

CHILD BENEFIT

Don't forget! If you are collecting Child Benefit payments and either you or your partner earn over £50k, you need to let us know.

P11D DISPENSATION

From April 2016, a fundamental change will apply: dispensations will no longer be granted, and in submitting P11Ds for tax year 2016/17 onwards, employers themselves will need to determine whether technically the amounts are allowable and also have a system in place to check that the expenses are incurred. Employers will only be able to exclude expenses from P11Ds where they are satisfied that they meet the allowability rules and any comfort that businesses may have previously felt that a P11D dispensation provided will no longer be available.

BUDGET UPDATE

TAX ON DIVIDENDS

Basic-rate taxpayers will pay more tax on dividends if their dividend income exceeds £5,000. Higher-rate and additional-rate taxpayers will be worse off if the amount exceeds £21,666 and £25,265 respectively. Those receiving most of their income as dividends rather than salary, will be particularly hard hit. The chancellor's main target is the substantial numbers of business owners who mix their remuneration between salary, bonus and dividend.

RENT RELIEF

From April 2017, mortgage interest tax relief on buy-to-let property will be restricted to the basic rate of tax. A landlord with a property worth £300,000 and rental income of £15,000 a year will be as much as £2,500 worse off, according to calculations by the estate agent Knight Frank. The tax relief currently provides an effective saving of £4,500 for a top-rate taxpayer (paying 45% on earnings of more than £150,000 in 2015-16), or £4,000 for a 40% higher-rate taxpayer. When the relief drops to 20% in 2017, the effective saving will be cut to £2,000. The figures assume the landlord has an interest-only mortgage with repayments of £10,000 per year.

GOODWILL

From 8 July 2015 tax relief is no longer available for companies trying to write-off the cost of purchased "goodwill" and certain customer related intangible assets. Relief will still be available if the goodwill is sold, although any loss arising on the sale will be treated as a non-trading debit and, therefore, cannot be included when calculating trading losses.

PENSIONS

The amount higher earners are able to pay annually into their pension and still qualify for tax relief has been cut effective from April 2016.

The size of the annual allowance will be gradually reduced from £40,000 to £10,000 for those making between £150,000 and £210,000 a year.

DEEMED DOMICILE RULES

From April 2017, those who have been resident in the UK for more than 15 out of the last 20 tax years will be deemed UK domiciled for all tax purposes. Those with UK Domicile of Origin will revert to a UK domicile for tax purposes whenever they are a UK resident.

CORPORATION TAX RATES

Corporation Tax rate will be reduced to:

- 19% - 2017, 2018, 2019
- 18% - 2020