



# Upcoming changes

Future rules, rates and allowances may affect your planning for 2016/17. Some changes from April 2017 include:

## Personal allowance and threshold

The personal allowance for 2017/18 is £11,500.

The basic rate limit will be £33,500 in 2017/18. This means that individuals entitled to a full personal allowance will not be liable to higher rate tax until their total income exceeds £45,000 in 2017/18. In Scotland the proposed higher rate threshold is £43,430.

The national insurance contributions upper earnings limit will also increase to remain in line with the higher rate threshold.

## Property and trading income

A £1,000 allowance for property income and a £1,000 allowance for trading income will apply from April 2017. Individuals with less than £1,000 of either source of income will no longer need to declare or pay tax on that income.

Those with income above £1,000 will be able to deduct their expenses in the usual manner or simply deduct the £1,000 allowance.

## ISAs and the Lifetime ISA

A Lifetime ISA will be available for adults under the age of 40 from April 2017.

Individuals will be able to contribute up to £4,000 per annum and will receive a 25% bonus from the government.

Funds, including the bonus, can be used to purchase a first home at any time after the first annual anniversary of opening the account.

Funds may be withdrawn from the age of 60. Withdrawing the funds at other times may lead to a 25% withdrawal charge.

The overall annual ISA subscription limit increases from £15,240 to £20,000 from 6 April 2017.

## Help to Save

Low income individuals will be able to save up to £50 a month into a Help to Save account and receive a 50% government bonus after 2 years.

Savers in these accounts can then choose to continue saving under the scheme for a further 2 years, bringing the maximum amount saved to £2,400 and the government bonus to £1,200.

The scheme will be open to all adults in receipt of universal credit with minimum weekly household earnings equivalent to 16 hours at the national living wage or those in receipt of working tax credits.

## Class 2 national insurance

This is planned to be abolished from 6 April 2018. There will be changes to class 4 national insurance contributions to provide state pension entitlement based on class 4 payments.