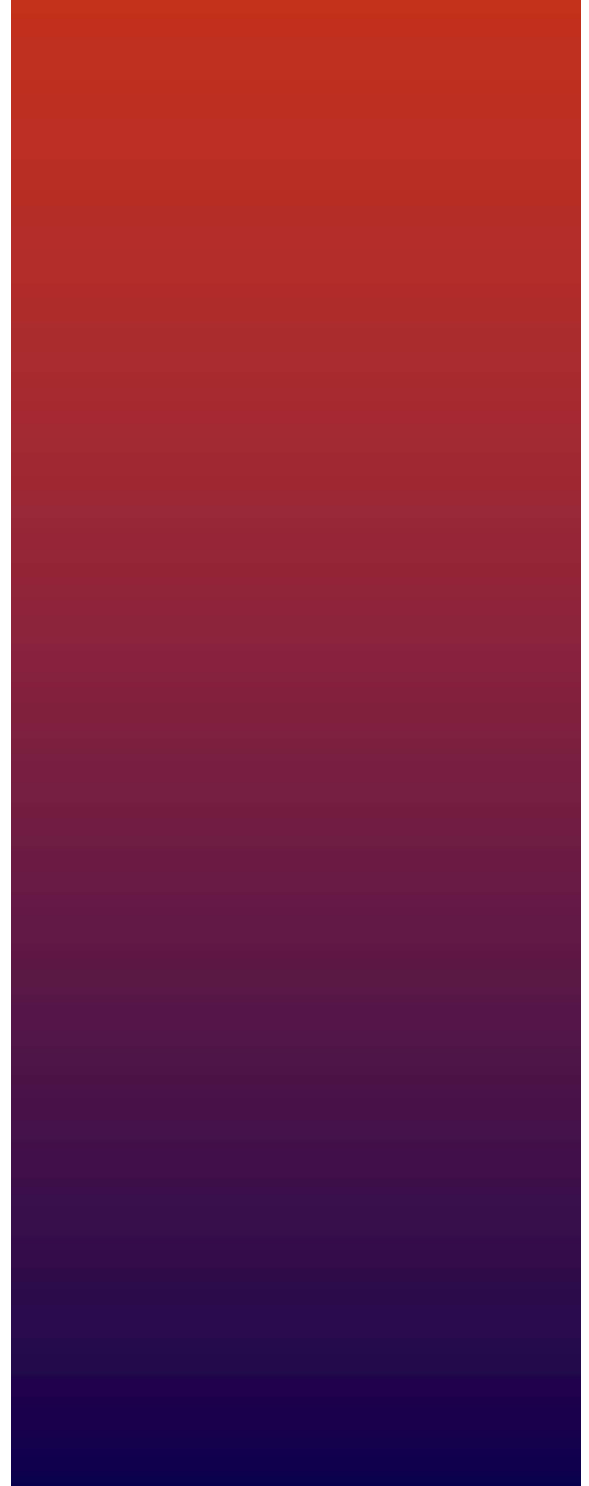




Chancellor's Autumn Statement

Summary of the main provisions
announced by the Chancellor of the
Exchequer on 29 November 2011



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Introduction

On 29 November 2011, the Chancellor of the Exchequer outlined the Government's plans to inject growth into Britain's ailing economy. He delivered his update on the state of the UK economy, as well as responding to the economic forecasts by the Office for Budget Responsibility.

The Autumn Statement provides an update on the Government's plans for the economy, aiming at securing strong, sustainable and balanced growth. The next phase of the Growth Review was also announced, which will include new measures on infrastructure, education and skills.

In a Downing Street briefing for journalists ahead of the Autumn Statement, the Prime Minister's spokesperson said: "Our plan is to ensure we keep Britain safe from the sovereign debt crisis and we will do what is necessary to meet our fiscal target."

