any activity carried out between 5 and 14 July 2014, where the main purpose is to support or promote the Glasgow Grand Prix.

This exemption will be granted via Finance Bill 2014 but in future, under a new power to make such exemptions for major sporting events through Treasury regulations, it will not be necessary to legislate for such provisions in a Finance Bill.

Pensions

The Chancellor announced some changes to apply on or after 27 March 2014 to:

- increase the maximum income that a drawdown pensioner (member or dependant) with a capped drawdown pension fund can choose to receive to 150% of the "basis amount"
- reduce the minimum income threshold for flexible drawdown to £12,000
- allow members over 60, with total pension savings of £30,000 or less to take out all of those savings as one or more trivial commutation lump sums and
- increase the size of a small pension pot which can be taken as a lump sum from £2,000 to £10,000 and the number of personal pension pots that can be taken as a lump sum under the small pot rules from two to three.

Time for tea: Charles Townsend imposed unpopular taxes on goods imported to American colonies - including tea. This sparked the Boston Tea Party and led to the American Revolution in 1776.

Take Note

Many people can go for years inadvertently paying the wrong amount of tax because their tax code is incorrect. You can help to avoid this by checking the series of numbers and letters in your tax code to ascertain whether the correct code is being applied - contact us for advice.



Announcing a period of consultation, the Chancellor also proposed that from April 2015, those in a defined contribution scheme will, from age 55, be able to choose from three options. The access to a tax-free lump sum at retirement will continue, but thereafter the retiree can choose:

- to draw the remainder of the pension pot, which will then be taxed at the marginal rate (0, 20, 40 or 45%) – (currently it would be taxed at 55%)
- to go into drawdown under the new limits as above, or
- to buy an annuity.

Measures were also announced to tackle pension liberation fraud.

National Savings and Investments (NS&I)

From 1 August 2014 the Premium Bond investment limit will be increased from £30,000 to £40,000 and will offer two £1m monthly prizes instead of one. The limit will be further increased to £50,000 in 2015/16.

The Government will launch in January 2015 a range of fixed-rate, market-leading savings bonds for people aged 65 and over, taxable in line with all other savings income. Interest rates and individual investment limits will be confirmed at Autumn Statement 2014 to take account of prevailing market conditions but the central assumption made at Budget 2014 is that NS&I will launch a 1-year bond paying 2.8% gross/AER and a 3-year bond paying 4.0% gross/AER with an investment limit of £10,000 per bond.

Individual Savings Accounts (ISAs) 2014/15

	To 30 June 2014	From 1 July 2014
Overall Investment limit	£11,880*	£15,000
Junior ISA limit	£3,840	£4,000

(Transitional rules may apply)

**Including cash maximum of £5,940*

The New ISA

From 1 July 2014, ISAs will be reformed into the 'New ISA' (NISA). From that date all existing ISAs will become NISAs, and the overall annual subscription limit for these accounts will be increased to £15,000 for 2014/15.

ISA savers will be able to subscribe this full amount to a cash account (currently only 50% of the overall ISA limit can be saved in cash), and will also be able to transfer their investment from a stocks and shares to a cash account and vice versa.

There will be changes to the rules on the investments that can be held in a NISA, so that a broader range of securities, including certain retail bonds with less than five years before maturity, can be invested.

Between 6 April and 1 July 2014, the total amount that can be paid into a Cash ISA is £5,940. For those with a Stocks and Shares ISA, money can still be paid into that account, but the combined amount paid into Cash and Stocks and Shares ISAs must not exceed £11,880. From 1 July 2014, when any ISA will automatically become a NISA, further money can be added to either a Cash or a Stocks and Shares NISA up to the new £15,000 limit.

Junior ISA

From 1 July 2014, the amount that can be subscribed to a child's Junior ISA or Child Trust Fund (CTF) in 2014/15 will be increased to £4,000.



