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GRAYSIDE
FINANCIAL SERVICES

Higher tax receipts and lower debt interest

Positive for pensioners, but not good news for landlords and second home owners

Presented by Chancellor George Osborne on Wednesday 25 November 2015, the Spending Review sets out what government spending will be over the next four years, while the Autumn Statement is an annual update of government plans for the economy.

Compared to the summer Budget 2015, the Office for Budget Responsibility now forecasts higher tax receipts and lower debt interest, with a £27 billion improvement in the public finances.

In the main, this Autumn Statement was reasonably positive for pensioners, but not good news for landlords and second home owners.

There were no changes announced to Income Tax or National Insurance.

The proposed plan to cut tax credits will not go ahead, but it will eventually be phased out with the introduction of Universal Credit.

There was a rise in the State Pension of 2.9%, or £3.35 a week, to £119.30 from 6 April 2016. This will be the biggest 'real terms' rise in 15 years and is based on the 'triple lock' promise – a minimum rise of 2.5% unless wages (2.9%) or inflation (0%) is higher.

The Individual Savings Account (ISA) allowance limit will remain at £15,240 for 2016/17, and the Junior ISA and Child Trust Fund limits kept at £4,080.

The Chancellor also announced there would be an additional 3% surcharge payable on usual rates of stamp duty for landlords and second home owners from 6 April 2016. This is estimated to raise £1bn by 2021 and will go towards house building in priced-out areas.

In addition, from 2019, landlords and buyers of second homes will have to pay Capital Gains Tax within 30 days as part of a digitisation programme of HM Revenue & Customs' tax collection services.

ARE YOUR FINANCIAL PLANS STILL ON TRACK AFTER THE SPENDING REVIEW AND AUTUMN STATEMENT 2015?

There were some positive announcements for individuals and businesses, but it's clear that raising tax revenue is very much on the Chancellor's agenda to help balance the UK's books. To review what action you may need to take to keep your plans on track, please contact us.

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