The Chancellor's Autumn Statement is available online at: http://cdn.hm-treasury.gov.uk/autumn_statement.pdf
A selection of other document published today and which are also available online are:

- [Executive Summary](#)
- [Chapter 1 Overview](#)
- [Chapter 2 Fiscal impact of the Autumn Statement](#)
- [Annex A - Supply side reform of the economy](#)
- [Annex B - Financing](#)
- [Annex C - OBR's Economic and fiscal outlook: selected tables](#)
- [Annex D - Data sources](#)
- [Distributional analysis](#)
- [National Infrastructure Plan 2011](#)
- [Growth Review Phase One implementation](#)
- [Draft legislation for Finance Bill 2012 and supporting documentation](#)

This publication is based on papers made available on the HM Treasury website following the Chancellor's statement to Parliament today.

Background to the Autumn Statement

In the United Kingdom, the Autumn Statement, at times the Summer Statement (1993–1996) and the Pre-Budget Report (1997–2009), is one of the two statements that HM Treasury makes each year to Parliament upon publication of economic forecasts, the other being the annual Budget.

The duty to publish twice annual economic forecasts was created by the Industry Act 1975, with the first such publication occurring in December 1976.

The first Autumn Statement combined the announcement of this publication with any announced changes to national insurance contributions and the Government's announcement of its spending plans (and publication of the Red Book), both of which were also made at approximately the same time in the parliamentary year.

In 1993, Conservative Chancellor Kenneth Clarke combined the announcement of spending with the Budget, merging tax and spending announcements. In doing so, it moved the Budget to November. To fulfill the legal obligation to make two statements, Clarke began the practice of making a Summer Statement focusing on economic growth forecasts. Unlike the Autumn Statements preceding them and the Pre-Budget Reports that replaced them, Summer Statements took the form of debate on a motion "that this House welcomes the publication of the Government's latest economic forecast, which..." rather than as a statement to the House of Commons.

In 1997, Labour's new Chancellor, Gordon Brown, moved the Budget back to spring and replaced the second statement with the Pre-Budget Report (PBR). According to the "Code for Fiscal Stability", published by HM Treasury in November 1998, the PBR was intended to "encourage debate on the proposals under consideration for the Budget". The PBR included a report on progress since the Budget, an update on the state of the national economy and the Government's finances, and announcements of proposed new tax measures and consultation papers.

Conservative Chancellor George Osborne replaced the PBR and its policy announcements in 2010 with a new Autumn Statement focusing on economic growth and government finances as projected by the Office of Budget Responsibility.

Source: Wikipedia

Summary of the main points

BBC News summarised the main points from Chancellor George Osborne's statement which included the following:

- There are two further reasons for the weaker OBR forecast, Mr Osborne said. The first is due to global rises in energy and commodity prices. This, they say, explains the slowdown in the UK in the last 18 months.
- The second reason for the weaker OBR forecast, the Chancellor said, is that the bust following the credit crunch was much worse than previously thought. That means the structural deficit - the part that doesn't go away with growth - is even bigger than we thought.
- The Office for Budget Responsibility does not predict another recession in the UK but has revised GDP growth down to 0.9% for this year and 0.7% next year.
- We will do all we can to ensure Britain, by contrast, can pay its way, said the Chancellor.
- Borrowing will fall to £122bn next year, the Chancellor said, and will continue to fall until it reaches £29bn in 2015/6.
- Another measure - a £1bn business-finance partnership aimed at Britain's mid-sized companies is proposed.
- Onto the housing market: families in social housing will be able to buy their homes at discounts of up to 50%.
- The Chancellor said no government has ever attempted such a huge effort to help business. "We won't get all the details right first time, but we have to get credit flowing," he added.
- On credit easing, there will be £40bn to underwrite loans for small and medium sized firms - Mr Osborne estimates it will cut the average interest rate faced by those firms by 1%.
- The rise in the state pension age from 66 to 67 will be brought forward to 2026.
- The Chancellor confirmed that Britain's books will not be balanced by the time of the next election.
- The child element of the working tax credit will be uprated in line with inflation, but other elements will not.
- Pensions' credit for poorest elderly people will be uprated by £5.35. Working age benefits will also be uprated by 5.2% in line with inflation.
- Commitments on overseas aid will be maintained, Mr Osborne said, but he said previous plans would have seen our contribution exceed the target of 0.7% of GDP. Budgets will be adjusted to keep it at that level but no higher.
- Public sector pay awards will be set at 1% for the two years after the current freeze ends. Mr Osborne said he knows this is tough, but it's fair to taxpayers.
- Borrowing is £112 billion higher over the next 4 years than the Chancellor's previous forecasts, but debt interest payments are £22 billion less than expected.
- "We are the only major western country that has had its credit rating improved in the last 18 months - yesterday, we were borrowing money more cheaply than Germany," the Chancellor said. "Those who think we should borrow more should consider those facts," Mr Osborne added.
- "Debt is not coming down as quickly as we'd hoped, but we are set to meet our targets," Mr Osborne said.
- George Osborne confirmed that the government's response to the Vickers' report on bank regulation will be published next month.
- The bank levy will be raised for a third time this year.
- The Government has identified more than 500 infrastructure projects (road, rail, air and broadband internet) that it wants to see built in the coming years.

