

NEWS BRIEF

Presented by Crendon Insurance Brokers Ltd

2014 Autumn Statement Highlights

On 3 December 2014, George Osborne, Chancellor of the Exchequer, delivered his Autumn Statement to Parliament which reviewed UK economic performance, forecasted future UK economic viability and detailed several changes to taxation.

Key Numbers

- The United Kingdom created 500,000 new jobs last year, 85 per cent of which are full-time, making the United Kingdom the fastest-growing economy in the G7.
- The projected unemployment rate is set to fall to 5.4 per cent in 2015.
- Inflation is predicted to fall from 1.5 per cent in 2014 to 1.2 per cent in 2015.
- The growth forecast for 2014 is predicted at 3 per cent, which is a boost from the 2.7 per cent predicted in Osborne's March 2014 budget.

Highlights for Businesses

- **Increasing support:** Small and medium-sized enterprises (SMEs) have plenty to be happy about—the government increased their research and development tax credit, and it plans to offer £45 million to SMEs in order to support first-time exports to Asia, Africa and South America. The government extended further support by providing tax relief on business investment in flood defences, guaranteeing £500 million of new bank lending for SMEs, and pledging £400 million to government-backed venture capital funds which invest in SMEs.

The 'high street discount' will continue to support small businesses with an increase

from £1,000 to £1,500 between April 2015 and March 2016. In addition to the increase, the government is doubling the Small Business Rate Relief which will exempt 380,000 small businesses from paying any rates. For businesses that are paying, the government will cap the annual increase in business rates at 2 per cent.

Furthermore, small properties that would otherwise have to pay significant bill increases due to the ending of the Transitional Rate Relief will be offered transitional arrangements by the government.

- **Abolishing apprentice contributions:** The government has made it cheaper to employ young people by abolishing employer National Insurance contributions for most apprentices under age 25, starting in April 2016.
- **Tackling tax avoidance:** Some banks have been offsetting large losses from the financial crisis by avoiding corporation tax payments on current profits. To tackle such avoidance, Osborne limited the amount of profit that can be offset by losses to 50 per cent and delayed relief on bad debts. He claims this will result in banks contributing £4 billion to public finances over the next five years.

Likewise, multinational businesses that shift profits offshore to avoid UK tax will be required to pay a 25 per cent tax on profits starting April 2015.

The key numbers and highlights listed here are a brief overview. For more detail, read the Chancellor's full Autumn Statement 2014 here: www.gov.uk/government/publications/autumn-statement-documents.



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