

Salary sacrifice schemes

The tax and employer national insurance advantages of salary sacrifice schemes will be removed from April 2017, except for arrangements relating to pensions, childcare, cycle to work schemes and ultra-low emission cars.

Arrangements in place before April 2017 will be protected until April 2018 and arrangements for cars, accommodation and school fees will be protected until April 2021.

Carry forward of losses

From April 2017, the government will proceed with restricting the amount of profit that can be offset by carried forward losses to 50%, while allowing greater flexibility over the types of profit that can be relieved by losses incurred after that date.

The restriction will be subject to a £5 million allowance for each standalone company or group.

Large groups and interest costs

New rules will come into force from 1 April 2017 to limit the tax deductions that large groups can claim for their UK interest expenses.

The rules will seek to limit deductions where:

- a group has net interest expenses of more than £2 million
- net interest expenses exceed 30% of UK taxable earnings
- the group's net interest to earnings ratio in the UK exceeds that of the worldwide group.

Pensions

From 6 April 2017 the money purchase annual allowance will reduce from £10,000 to £4,000. This is to prevent double pension tax relief being obtained when pension savings are recycled. This announcement was made in November 2016 and is still subject to government consultation which is running until 15 February 2017.

Non-UK domiciles taxation

From April 2017 non-domiciled individuals will be deemed UK domiciled for tax purposes if they have been a UK resident for 15 of the past 20 years, or if they were born in the UK with a UK domicile of origin.

Inheritance tax will be charged on UK residential property when it is held indirectly by a non-domiciled individual through an offshore structure, such as a trust or a company.

The government will make it easier for non-domiciled individuals who are taxed on the remittance basis to bring offshore money into the UK to invest in UK businesses and to claim business investment relief.



Get in touch to see how we can help.