- The 500 infrastructure projects announced will be funded by a mixture of public money and pension funds. The Chancellor announced 35 specific projects which are getting the go ahead - rail electrification and new stations.
- Several EU leaders have argued for a tax on financial transactions - known as the Tobin tax - to be introduced across Europe. UK leaders argue a financial transactions tax being introduced just in Europe would amount to a "tax on Britain".
- A cut in bills of £50 a year for South West Water customers, who the chancellor said pay the highest prices in the UK.
- The toll on the Humber Bridge will be halved - a few more friends for the chancellor in that part of the country.
- A new rail link between Oxford, Bedford and Milton Keynes will create 12,000 jobs, Mr Osborne added - one of a long list of projects he outlines.
- All options for more aviation capacity, except a third runway at Heathrow, will be considered. This may include Boris Island - a new airport in the Thames Estuary.
- An extra £1bn is being allocated to the Regional Growth fund in England and almost half a billion pounds will be invested in high-tech industries.
- British businesses will be helped to pay the cost of EU green taxes – "without that, jobs and growth will go elsewhere," he said. "We're not going to save the planet by shutting down our steel mills," the Chancellor added.
- The Chancellor restated the government's commitment to reforming the UK's planning laws - something that's proving to be very unpopular with bodies such as the National Trust.
- From April 2012, anyone investing up to £100,000 in a new start-up business will be eligible for income tax relief of 50%. In 2012, any tax on capital gains invested in such businesses will also be waived.
- The current holiday for small firms paying business rates will be extended to April 2013.
- The Chancellor discussed the £1bn jobs plan for young people which was announced a few days ago - but he said reform of the school system is also vital if youth unemployment is to be tackled.
- An extra £1.2bn will be made available for schools - half for local authorities with school placement shortages and half to help fund more free schools, including some specialising in maths.
- The Chancellor said unemployment will rise to 8.7% next year, according to OBR - falling to 6.2% by the end of this Parliament
- 40% of two-year-olds, 260,000 children from the most disadvantaged homes, will get 15 hours of free childcare a week.
- Rail fare rises will be capped at a maximum of 1% above inflation - rather than the 3% that had been expected.
- The planned 3p rise in fuel duty in January is cancelled.

Extracts from Autumn Statement

The State of the Economy

The UK economy is recovering from the biggest financial crisis in generations. Prior to the crisis, underlying competitiveness fell and economic growth was driven by unsustainable levels of debt. The UK economy has been hit by a series of shocks which have significantly weakened the economic and fiscal outlook:

- higher than expected inflation, driven by a sharp increase in global commodity prices — the Office for Budget Responsibility (OBR) consider this to be the main reason the economy has grown more slowly than expected since the June Budget 2010;
- the euro area crisis has increased instability and uncertainty — this is feeding through to household and corporate spending decisions and to tighter credit conditions across the world; and
- most significantly for medium-term growth prospects, the full scale and persistent impact of the 2008–09 financial crisis has become clearer — the OBR has now significantly revised down its projection of the trend rate of growth by a margin consistent with previous financial crises.