Capital taxes

Capital gains tax (CGT)

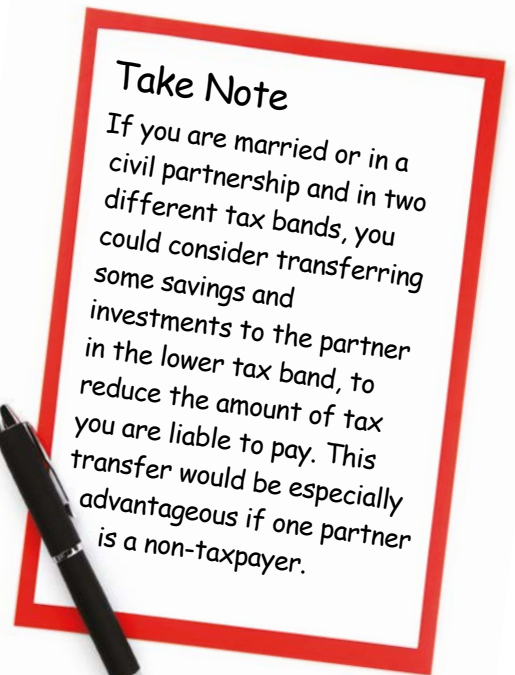
Roll-over relief allows capital gains tax and corporation tax on chargeable gains to be deferred where the proceeds from disposing of certain eligible classes of qualifying asset are reinvested into new qualifying assets.

A new measure announced today will prevent companies claiming chargeable gains roll-over relief on the disposal of tangible assets where the proceeds are reinvested in an intangible fixed asset.

This measure also adjusts the tax cost of the replacement intangible fixed asset for claims made on or after 1 April 2009 and before 19 March 2014, preventing double tax relief being given on any roll-over relief claims already made.

A further measure, affecting farmers, including companies carrying on a farming business, who dispose of or acquire payment entitlements under the new agricultural subsidy Basic Payment Scheme (BPS), will include payment entitlements under the BPS within the classes of assets eligible for business asset roll-over relief.

This measure will be retrospective and have effect in relation to acquisitions and disposals of BPS payment entitlements on and after 20 December 2013 (the date the relevant EU Regulation came into force).



Inheritance tax (IHT)

Aimed at closing a loophole, a measure will amend the new rules introduced in Finance Act 2013 dealing with liabilities so that foreign currency accounts in UK banks are treated in a similar way as excluded property for the purposes of restricting the deduction of a liability.

National Minimum Wage (NMW)

The NMW rates are as follows:

Age	21 and over	18-20	16 and 17	Apprentices*
From 1 October 2013	£6.31	£5.03	£3.72	£2.68
From 1 October 2014	£6.50	£5.13	£3.79	£2.73

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

A public Budget: The Budget was first broadcast in 1978 and then televised in 1990.



National Minimum Wage fines

New rules that came into force in February mean that the maximum penalties levied for firms failing to comply with minimum wage regulations have increased. For each underpaid worker, the firm must now pay £20,000, up from £5,000, plus a financial penalty of 100% of the missing wages rather than the previous 50%.

Value Added Tax (VAT)

From	1 April 2014
Standard rate	20%
VAT fraction	1/6
Reduced rate	5%
Current Turnover Limits	
Registration – last 12 months or next 30 days over	£81,000 from 1 April 2014
Deregistration – next year under	£79,000 from 1 April 2014
Annual and Cash Accounting Schemes	£1,350,000
Flat Rate Scheme	£150,000

Duties

Tobacco duty

The duty on all tobacco products will be increased by 2% above the rate of inflation (based on the RPI) from 6pm on 19 March 2014.

Alcohol duty

The duty rates on beer will decrease with effect from 24 March 2014. This will reduce the price of a pint of beer by 1p.

The duty on spirits will be frozen for 2014/15. The duty escalator for wine, made-wine and high strength sparkling cider will end.

Air Passenger Duty: banding reform

Rates for the new bands will lower the cost of travelling to many emerging market destinations such as China, India and Brazil.

