



# UK Budget

**Alessandro Umberto Belluzzo**

***Belluzzo&Partners LLP***

**12 December 2017**

## Summary

- Introduction
- Income tax
- Corporation Tax
- Capital Gain Tax
- SDLT
- Investments
- Energy and transport tax
- Making tax digital

The United Kingdom has a bright future. The fundamental strengths of the UK economy will support growth in the long term as the UK forges a new relationship with the European Union (EU). The Budget prepares for that: supporting families and business in the near term; setting a path to a prosperous, more open Britain; and building an economy that is fit for the future. It demonstrates the government's commitment to a balanced approach to managing the public finances and supporting key public services. By investing in the future, the Budget will ensure that every generation can look forward to a better standard of living than the one before and ensures young people have the skills they need to get on in life. It backs the innovators who deliver growth, helps businesses to create better, higher paid jobs and builds the homes the country needs.

The Budget sets out actions the government will take to:

- Support more housebuilding
- Prepare for exiting the EU and ensure a smooth transition by setting aside an additional £3 billion for government
- Establish the UK as a world leader in new technologies such as artificial intelligence (AI), immersive technology, driverless cars, life sciences and FinTech
- Expand the National Productivity Investment Fund (NPIF) to support innovation, upgrade the UK's infrastructure and underpin the government's modern Industrial Strategy
- Invest over £6.3 billion of new funding for the NHS to improve A&E services, reducing waiting times and improving performance for treatment after referral, and to transform and integrate patient care
- Provide more support in the short term for households, reducing costs of living, and boosting wages for the low paid through the National Living Wage (NLW)

## Personal allowance

£11,500 for 2017/18

Increased to £11,850 for 2018/19

## Higher Rate entry point

£45,000 for 2017/18

Increased to £46,350 for 2018/19

## April 2020

£12,500 Personal Allowance

£50,000 Higher Rate threshold

No changes to the rates of tax nor other thresholds such as AR threshold and income limit for personal allowance [remains at £100,000]

Taxation of trusts – The government will publish a consultation in 2018 on how to make the taxation of trusts simpler, fairer, and more transparent.

Benefits in kind: electric vehicles – From April 2018, there will be no benefit in kind charge on electricity that employers provide to charge employees' electric vehicles.

The UK has one of the most competitive tax regimes for business with the lowest corporate tax rate in the G20

The Budget reaffirms the government's commitment to low, stable rates previously announced will be:

-2017/18	19%
-2018/19	19%
-2019/20	18%
-2020/21	17%

Support businesses to invest by increasing the R&D expenditure credit from 11% to 12%,

From April 2020, income that non-resident companies receive from UK property will be chargeable to corporation tax rather than income tax.

## Annual CGT exemption

- For individuals £11,300 for 2017/18 increased to £11,700 for 2018/19
- For trusts £5,650 for 2017/18 increased to £5,850 for 2018/19

## Corporate capital gains

The government will amend the Substantial Shareholding Exemption legislation and the Share Reconstruction rules to avoid unintended chargeable gains being triggered where a UK company incorporates foreign branch assets in exchange for shares in an overseas company.

Consultation on extending non resident gains on property to commercial property & bring all persons into charge on UK property disposals.



## Venture Capital Schemes [EIS/ Seed EIS/ VCT]

Both EIS and VCT investors receive 30% income tax relief when their funds are put to work. And they do not need to pay capital gains tax (CGT) on any investment returns.

The chancellor announced that from 6 April 2018 the annual investment limit for EIS investors will double from £1m to £2m, so long as any amount above £1m is invested in knowledge-intensive companies. And the amount of annual investment knowledge-intensive firms can receive through EIS and VCT schemes will also double from £5m to £10m.

However, a new principles-based test will be introduced to ensure that EIS and VCT schemes are focused towards companies seeking investment for long-term growth and development, rather than those targeting low-risk, capital preservation returns.

Hammond said the UK “led the world on climate change agreements” and promised new money to support a shift to electric vehicles. He also said: “We cannot keep our promise to the next generation to build an economy fit for the future, unless we ensure our planet has a future.”

The budget includes a freeze in fuel duty for the eighth year in a row and is keen to encourage the shift to electric vehicles.

In order to support this shift, Hammond announced a new £400m “charging investment infrastructure fund”, which the budget document said would be made up of £200m in public money matched by private investment.

The document promised regulation to support the wider roll-out of charging infrastructure for electric vehicles (EVs), with the government electrifying 25% of its own car fleet by 2022.

First £300,000 of the purchase price of a property by a first-time buyer is exempt from SDLT with the remainder charged at 5%. This relief is not available to individuals who are not first-time buyers or where the consideration paid is more than £500,000.

Relief from the additional 3% SDLT rate for second homes where:

- ✓ - Court order issued on divorce / dissolution of civil partnership
- ✓ - Spouse buys property from their spouse
- ✓ - Buys property in child's name or on their behalf
- ✓ - Purchaser adds to their interest in their main residence

New legislation to block avoidance scheme

No new announcements or changes.

