

Budget 2017

Hospitality Sector Update



BUDGET 2017

 And backing our Great British pubs. Duties on other ciders, wines, spirits and on beer will be frozen. This will mean a bottle of whisky will be £1.15 less in 2018 and a pint of beer 12p less.

- Chancellor of the Exchequer, Philip Hammond



Freezing Alcohol Duties

- **Government will continue to freeze alcohol duty rates**

Restaurants, pubs and bars will benefit as the government will continue to freeze alcohol duty rates and bands on beer, cider, wine and spirits. We have seen pubs closing at an alarming rate in recent years and the freeze will help those that remain to be competitive. A pint of beer for example, will be 12p cheaper due to the freeze in 2018.

On the other hand, there will be a new duty band for still cider and perry from 6.9% to 7.5% alcohol by volume (abv) to target white ciders. This will however, be implemented in 2019.

Pub Business Rate Relief

- **Further support for pubs with extend rates relief**

The government aims to support small local pubs with a rateable value under £100,000 by extending the £1,000 business rates relief up until March 2019.

Key Points

Freezing Alcohol Duties

- Alcohol will be cheaper in 2018 due to the duty freeze

Pub Business Rate Relief

- £1000 relief until March 2019

Personal Taxation and Wages

- Tax-free personal allowance
- Higher-Rate tax threshold
- National Living Wage

Business Tax

- VAT Threshold
- Research and Development
- Capital Gains Indexation Allowance
- £540million fund for electric cars
- ATED Changes

Tax Revenues

- £160billion raked in over seven years

Personal Taxation and Wages

- **Tax-free personal allowance on income tax to rise to £11,850 in April 2018**
- **Higher-rate tax threshold to increase to £46,350**
- **National Living Wage to rise in April 2018 by 4.4%, from £7.50 per hour to £7.83**

The changes to personal allowances and the higher rate threshold are very much in line with the normal changes, so there is nothing to be overly wowed by here.

Business Tax

- **VAT threshold for small business to remain at £85,000 for two years**

There had been speculation that Mr Hammond might lower the threshold to bring it in line with other European countries. He said, however, "I will consult on whether its design could better incentivise growth and in the meantime we will maintain it at its current level of £85,000 for the next two years."

- **£2.3billion allocated for investment in Research and Development (R&D)**

The measures for R&D affect large companies carrying out qualifying R&D and claim the RDEC. They also affect some SME companies that are required to claim R&D under the Large Company Scheme. The RDEC (also known as the 'Above the Line' credit) is a stand-alone credit that is brought into account as a receipt in calculating profits. The current general rate is set as 11% of qualifying R&D expenditure. This measure increases the rate of the RDEC from 11% to 12%.

- **Removal of Capital Gains Indexation Allowance for companies from 1 January 2018**

The changes to indexation will affect any company that disposes of a capital asset which gives rise to a chargeable gain, and any company that holds shares in a share pool. This measure means that when a company makes a capital gain on or after 1 January 2018, the indexation allowance will be calculated up to December 2017.

- **£540million to support the growth of electric cars, including more charging points**

The chancellor has unveiled extra funds and tax incentives for electric car drivers including a new £400million charging infrastructure fund, an extra £100million in Plug-In-Car Grant, and £40million for research into charging.

- **Annual increase to the annual chargeable amounts chargeable under ATED for 2018 to 2019**

[See here for the detailed proposals.](#)



Tax Revenues

- **The chancellor says the government has “raked in an extra £160billion over seven years” as a result of HMRC’s compliance work since 2010**

There have been claims and counter-claims about the amount of money that HMRC has saved or recovered for the exchequer as a result of their compliance work and particularly the efforts being invested to counter tax avoidance and evasion. The way that HMRC’s yield is measured leaves some room for uncertainty as it includes future yield figures as well as cash collected. You can read more about it here: <http://www.bbc.co.uk/news/uk-41890708>

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