Other duties

From 30 June 2014, the Government will reduce the rate of bingo duty to 10%.

Many strings: Did you know... former Chancellor and Prime Minister John Major was the son of a trapeze artist? His father also owned a garden gnome business!



Other measures announced

Taxation of high value residential property

The Government will introduce two new bands for the Annual Tax on Enveloped Dwellings (ATED). Residential properties worth over £1m and up to £2m will be brought into the charge with effect from 1 April 2015. The charge for these properties in 2015/16 will be £7,000. Properties worth over £500,000 and up to £1m will be brought into the charge with effect from 1 April 2016. The charge for these properties in 2016/17 will be £3,500. These charges will be increased in line with the CPI each year.

The Government will also extend the 15% SDLT rate applied to residential properties purchased by certain non-natural persons to properties purchased for over £500,000 with effect from 20 March 2014. It will extend the related CGT charge on disposals of properties liable to ATED for residential properties worth over £1m and up to £2m with effect from 6 April 2015 and for residential properties worth over £500,000 and up to £1m with effect from 6 April 2016. The Government will consult over summer 2014 on possible options to simplify the administration of ATED.

Tax-Free Childcare

It has been confirmed that the Tax-Free Childcare costs cap, against which eligible parents can claim 20% support, will be increased to £10,000 per year for each child.

This will mean that eligible parents can now benefit from greater support, worth up to £2,000 per child from Autumn 2015. Tax-Free Childcare will be rolled out to all eligible families with children under 12 within the first year of the scheme's operation.

Help to Buy scheme

The Help to Buy: equity loan scheme will be extended to March 2020 with the aim of helping a further 120,000 households to buy a new-build home.

Employee share schemes

From 6 April 2014 the maximum value of shares that employees can acquire under all-employee Share Incentive Plans (SIPs) will be increased to £3,600 on the 'free' shares companies can award to employees; and £1,800 on the 'partnership' shares employees can purchase.

Ebbfleet Garden City

Britain's first new garden city since Welwyn Garden City in 1920 will be built in Ebbfleet, Kent. The new city will contain 15,000 homes. The Government will set up a dedicated Urban Development Corporation for the area, in consultation with local MPs, councils and residents, and will make up to £200m of infrastructure funding available to kick start development.

New £1 coin announced

The Government has announced the proposed introduction of a new £1 coin. The new coin will be roughly the same size as the current £1 coin, with a 12-sided design based on the old 'thrupenny bit'. It will have a bi-metallic construction, of two colours, and the Royal Mint claims it will be 'the most secure coin in the world'. The existing £1 coin, which has been in circulation for over thirty years, is considered to be too vulnerable to counterfeiters.

The Government will consult on the new coin in detail and expects to introduce it in 2017.



Increased help for exporters

In an attempt to make UK Export Finance (UKEF) more competitive the Government will double the size of UKEF's direct lending scheme to £3bn, remove the scheme end date, relax conditions on loan sizes, and lend at the minimum interest rates allowed by international agreements.

It also aims to work in partnership with the banks to deliver the enhanced lending scheme to ensure that smaller companies can also benefit from the scheme, and to consult on changes to the legislation governing UKEF to allow the organisation to support individual export supply chains and intangible exports.

Users of failed avoidance schemes

Finance Bill 2014 will introduce legislation that will enable HMRC to issue a 'Follower Notice' to any taxpayer for whom there is an open enquiry or appeal and who has used a tax arrangement that, in HMRC's opinion, has been found to fail by another judicial decision relevant to their case, thereby determining their dispute. The notice will inform the taxpayer that they should amend their return or agree to resolve their appeal in line with the court's decision.

The notice will require the taxpayer to pay the tax in dispute within 90 days, or a further 30 days where the taxpayer requests that HMRC should reconsider the 'Follower Notice' or the amount of the payment notice. Where the matter is under appeal, the measure will operate so as to remove any postponement of the disputed tax. Penalties will apply for late payment.

