

UK Chancellors Budget March 2016

There was little surprise this time, except Sugar Tax and Jeremy Corbyn's new suit.

But what are the key points on pensions and for those overseas?

Personal Taxation

Confirmed 2016/17 the Income Tax free personal allowance to rises to £11,000. In 2017/18 it will be £11,500.

The basic rate limit will rise £215 to £32,000 meaning the higher rate threshold above which individuals pay Income Tax at 40% will be increased to £43,000 in 2016/17 and £45,000 in 2017/18.

State Pension from 2016

With the 'triple-lock' in place, in April the basic State Pension will rise by £3.35 to £119.30 a week, the biggest rise in 15 years.

The new single tier State Pension, applying to those who reach State Pension age after April, has been set at £155.65.

Changes to death benefit taxation

If a member of a registered pension scheme dies:

- a) on, or after, their 75th birthday; and
 - b) the death benefit is not paid to a UK charity within two years of the date that the scheme administrator became aware of the member's death,
- any payment to a 'qualifying person' (i.e. an individual in their own capacity) would be taxed at the recipient's marginal income tax rate(s) using the pay as you earn (PAYE) system.

Death prior to 75 for UK pension drawdown remains tax free. This is a continued difference between UK pensions and QROPS where most jurisdictions such as Guernsey, Gibraltar and Malta remain tax free for all ages (Isle of Man is 7%). The last major Government study in 2010 showed 79% of women and 70% of men survived past age 75 and we would have expected that position to have improved.



Pensions and
Investments

Lifetime Allowance

The limit for the Lifetime Allowance will reduce to £1,000,000 in 2016/17 and two new forms of protection will apply; Individual Protection 2016 Fixed Protection 2016.

Pension reform

Due to political pressure, we didn't see any reform to the existing pension system, rather the introduction of the lifetime ISA as a way of encouraging long-term saving instead. Watch this space as this political hot potato has not gone away.

QROPS

No changes to QROPS were announced

CGT rates

CGT rates will reduce from 18% to 10% (basic rate) and 28% to 20% (higher rate) for chargeable gains, except those made in relation to chargeable gains accruing on the disposal of residential property (that do not qualify for private residence relief).

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