



Autumn Statement

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Autumn Statement 2016 – Initial Analysis

23 November 2016

The Conservative government presented its final Autumn Statement today. The following summary provides an overview of the main points set out in the Autumn Statement and accompanying notes.

These comments are based on announcements made in the 23 November 2016 Autumn Statement, which may change before becoming law. We're not permitted to offer taxation and legal advice for regulatory reasons. We accept no responsibility for actions taken or refrained from on the basis of these comments.

Pensions

Money purchase annual allowance

The government has proposed to reduce the money purchase annual allowance (MPAA) from its current level of £10,000 to £4,000 from 6 April 2017. There are no proposed changes to the way the MPAA currently operates, for example trigger events, etc (more information can be found [here](#)). The government does not believe that an MPAA of £10,000 is appropriate or needed on an ongoing basis and proposes that the MPAA is set at a level that focuses government support on those who genuinely need, rather than simply choose, to draw on their pension savings.

Consultation on this change will run until 15 February 2017 with the government confirming the proposed change in Budget 2017.

Cracking down on pension scams

The government will publish a consultation, before Christmas, on various options to tackle pension scams, including banning cold calling in relation to pensions (this would include scammers targeting people who inadvertently 'opt-in' to receiving third party communications), giving firms greater powers to block suspicious transfers and making it more difficult for scammers to abuse small self-administered schemes.

Salary sacrifice schemes

Following on from the recent consultation, the tax and National Insurance benefits of salary sacrifice schemes will be removed from 6 April 2017, meaning they will be liable to the same tax treatment as cash income, with the following exceptions –

- Pensions (including pension advice)
- Childcare
- Cycle to Work
- Ultra-low emission cars

All other salary sacrifice arrangements in place before 6 April 2017 will be protected until 5 April 2018, and salary sacrifice arrangements in place before 6 April 2017 for cars, accommodation and school fees will be protected for up to 4 years (until 5 April 2021).

State pension

Following speculation, it was confirmed that the triple lock will be maintained during the current parliament.

Foreign pensions

The tax treatment of foreign pensions will be more closely aligned with the UK's domestic pension tax regime by bringing foreign pensions and lump sums fully into tax for UK residents, to the same extent as domestic ones.

Other

Investment bonds

There will be legislation introduced in the Finance Bill 2017 allowing policyholders to apply to HMRC to have their chargeable event gain recalculated on a just and reasonable basis where there has been a part surrender or part assignment of their investment bond. This measure will take effect from 6 April 2017.

Also, the Finance Bill 2017 will give the government, the power to amend, by regulation, the assets that policyholders can hold within their investment bond wrapper without triggering a highly personalised bond tax charge.

Insurance premium tax

This is to rise from 10% to 12% in June 2017.

ISAs

As previously announced, the ISA allowance will be £20,000 from 6 April 2017.

Income tax

The personal allowance will rise to £12,500 by the end of Parliament and in line with the CPI thereafter. The higher rate threshold is set to rise to £50,000 over the same period.

Autumn Statement

The Autumn Statement is to be abolished. In Autumn 2017, there will be an Autumn Budget and then in Spring 2018 there will be a Spring Statement responding to forecasts from the OBR. However, the government reserves the right to make tax changes in the Spring Statement if necessary.



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