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Accounting and Tax Services

Newsletter - Budget day March 2015

Hello and welcome to a post-budget mini newsletter.

The Budget

Last Wednesday the latest budget was delivered. I don't propose to repeat it all here as it is well covered in the media - if you wish to read the full 124 page "Red book" it can be found at <https://www.gov.uk/government/publications/budget-2015-documents>

I will however comment on a few points relevant to most of you.

- **The Personal allowance** goes up from April to £10,600 for 2015/16 and £200 for the each of the next 2 years after that. The reduction of personal allowance still applies to individuals with an income over £100,000.
- **The National Insurance** threshold increases slightly and for 2015/16 will apply to earnings (not investment income) over £8,060. For the self employed Class 2 NI will no longer be collected separately but paid via self-assessment. The last monthly direct debit will be taken around July 2015 as it is collected in arrears.
- **A new savings allowance** was announced from April 2016. The first £1,000 of interest earned will be tax free for basic rate taxpayers. The allowance is reduced to £500 for higher (40%) rate tax payers and to nil for additional (45%) rate payers.
Additionally, from April 2016, tax will no longer be tax deducted at source by banks etc.
- **ISA's are to be more flexible** and allow you to "borrow" and repay in same tax year without losing your annual tax free entitlement - it is hoped this will take effect in the Autumn so don't do it yet.
- **Pension annuities** - from this April people over 55 can cash in their pensions (with some exceptions) and don't have to buy an annuity, although they may be liable to tax if they do this. The budget announced plans for existing pensioners to be able to sell annuities after April 2016 to be in a similar position.
- **No more Self-assessment tax returns!** - a major change to the tax system was announced with a switch away from annual filing to online accounts for all. HMRC will make better use of information they already have from employers, banks, benefits etc so this should help reduce paperwork. This will be phased in. It is unclear as yet how they will gather self-employed and company accounts information - more details are to be announced.
- **Deeds of variation** - as you may know a will (or intestacy) can be varied if the beneficiaries agree by using such a deed. There are often practical reasons to do this, however they can also be used for tax planning. The budget announced a plan to review their use to avoid (legally) inheritance tax. The best way to not get involved with such problems is to make a Will and remember to review it regularly and keep it upto date.

A final comment, as you are no doubt aware there will be a general election shortly. Some of the longer term proposals may not be implemented depending on who holds power. There could also be a further budget after the election.

Reminders

- Now is the last chance to implement any actions such as topping up ISAs before the tax year ends.
- End of tax year papers will be with you soon such as P60s, P11Ds, interest certificates etc - Please keep them safe for your 2014/15 tax return - you will still have to file this one the old way.

That's all for now, please do get in touch if I can help with anything mentioned above, or if you have any comments or any other accounting or taxation queries.

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