HANSUKE

Client Alert

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Autumn Budget 2017 Key Takeaways

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Philip Hammond, Chancellor of the Exchequer, delivered the Autumn Budget 2017. Below is an outline of the main policies affecting the finance sector:

Asset management

The Government will publish a new long-term strategy covering actions on skills development, harnessing financial technology solutions, mainstreaming innovative investment strategies, and a programme of international engagement.

- The freezing of the Corporate Indexation Allowance will affect savers who invest through insurance policies.
- The investment limit in enterprise investment schemes (EIS) has increased from £1m to £2m. EIS and venture capital trusts (VCTs) will have to abide by new rules concerning the level of risk their investors will be taking. The increased EIS limit applies to investments in "knowledge-intensive" companies.
- Pensions Regulator is instructed to clarify its guidance on long-term investments, to try and free up more of the country's £2 trillion held in pension funds to be invested in so-called "patient capital" projects.

Banking

The Government is committed to supporting competition in banking. The Budget sets out actions which will enable innovation in banking services, strengthen challenger banks, and improve access to affordable credit for consumers.

- RBS reprivatisation will fund and deliver a £775 million package of measures designed to improve competition in the UK business banking market;
- Prudential Regulation Authority (PRA) will make capital requirements more proportionate for eligible smaller banks, helping them compete more effectively in the market.
- In addition, from early 2018, the open banking project will make it easier for customers to access innovative products and services that better suit their needs.
- Britain's nine biggest banks are committed to extend Open Banking to more payment products, including credit cards. open banking, which would involve sharing customers' data with third parties that can then use it to build or recommend better suited products.

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- The government will ask Post Office Limited and UK Finance to raise public awareness of the banking services available at the Post Office, both for personal customers and Small and Medium Enterprises (SMEs).
- To improve access to reputable sources of credit, the government will raise the cap on the number of members that a credit union serving a local area can have from 2 to 3 million.

Property

- Stamp duty land tax has been abolished for first-time buyers on properties up to £300,000.
- The government will consult on fundamental changes to the current rules governing the taxation of chargeable gains on UK property. from April 2019, UK tax will be charged on gains made by all categories of non-UK resident sellers on both direct and indirect disposals of all types of UK real estate, extending existing more limited rules that are limited to residential property. The Treasury have stated that there would be exemptions for foreign pension funds buying UK property, however exemption will not extend to private equity and real estate funds and wealthy individuals.
- The government will grant local authorities the power to charge a 100% council tax premium on empty properties.

Fintech

To secure the UK's world-leading position in digital innovation, the Government plans to invest £21 million over the next 4 years to expand Tech City UK's reach. A dedicated sector programme for leading UK tech specialisms, including AI and FinTech, will be rolled out. The second phase of the Nesta Open-Up Challenge will also award 2.5 million pounds to firms to develop innovative Open Banking apps to support greater customer choice and flexibility.

Tax evasion, avoidance and compliance

The Government remains committed to tackling tax evasion and avoidance, aggressive tax planning and non-compliance and has set out further steps to raise £4.8 billion between now and 2022-23. Steps include publishing a consultation response on requirements to notify HMRC of certain offshore structures; and extending offshore time limits.