



## Autumn Statement 2016

The Chancellor of the Exchequer announced his Autumn Statement on Wednesday 23 November 2016. Here are some points from the Statement;

### Money Purchase Annual Allowance

With effect from April 2017, the maximum annual amount an individual can contribute to a defined contribution pension, after having previously flexibly accessed their pension savings, has been cut from £10,000 to £4,000 per annum.

### Salary sacrifice

The Chancellor has restricted the tax-free benefits offered by salary sacrifice. From April 2017, with the exception of pension arrangements, childcare, ultra-low admission cars and cycle to work schemes, employers and employees who use salary sacrifice arrangements for other purposes will be subject to tax and National Insurance rates as those who do not use such arrangements.

### Personal allowance

The tax free Personal Allowance will rise to £12,500, with the higher rate threshold rising to £50,000 by the end of this Parliament.

### Cracking down on pension scams

The Autumn Statement said the government wants to “give firms greater powers to block suspicious transfers and making it harder for scammers to abuse ‘small self-administered schemes’.” We can therefore expect the government to take more action on tackling pension scams, with a consultation to be published soon.

### State Pension - Triple-Lock

The triple-lock guarantees that pensions will rise by the same as average earnings, the consumer price index, or 2.5%, whichever is the highest. The Chancellor has confirmed the government’s pledge to keep the state pension triple-lock until 2020 but warned it could be cut in future due to rising longevity.

### Other key points

- Tax treatment of foreign pensions and lump sums for UK residents will be subject to the same tax rules as domestic arrangements.
- The government is considering the taxation of benefits-in-kind with further consultations to be published in the coming months.
- From April 2017, the employee and employer National Insurance thresholds will be aligned. There will be no cost to employees, but employers’ annual National Insurance costs will rise by up to £7.18 per employee.
- Insurance Premium Tax (IPT) will increase from 10% to 12% from 1 June 2017.

For further information please contact your 44 Consultant.

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