



## Budget 2016

Some very good news for Thirsk and Malton in the budget, particularly in terms of more money for rural schools, North Yorkshire roads, more money for flood relief and lower rates and lower taxes for small business and taxpayers. The Chancellor pointed out the risks to the UK of the global slowdown but that we are stronger because we confronted our country's problems and took the difficult decisions. The Budget will continue the hard work of securing sound public finances, but at the same time will cut taxes on business and enterprise to create jobs and deliver prosperity; reform to improve schools and invest in homes and infrastructure to deliver real opportunity and social mobility; and support working people by helping savers and letting people keep more of the money they earn.

- **Regional Investment.** £24m from the Local Growth Fund for North Yorkshire roads plus a share of £130m for road repairs. There will also be investment in HS3, delivering a 30-minute journey time between Leeds and Manchester, a 4<sup>th</sup> lane to the M62 and possibly a tunnel providing a direct connection between Sheffield and Manchester. £500,000 funding for the Welcome to Yorkshire to help market the Tour de Yorkshire. You will remember that the Chancellor has already announced up to £250m for improvements to the Hopgrove section of the A64 and I am lobbying hard to make sure this will include an extension of the dual carriageway as far as the existing section at Barton Hill (Jinnah).
- **Personal Taxes.** From April next year the tax free personal allowance will rise to £11,500, a tax cut for 31 million people that means a typical basic rate taxpayer will be paying over £1,000 less income tax compared to 2010. The higher rate threshold will also increase to £45,000, a tax cut of over £400.
- **Fuel duty.** Frozen fuel duty for the sixth year in a row, a saving of £75 a year to the average driver and £270 a year to a small business with a van. The Chancellor is also freezing beer and cider duty to back British pubs.
- **Schools.** Very good news on fairer funding for local schools, which is something I have been campaigning on and will be delivered by 2020. This should make a big difference to the amount of money we get for schools in North Yorkshire. Extra money so every school in England becomes an academy.
- **A new sugar levy** on the soft drinks industry so they reduce the sugar content of their products to tackle childhood obesity. The money raised will be used to double sports funding in primary schools and fund longer school days in secondary schools that offer their pupils a wider range of activities, including extra sport.

- **New Lifetime ISA.** People like ISAs because they are simple so we're going to increase the ISA limit from just over £15,000 to £20,000 for everyone. For those under 40, for every £4 saved, the government will give you £1. So put in £4,000 each year and the government will give you £1,000 every year until you're 50.
- **Cutting taxes for small businesses.** 600,000 small businesses will pay no business rates at all, an annual saving of up to almost £6,000 forever, and 250,000 small businesses will get a tax cut on their business rates bill. We have also cut Capital Gains Tax to boost enterprise and cut Corporation Tax to support job creation.

Other measures include:

- **Keeping public spending under control.** Aiming to achieve a further £3.5 billion in savings by 2019/20
- **Deficit reduction.** New analysis shows if we hadn't taken the tough decisions we did in 2010 borrowing would be £930 billion more by 2020. The deficit will now fall to 2.9 per cent of national income in 2016/17 – down from 10.2 per cent in 2009/10 – then down to 1.9 per cent in 2017/18, 1.0 per cent in 2018/19, and then a surplus of 0.5 per cent of GDP in 2019/20 or £10.4 billion – higher than forecast at the Autumn Statement. Debt is forecast to fall to 82.6 per cent of national income in 2016/17, falling further to 81.3 per cent in 2017/18, 79.9 per cent in 2018/19, 77.2 per cent in 2019/20 and 74.7 per cent in 2020/21.
- **Ensuring taxes are paid.** Legislation against property developers shifting profits offshore so that UK tax is paid on UK property – raising over £500 million a year. A further £500 million by imposing a duty on public sector bodies to ensure the people they're employing are paying the right tax and not pretending to work as contractors.
- **Cutting taxes for working people.** From April 2017 the tax free personal allowance will rise to £11,500, a tax cut for 31 million people that means a typical basic rate taxpayer will be paying over £1,000 less income tax than when we came into government five years ago. The higher rate threshold will also increase to £45,000, a tax cut of over £400 to middle Britain.
- **Tackling homelessness.** £100 million to deliver low-cost 'second stage' accommodation for rough sleepers leaving hostels and domestic abuse victims and their families moving on from refuges. £10 million to prevent and reduce rough sleeping, doubling the funding for the Rough Sleeping Social Impact Bond from £5 million to £10 million and taking action to assist rough sleeping EU migrants to return to their home country.
- **Business Rates.** Permanently double small business rate relief and increase the maximum threshold for relief from £12,000 to £15,000 meaning 600,000 small businesses will now never pay business rates again – a saving of up to almost £6,000. The threshold for the higher rate of business rates from £18,000 to £51,000, meaning

250,000 small businesses will get a tax cut on their business rates bill.

- **Corporation Tax.** Cutting this further to 17 per cent from April 2020 to support job creation – benefitting over a million firms across the country.
- **Cutting Capital Gains Tax.** From 6 April this year cutting the basic rate of Capital Gains Tax to 10 per cent and the higher rate to 20 per cent to encourage investment in business. A brand new 10 per cent rate on long-term investment in unlisted companies up to £10 million.
- **Reforming Stamp Duty on commercial properties.** Moving from a slab to a slice tax system for commercial property. This will remove distortions in the property market and makes it easier for small firms that want to move to bigger premise. As a result, 90% of transactions will see their tax bill cut or stay the same.
- **Abolishing National Insurance Contributions for the self-employed.** Abolish Class 2 National Insurance altogether, creating a simpler tax system and providing an £130 tax cut for Britain's 3 million strong army of the self-employed.
- **Simplifying and modernising businesses taxes.** To ensure we have a tax system that is competitive and fair, modernising our tax rules to close loopholes that have allowed many large international companies to reduce their tax burdens to close to zero. Introducing a cap on interest deductions so that firms don't over-borrow in the UK to fund activities in the rest of the world; changing rules to stop companies using complex structures to avoid tax anywhere or who deduct the same expense twice; strengthening the withholding tax on royalty payments to stop firms shifting money to tax havens, and; modernising the way we treat losses, introducing new flexibilities and restricting past loss offsets for the 1 per cent of firms earnings over £5 million to 50 per cent.
- **Speeding up the planning system.** Steps to speed up and streamline the planning system, zone brownfields development and remove restrictions on mobile phone masts.
- **Improving transport links across the North.** High Speed 3 link between Manchester and Leeds, reducing journey times to around 30 minutes. £161 million to upgrade the M62 to a four lane smart motorway and develop the case for a new Trans Pennine tunnel to link Sheffield and Manchester. Press ahead with plans to upgrade the A66 and A69.

Please let me know if you would like any further information

Kind regards

Kevin