Accelerated payment in tax avoidance cases

Legislation will be introduced in Finance Bill 2014 to enable HMRC to issue a 'Notice to Pay' to any taxpayer for whom there is an open enquiry, or the matter is under appeal, and who has claimed a tax advantage by the use of arrangements that fail to be disclosed under the Disclosure of Tax Avoidance Schemes (DOTAS) rules or are counteracted under the General Anti-Abuse Rule (GAAR).

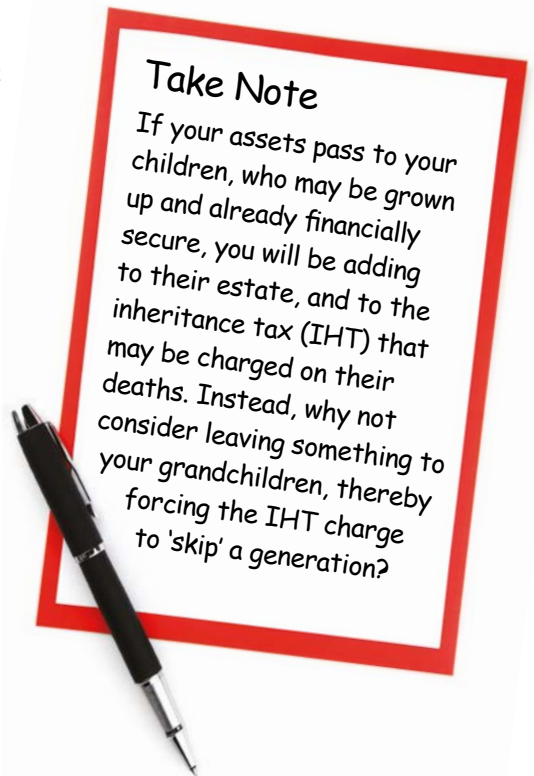
The notice will require the taxpayer to pay the tax in dispute within 90 days, or a further 30 days where the taxpayer requests that HMRC should reconsider the amount of the payment notice. Where the matter is under appeal, the measure will operate so as to remove any postponement of the disputed tax. Penalties will apply for late payment.

Flood defences

The Government will increase funding by £140m over 2014/15 and 2015/16 to repair and maintain flood defences.

Potholes challenge fund

The Government will provide an additional £200m in 2014/15 to set up a 'potholes challenge fund' to allow local authorities to repair up to 3.2m potholes following the severe weather. This includes an allocation to devolved administrations.



Unusual taxes: Throughout history taxes have been levied on a number of unusual items including beards, hats, wallpaper, soap, windows, hearths and even wigs.



Mersey Gateway Bridge

The Budget announced approval of a guarantee of up to £270m to support the Mersey Gateway Bridge.

Alan Turing Institute

The Government will provide £42m over 5 years for the Alan Turing Institute. This will be a national institute which will undertake new research in ways of collecting, organising and analysing large sets of data ('Big Data'), with the aim of enabling businesses to enhance their manufacturing processes, marketing and efficiency.

What they said...

This is a Budget for building a resilient economy. If you're a maker, a doer or a saver: this Budget is for you.

Chancellor George Osborne

The Chancellor spoke for nearly an hour but he did not mention one central fact – the working people of Britain are worse off under the Tories... You can change the shape of the pound but it doesn't matter if the pound is square, round or oval – if you're £1,600 worse off, you're still £1,600 a year worse off.

Ed Miliband, Labour leader

The Budget will put wind in the sails of business investment, especially for manufacturers... This was a make or break Budget coming at a critical time in the recovery and the Chancellor has focused his firepower on areas that have the potential to lock in growth.

John Cridland, Confederation of British Industry

This was a pre-election Budget, with its give-aways aimed at the better off rather than lifting the living standards of the many. It will be paid for by further years of austerity, public services brought to near collapse, public sector pay cuts and a welfare cap that bites into the safety net that any of us might need.

