

Autumn Budget

Other Matters



Highlighting various matters, including business rates and stamp duty changes.

Business rates

Business rates have been devolved to Scotland, Northern Ireland and Wales. The business rates revaluation took effect in England from April 2017 and resulted in significant changes to the amount of rates that businesses will pay. In light of the recent rise in inflation, the government will provide further support to businesses including:

- bringing forward the planned switch in indexation from RPI to CPI to 1 April 2018
- legislating retrospectively to address the so-called 'staircase tax'. Affected businesses will be able to ask the Valuation Office Agency to recalculate valuations so that bills are based on previous practice backdated to April 2010.

Stamp Duty Land Tax (SDLT)

Relief for first time buyers

The government has announced that first time buyers paying £300,000 or less for a residential property will pay no SDLT.

First time buyers paying between £300,000 and £500,000 will pay SDLT at 5% on the amount of the purchase price in excess of £300,000. First time buyers purchasing property for more than £500,000 will not be entitled to any relief and will pay SDLT at the normal rates.

The new rules apply to transactions with an effective date (usually the date of completion) on or after 22 November 2017.

Comment

This measure does not apply in Scotland as this is a devolved tax. This measure will apply in Wales until 1 April 2018, when SDLT will be devolved to Wales.

Higher rates: minor changes

New rules were introduced to impose an additional SDLT charge of 3% on additional residential properties purchased on or after 1 April 2016. Broadly, transactions under £40,000 do not require a tax return to be filed with HMRC and are not subject to the higher rates.

For transactions on or after 22 November 2017, relief from the extra 3% will be given in certain cases including where:

- a divorce related court order prevents someone from disposing of their interest in a main residence
- a spouse or civil partner buys property from another spouse or civil partner
- a deputy buys property for a child subject to the Court of Protection and
- a purchaser adds to their interest in their current main residence.

The changes also counteract abuse of the relief when someone who changes main residence retains an interest in their former main residence.

Changes to the filing and payment process

The government has confirmed that it will reduce the SDLT filing and payment window from 30 days to 14 days for land transactions with an effective date on or after 1 March 2019. The government is planning improvements to the SDLT return that aim to make compliance with the new time limit easier.

Welsh Land Transaction Tax (LTT)

LTT will be introduced from 1 April 2018 and replace Stamp Duty Land Tax (SDLT) which continues to apply in England and Northern Ireland. The principles and rates of the tax are similar to SDLT.

VAT thresholds

There had been some speculation leading up to the Budget that the VAT registration limit would be significantly reduced. The Chancellor has announced that the VAT registration and deregistration thresholds will not change for two years from 1 April 2018 from the current figures of £85,000 and £83,000 respectively.

In the meantime, the government intends to consult on the design of the threshold.

VAT fraud in labour provision in the construction sector

The government will pursue legislation to shift responsibility for paying the VAT along the supply chain to remove the opportunity for it to be stolen with effect on or after 1 October 2019. The long lead-in time reflects the government's commitment to give businesses adequate time to prepare for the changes. The government has decided not to bring in legislative measures to address the fraud in the Construction Industry Scheme but HMRC are increasing their compliance response to target the fraud there.

Vehicle Excise Duty (VED)

A supplement will apply to new diesel vehicles from 1 April 2018 so that these cars will go up by one VED band in their First-Year Rate. This will apply to any diesel car that is not certified to the Real Driving Emissions 2 (RDE2) standard.

Comment

The government state that someone purchasing a typical Ford Focus diesel will pay an additional £20 in the first year, a VW Golf will pay £40, a Vauxhall Mokka £300 and a Landrover Discovery £400.

Taxation of trusts

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

Compliance and HMRC

The government is investing a further £155m in additional resources and new technology for HMRC. This investment is forecast to help bring in £2.3bn of additional tax revenues by allowing HMRC to:

- transform their approach to tackling the hidden economy through new technology
- further tackle those who are engaging in marketed tax avoidance schemes
- enhance efforts to tackle the enablers of tax fraud and hold intermediaries accountable for the services they provide using the Corporate Criminal Offence
- increase their ability to tackle non-compliance among mid-size businesses and wealthy individuals
- recover greater amounts of tax debt including through a new taskforce to specifically tackle tax debts more than nine months old.

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