Still VAT registered businesses with turnover exceeding the registration limit will be required to keep records digitally & update HMRC quarterly;

Confirmation businesses under VAT threshold not required to keep records digitally;

Still to be implemented by April 2019.



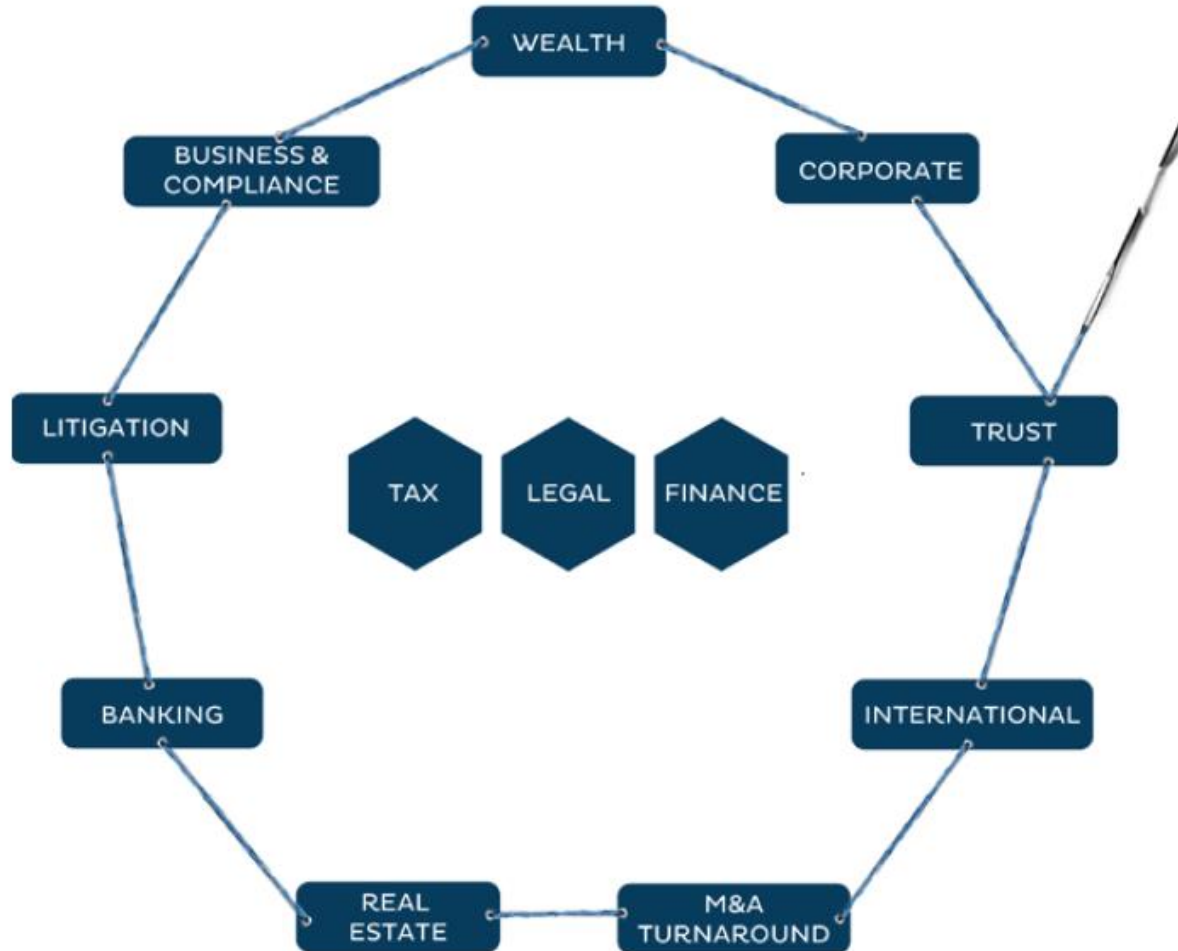
## Conclusions and Q&A



**Alessandro Belluzzo** is the Managing Partner of the London office of Belluzzo & Partners.

Alessandro graduated with two bachelor's degrees (Business Administration and Law) from Bocconi University in Milan and completed a master's degree in International Tax. Alessandro is a Registered European Lawyer ("REL") with the BAR association and is a qualified Trust Estate Practitioner ("TEP") in the United Kingdom. In October 2017, Alessandro was awarded the Cavaliere della Stella d'Italia (Knight of the Star of Italy) by the Italian Ambassador to London, for his work in promoting dialogue between the business community in Italy and the UK. Besides his professional activity, Alessandro has lectured at Bocconi University in Milan and he is a frequent presenter at specialist conferences in England and throughout the world. He deals predominantly with estate planning, most notably with regard to international taxation and family businesses.

