

RVW WealthCare Ltd

Workplace pensions - Are you ready?

By law employers have to provide a workplace pension scheme and pay into it for certain employees.

The increases in contribution bands under automatic enrolment have been deferred from October 2017 and 2018 to April of the following year.



The New State Pension The state retirement pension will be paid at two rates in 2016/17, depending on whether the pensioner reached state retirement age before 6 April 2016 or on or after that date, when the individual will qualify for the new single-tier state pension. The rates are:

- Full single tier pension – £155.65 per week
- Basic old-style pension – £119.30 per week

Not everyone will qualify for these maximum amounts.

Tax Administration The Government wants taxpayers to interact with HMRC online as much as possible, including submitting tax returns online and paying all taxes electronically. It believes that the removal of paper from all processes will reduce costs and improve efficiency for all concerned. As part of the move towards making tax digital, the following changes will be introduced.

Simple assessment Taxpayers who currently submit a self-assessment tax return, but have relatively simple tax affairs, may be saved the trouble of completing the tax form for 2016/17. HMRC will send the taxpayer a calculation of the tax due based on information it already holds. The taxpayer will agree the calculation and pay the amount due or appeal.



Pensions and Retirement

Pensioners' credit cuts

People who go abroad for over a month will no longer be eligible for pensioners credit.

At present, housing benefit and pension credit recipients can go abroad for up to 13 weeks while continuing to receive payouts. But the spending review says: "The benefit system should not subsidise those on benefits to go abroad for extended periods."



Pensions Tax Relief

Consultation on pensions tax relief will not be published until the Spring Budget in March 2016.

Auto-enrolment delayed

Over 5.4 million individuals have already been auto-enrolled into a pension, and the government is committed to supporting individuals and businesses through the final stages of its implementation. Opt outs from automatic enrolment have been low and as a result, the number of people who are saving for their retirement is at its highest point since 1997. To simplify the administration of automatic enrolment for the smallest employers in particular, the next two phases of minimum contribution rate increases will be aligned to the tax years. Instead of increases taking place in October, they will now occur in April of the following year.

How much you can pay into your pension

Your contribution limits for the tax year 2015/16 : You can contribute as much as you earn in a year, up to £40,000 a year. You can also use HMRC's "carry forward rules" to use the past three year's pension contribution limits - if you haven't already.

Once you start drawing from your pension your annual limit reduced to £10,000

The lifetime pension limit is reducing from £1.25m to £1m 2016/2017.

Secondary market for annuities

In the Summer Budget 8th July 2015, the government confirmed further details of its intention to create a secondary market for annuities would be issued in Autumn 2016.

The government has now announced that this will be published in December 2016.

Beware of higher tax on unauthorised payments

The tax rules specify the conditions that need to be met for payments to be authorised. You'll pay up to 55% tax on any unauthorised payments.

<https://www.gov.uk/guidance/pension-schemes-and-unauthorised-payments>

The new state pension - April 2016. To receive the full amount you'll need 35 qualifying years of National Insurance contributions.



The Housing Market

Curbing buy-to-let In a blow to would-be buy-to-let landlords, the Chancellor announced in his Autumn Statement 2015, the introduction of a 3% surcharge on stamp duty on buy-to-let properties and second homes. The surcharge will take effect from April 2016 and is predicted to raise £1bn by 2021. Moreover, from 2019, capital gains tax will have to be paid within 30 days of the disposal of residential property.

Building measures Measures designed to expand housebuilding programmes were revealed, including incentives to encourage private developers to build homes. Moreover, in a move intended to support beleaguered first-time buyers, young first-time buyers will receive a discount of 20% on around 200,000 new-build starter homes, while the 'right to buy' will be extended in 2016 to include housing association tenants.

Meanwhile, a new 'London Help to Buy' scheme will offer interest-free loans of up to 40% of the value of a new-build home for buyers with a 5% deposit. The Confederation of British Industry (CBI) warned that a "healthy and vibrant housing market" not only needs homeownership, but also a "mix of tenures such as private rented properties (and) affordable rent.



'London Help to Buy' scheme will offer interest-free loans of up to 40% of the value of a new-build home for buyers with a 5% deposit.

From 2017 there will be an extra £175,000 inheritance tax allowance for those who leave their homes to their children or grandchildren, on top of the £325,000 standard inheritance tax allowance currently. The relief is tapered away for those with estates of more than £2m.



Tax Free childcare savings scheme

Taxation

Tax Free childcare savings scheme

The new 'tax-free childcare' savings scheme is due to come into effect in early 2017. For every £80 the parents (or anyone else) contribute to the savings account, the Government will contribute £20, up to a combined maximum of £10,000 per child per year, or £20,000 for a disabled child.

Savings

The maximum amounts that can be contributed to ISAs are frozen for 2016/17 at the levels for 2015/16, for all types of ISA. The starting rate limit for savings income is retained at £5,000 for 2016/17. In addition, every basic rate taxpayer has a personal savings allowance of £1,000 for 2016/17 and every higher rate taxpayer has a personal savings allowance of £500. Savings income falling within the savings rate limit or the savings allowance does not suffer tax.

Inherited ISA allowances

The government will legislate to allow the ISA savings of a deceased person to continue to benefit from tax advantages during the administration of their estate, and will look into plans for introducing this measure in 2016 following consultation with ISA providers.

Capital Gains Tax

With the government's planned further online automation of tax returns, from April 2019 Capital Gains Tax will become payable within 30 days of disposal of residential property.

From April 2016, notional 10% tax credit on dividends will be abolished. A £5,000 tax free dividend allowance will be introduced. Dividends above this level will be taxed at 7.5% (basic rate), 32.5% (higher rate), and 38.1% (additional rate)

Tax treatment varies according to individual circumstances and is subject to change

RVW WealthCare Ltd

Suite 201 Bradford Court, 123 - 131 Bradford Street, Birmingham,
B12 0NS

Tel: 0121 325 6950 info@rvwwealthcare.com

<http://www.rvwwealthcare.com>

The Adviser - Winter 2016

The value of your investments can go down as well as up, so
you could get back less than you invested.

Tax advice which contains no investment element is not regulated
by the Financial Conduct Authority .

Past performance is no guide of future performance.

RVW WealthCare Ltd is authorised and regulated by the Financial Conduct Authority.

The information contained within this brochure is subject to the UK regulatory regime and is
therefore targeted primarily at consumers based in the UK.

This publication is based on press releases and other online information. The publication is for
guidance only and no responsibility can be accepted by ourselves or our representatives.

Tax treatment varies according to individual circumstances and is subject to change.

Any reference to legislation and tax is based on our understanding of United Kingdom law and
HM Revenue & Customs practice at the date of production. These may be subject to change in
the future.

**Any information in this brochure does not constitute advice and should not be acted upon without
taking professional advice.**