

BUDGET 2015

Introduction

Welcome to our Budget summary.

In this update you will find further clarification on:-

- Key points of Budget – March 2015

State of the economy

UK grew 2.6% in 2014, faster than any other advanced economy but lower than 3% predicted in December

2.5% growth forecast in 2015, up from 2.4% predicted in December, followed by 2.3%, 2.3%, 2.3% and 2.4% in the next four years

Record employment in the UK, with jobless rate to fall to 5.3% this year

Trade deficit figures "the best for 15 years"

Living standards "higher" than in May 2010, according to OBR data, with households better off by an average of £900 in last five years

Inflation projected to fall to 0.2% in 2015

Public borrowing/deficit

Deficit halved since 2010 as a share of national income

Borrowing set to fall from £97.5bn in 2013-14 to £90.2bn in 2014-15, £75.3bn in 2015-6, £39.4bn in 2016-7, £12.8bn in 2017-8 before reaching a £5.2bn surplus in 2018-9

Debt as a share of GDP to fall from 80.4% in 2014 to 80.2% in 2015-16 before falling in every year, reaching 71.6% in 2019-20

Welfare bills set to be an average of £3bn lower each year than predicted in December, and interest charges on government gilts £35bn lower

£13bn mortgage assets from Northern Rock and Bradford & Bingley to be sold

Pensions/older people

Pension pot lifetime allowance to be reduced from £1.25m to £1m from next year, saving £600m annually.

Law to be changed to allow pensioners to access their annuities, with 55% tax charge abolished and tax applied at the marginal rate

£25m to support army veterans, including nuclear test veterans

Alcohol, tobacco and gambling

Beer duty cut by 1p, cider by 2p, whisky by 2p. Wine duty frozen

Tobacco and gaming taxes to remain unchanged

New horse racing betting right

Energy and fuel

Petrol duty frozen - September's planned increase scrapped

Personal taxation

The tax-free personal allowance to rise from £10,600 in 2014-5 to £10,800 in 2015-6 and £11,000 in 2016-7

The threshold at which people start paying 40p tax to rise by above inflation from £42,385 to £43,300

Annual paper tax returns to be abolished

Transferable tax allowance for married couples to rise to £1,100

Review of inheritance tax avoidance through "deeds of variation"

Savings

New personal savings allowance - first £1,000 interest on savings income to be tax-free

Annual savings limit for ISA increased to £15,240

"Fully flexible" ISA will allow savers to withdraw money and put it back later in the year without losing any of their tax-free allowance

New "Help to Buy" ISA for first-time buyers will allow government to top up by £50 every £200 saved for a deposit.

Armed forces

A further £75m from Libor fines to go to charities for regiments which fought in Afghanistan and government to contribute towards permanent memorial to those who died in Afghanistan and Iraq and help renovate Battle of Britain memorials

£25m to support army veterans, including nuclear test veterans

Business

Tax on "diverted profits" to come into effect next month, taxes multinational profits "artificially moved offshore"

Annual bank levy to rise to 0.21%, raising an extra £900m

Supplementary charge on North Sea oil producers to be cut from 30% to 20% while petroleum revenue tax to fall from 50% to 30%.

New tax allowance to encourage investment in North Sea

Review of business rates

Adult, youth and apprentice minimum wage rates to rise

Farmers to be allowed to average incomes for tax purposes over five years.

Consultation on tax relief for local newspapers

Housing/infrastructure/transport/regions

£15m church repair roof fund to be trebled

New powers for Mayor of London over skills and planning

Greater Manchester councils to be allowed to keep 100% of growth in business rates

New rail franchise for south west of England

Toll for Severn river crossings to be reduced from 2018