[alessandro.belluzzo@belluzzo.net](mailto:alessandro.belluzzo@belluzzo.net)



**75 PEOPLE + 5 OFFICES = ONE FIRM**

This document has been prepared independently by **Belluzzo&Partners** and is for purposes of information only.

We revise this document in light of the constant changes in laws, rules and regulations, but we cannot guarantee that the contents are up to date, although written in good faith.

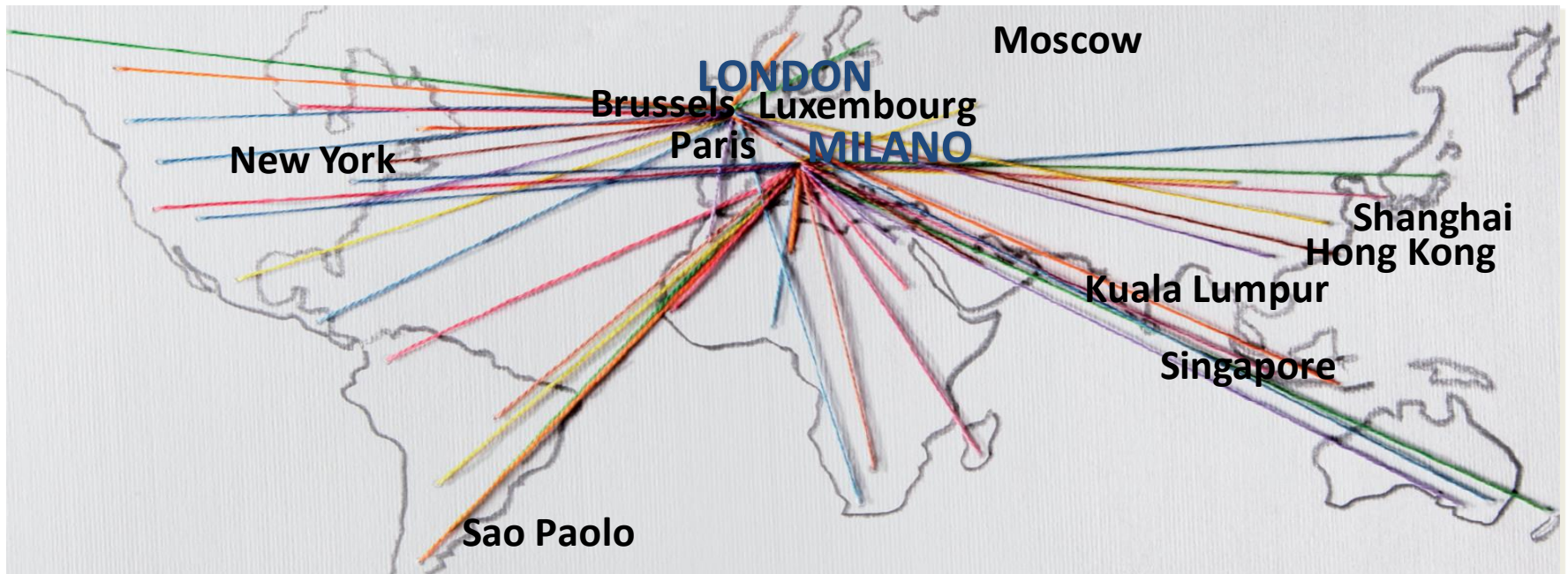
**Belluzzo&Partners** makes no representations or warranties concerning the completeness and accuracy of the information. We advise you to get specific professional advice before making any decisions.

This document resulted from the study and research carried out by **Belluzzo&Partners** and by its partners and shall not be reproduced, distributed or published, in whole or in part, for any purpose, without the express authorization of **Belluzzo&Partners**.

For further information, please contact **Belluzzo&Partners** at any of our offices or by writing to: *studio@belluzzo.net*



A strong worldwide network built on real experiences and solutions = the Value Network



[www.belluzzo.net](http://www.belluzzo.net)



# CONTACTS

---

## MILANO

Via Bocchetto 6,  
Piazza Edison 20123  
tel. +39 02 365 69657  
studio@belluzzo.net



## VERONA

Stradone San Fermo 14,  
37121  
tel. +39 045 800 5353  
studio@belluzzo.net



## LONDRA

38, Craven Street  
WC2N 5NG  
ph. +44 (0)20 700 42660  
london@belluzzo.net



## LUGANO

Corso Elvezia, 25  
6900  
ph. +41 (0)91 252 0780  
lugano@belluzzo.net



## SINGAPORE

133 Cecil Street, #11-02  
Keck Seng Tower, 069535  
ph. (+65)6236 0930  
singapore@belluzzo.net



[www.belluzzo.net](http://www.belluzzo.net)

[www.linkedin.com/company/belluzzo&partners](http://www.linkedin.com/company/belluzzo&partners)