Frances O'Grady, TUC

Today's Budget offered a clear signal for businesses to grow through the increased investment allowance, and with a focus on manufacturing.

John Allan, Federation of Small Businesses

Austerity vindicated? An economic background to the Budget

In December's Autumn Statement – an increasingly important precursor to the March Budget – George Osborne was able to present the most upbeat Commons statement of his Chancellorship.

For once, there was good economic news to report. The Office for Budget Responsibility (OBR) forecast that growth for 2013 would be 1.4% (more than double the 0.6% it predicted in March 2013) and would rise to 2.4% in 2014. It also predicted that under the Chancellor's plans borrowing would decline to the point where the country would be running a small surplus by 2018/19, which, if true, would be the first time a UK government has managed to do so since 2001.

Inevitably, the Chancellor was keen to claim vindication for the Government's so-called 'austerity' approach to fiscal policy (that is, the attempt to reduce the deficit through a combination of lower public spending and tax rises in an approximate ratio of 80:20), and to attack Shadow Chancellor Ed Balls for demanding a 'Plan B' of increased borrowing to stimulate growth, claiming that his opposite number had been 'proved comprehensively wrong'.

In the early months of 2014 there has been even more positive economic news. In February it was reported that manufacturing was growing significantly faster than expected, while in March the Organisation for Economic Co-operation and Development said Britain was now experiencing the fastest growth of the world's major economies. During his Budget speech, the Chancellor was able to announce that the OBR had further increased its forecast for growth in 2014, to 2.7%.

Since the Autumn Statement, Labour has shifted the focus of its attack on the Government away from demanding an end to 'austerity', and onto the 'cost of living crisis'. But for all the Chancellor's claims of vindication, it is worth remembering that when the Coalition came to power in 2010 his stated aim was to eliminate the deficit completely by 2014/15, yet the OBR expects it to stand at 6.6%.



2014/15 Tax Calendar

April 2014

M	Tu	W	Th	F	Sa	Su
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

May 2014

M	Tu	W	Th	F	Sa	Su
			1	2	3	5
5	6	7	8	9	10	12
12	13	14	15	16	17	19
19	20	21	22	23	24	26
26	27	28	29	30	31	

June 2014

M	Tu	W	Th	F	Sa	Su
30						1
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9	10	11	12	13	14	15
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23	24	25	26	27	28	29

April 2014

- 5 Last day of 2013/14 tax year.
Deadline for 2013/14 ISA investments.
Last day to make disposals using the 2013/14 CGT exemption.
- 14 Due date for income tax for the CT61 period to 31 March 2014.
- 18/22 Quarter 4 2013/14 PAYE remittance due.
- 20 Interest will begin to accrue on unpaid PAYE/NI for 2013/14.
- 30 Normal annual adjustment for VAT partial exemption calculations (monthly returns).

May 2014

- 1 Start of daily penalties for 2013 online Tax Return not yet filed. Additional penalties may apply for further delay.
- 3 Submission date of P46 (Car) for quarter to 5 April.
- 31 Last day to issue 2013/14 P60s to employees.

June 2014

- 30 End of CT61 quarterly period.
Annual adjustment for VAT partial exemption calculations (March VAT year end).

July 2014

- 6 Deadline for submission of Form 42 (transactions in shares and securities).
Deadline for submission of EMI40 (EMI Annual Return).
Deadline for entering into a PAYE Settlement Agreement for 2013/14.
File Taxed Award Scheme Returns, file P11Ds, P11D(b)s and P9Ds. Issue copies of P11Ds or P9Ds to employees.

