

# NEWS BRIEF

Presented by Crendon Insurance Brokers Ltd

## Summarising the 2018 Budget

On 29th October 2018, Phillip Hammond, Chancellor of the Exchequer, delivered the 2018 Budget, his third budget as chancellor and the last before Brexit hits. Hammond declared that the budget is aimed at helping 'hard-working families, the strivers, the grafters and the carers'. In addition, Hammond's budget supported Theresa May's earlier statements by telling the House of Commons that 'the era of austerity is finally coming to an end'. However, Hammond also warned that the budget could experience major changes and potentially require total revision in the event of a 'no-deal' Brexit.

### Key Numbers

- The deficit has fallen from 9.9 per cent to 1.9 per cent since 2009-10.
- The unemployment rate is at its lowest point in over 40 years, with over 3.3 million more people in work since 2010 and an estimated 800,000 more jobs available by 2022.
- On top of the £1.5 billion in funding towards Brexit for 2019-20, the government is offering an additional £500 million to help departments prepare. There will also be a commemorative 50p Brexit coin available starting in spring 2019.

### Highlights for Employers and Individuals

- **The National Living Wage (NLW) will increase in April 2019.** The NLW for those aged 25 and over will increase from £7.83 to £8.21 per hour, benefiting nearly 2.4 million workers.
- **The tax-free personal allowance will rise.** The amount you earn before you must pay income tax, also known as the personal allowance, will increase by £650 in April 2019, rising to £12,500 total. Essentially, this means that a basic rate taxpayer will pay £1,205 less tax in 2019-20 than they would have in 2010-11.

- **The higher rate threshold will increase.** The amount people will have to earn before they pay tax at 40 per cent will rise from £46,350 to £50,000 in April 2019.
- **Some duties will stay frozen.** Fuel duty will remain frozen in 2019 for the ninth straight year, saving the average driver £1,000 since 2010. Duty on beer, cider and spirits will also stay frozen, meaning the cost of a pint will be 2p less than if duty had risen by inflation.
- **Over £1.5 billion will go towards supporting the high street.** Small retail businesses will experience their business rates bills cut by a third for two years in April 2019, saving them £900 million. Local high streets will receive £675 million to improve transport links, redevelop empty shops as homes and offices, and restore old properties. Adding to previous reductions in business rates since 2016, this saves firms £12 billion in the next five years.
- **The annual investment allowance will increase to £1 million for the next two years.** This will help businesses invest and grow.
- **There will be a 2 per cent digital services tax on large digital firms beginning April 2020.** These firms will pay a 2 per cent tax on the revenue they earn that is linked to UK users.
- **More changes to the apprenticeship levy will support employers.** This will allow some employers to pay half of what they currently pay for apprenticeship training.

To read the entire 2018 Budget, [click here](#). For more information on preparing your business for future success, contact Crendon Insurance Brokers Ltd today.



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