July 2014

M	Tu	W	Th	F	Sa	Su
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

August 2014

M	Tu	W	Th	F	Sa	Su
				1	2	3
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September 2014

M	Tu	W	Th	F	Sa	Su
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29	30					

- 14 Due date for income tax for the CT61 period to 30 June 2014.
- 18/22 Quarter 1 2014/15 PAYE remittance due.
Final date for payment of 2013/14 Class 1A NICs.
- 31 Second payment due date for 2013/14 Class 2 NICs.
Second Self Assessment payment on account for 2013/14.
Annual adjustment for VAT partial exemption calculations (April VAT year end).
Liability to 5% penalty on any tax unpaid for 2012/13.
Deadline for tax credit Annual Declaration (if estimated, final figures required by 31/01/15).

August 2014

- 2 Submission date of P46 (Car) for quarter to 5 July.
- 31 Annual adjustment for VAT partial exemption calculations (May VAT year end).

September 2014

- 30 End of CT61 quarterly period.
Last day for UK businesses to reclaim EC VAT chargeable in 2013.

October 2014

- 1 Due date for payment of Corporation Tax for period ended 31 December 2013.
- 5 Individuals/trustees must notify HMRC of new sources of income/chargeability in 2013/14 if a Tax Return has not been received.
- 14 Due date for income tax for the CT61 quarter to 30 September 2014.

October 2014

M	Tu	W	Th	F	Sa	Su
		1	2	3	4	5
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November 2014

M	Tu	W	Th	F	Sa	Su
					1	2
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December 2014

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29	30	31				

- 17/22 Quarter 2 2014/15 PAYE remittance due.
PAYE Settlement Agreement payment dates for 2013/14.
- 31 Deadline for paper submission of 2014 Tax Return without incurring penalties.

November 2014

- 1 £100 penalty if 2014 paper Tax Return not yet filed. Additional penalties may apply for further delay. No penalties will apply if online return filed by 31 January 2015.
- 2 Submission date of P46 (Car) for quarter to 5 October.

December 2014

- 30 Last day for online submission of 2014 Tax Return for HMRC to collect tax through clients' 2015/16 PAYE code, where they owe less than £3,000.
- 31 Last day for non-EU traders to reclaim recoverable UK VAT suffered in the year to 30 June 2014.
End of relevant year for taxable distance supplies to UK for VAT registration purposes.
End of relevant year for cross-border acquisitions of taxable goods in the UK for VAT registration purposes.
End of CT61 quarterly period.
Filing date for Company Tax Return Form CT600 for period ended 31 December 2013.

January 2015

- 1 Due date for payment of Corporation Tax for period ended 31 March 2014.
- 14 Due date for income tax for the CT61 quarter to 31 December 2014.
- 19/22 Quarter 3 2014/15 PAYE remittance due.

January 2015

M	Tu	W	Th	F	Sa	Su
			1	2	3	5
5	6	7	8	9	10	12
12	13	14	15	16	17	18
19	20	21	22	23	24	26
26	27	28	29	30	31	

February 2015

M	Tu	W	Th	F	Sa	Su
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23	24	25	26	27	28	

March 2015

M	Tu	W	Th	F	Sa	Su
30	31					1
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23	24	25	26	27	28	29

- 31 First self assessment payment on account for 2014/15.
Capital gains tax payment for 2013/14.
Balancing payment - 2013/14 income tax/Class 4 NICs.
Last day to renew 2014/15 tax credits.

- First payment due date for 2014/15 Class 2 NICs.
Deadline for amending 2013 Tax Return.
Last day to file the 2014 Tax Return online without incurring penalties.
Liability to 5% penalty on any tax unpaid for 2012/13.

February 2015

- 1 £100 penalty if 2014 Tax Return not yet filed online. Additional penalties may apply for further delay. Interest starts to accrue on 2013/14 tax not yet paid.
- 2 Submission date of P46 (Car) for quarter to 5 January.
- 14 Last date (for practical purposes) to request NIC deferment for 2014/15.

March 2015

- 2 Last day to pay any balance of 2013/14 tax and Class 4 NICs to avoid an automatic 5% late payment penalty.
- 31 End of Corporation Tax financial year.
End of CT61 quarterly period.
Filing date for Company Tax Return Form CT600 for the period ended 31 March 2014.