The Autumn Statement sets out the actions the Government will take in three areas:

- protecting the economy;
- building a stronger economy for the future; and
- fairness.

The first phase of the Growth Review, led by the Chancellor of the Exchequer and the Secretary of State for Business, Innovation and Skills, was published alongside Budget 2011 in The Plan for Growth. Work has started on all 137 commitments and substantial progress has been made. Full details on progress have been published alongside the Autumn Statement.

Credit Easing

The Government is launching a package of interventions worth up to £21 billion to ease the flow of credit to businesses that do not have ready access to capital markets, with scope to increase the scale of this package in future if necessary.

The National Loan Guarantee Scheme will lower the cost of bank loans for smaller businesses with turnover of up to £50 million. The Government will allow participating banks to raise up to a total of £20 billion of cheaper funding over the next two years under a government guarantee, provided they pass through this lower cost of funding to smaller businesses. In many cases, this will lead to a reduction of up to one percentage point on the cost of the business loan. The scheme will focus on new loans and overdrafts, to help increase the supply of credit in the economy. In considering banks' access to the scheme, the Government will take into account banks' commitment to smaller businesses. In order to qualify for the guarantees, banks will have to show that they are passing through the benefit of the guarantee to cheaper loans (as in the European Investment Bank's well-established 'Loans for SMEs' scheme). Firms should be able to apply for these funds through participating banks in the normal way. The scheme will be operational as soon as possible, subject to state aid approval.

The Government will also help businesses raise funds from non-bank sources by making available an initial £1 billion through a Business Finance Partnership, to invest in mid-sized businesses and SMEs in the UK. A number of reports have shown the reliance of these businesses on banks as a source of debt finance. The partnership will initially focus on co-investment with the private sector through loan funds, which will lend directly to mid-sized businesses in the UK. The Government will begin the process of allocating funds early in 2012. The Government will also consider options for investing through other non-bank lending channels, and welcomes proposals. This will help to diversify the sources of finance available to businesses.

In addition the Government will:

- extend the Enterprise Finance Guarantee (EFG) from January 2012 to include businesses with up to £44 million annual turnover, and a number of new lenders will be accredited to offer EFG lending;
- amend the regulations for UK covered bonds to provide greater transparency for investors and help banks use covered bonds to raise funding;
- establish an industry working group to explore how to further develop access to non-bank lending channels, including forms of bond issuance, for SMEs and mid-sized businesses. The group will be led by the Department for Business, Innovation and Skills and will report by Budget 2012; and
- continue to work with the British Bankers' Association's (BBA) Business Finance Taskforce. The Government welcomes the progress the banks have made in delivering their commitments, as well as their intention to continue to take these initiatives forward in future. In particular, the Government welcomes the BBA's intention to work with Community Development Finance Institutions (CDFIs) to put in place a system to refer unsuccessful loan applicants to CDFIs.

The Government will continue to assess further options to increase the supply of credit to SMEs and mid-sized businesses. Further progress will be announced at Budget 2012.

Financing and Growing a Business

To encourage investment in new start-up companies the Government will launch a new Seed Enterprise Investment Scheme (SEIS) from April 2012, offering 50 per cent income tax relief on investments, and will offer a capital gains tax exemption on gains realised in 2012-13 and then invested through SEIS in the same year. In addition, the Government will simplify and refocus the Enterprise Investment Scheme and Venture Capital Trusts.

Enterprise

The Government will:

- look for ways to provide a quicker and cheaper alternative to a tribunal hearing in simple cases — a 'Rapid Resolution' scheme;
- complete a call for evidence on the impact of reducing the collective redundancy process for redundancies of 100 or more staff from the current 90 days to 60, 45 or 30 days;
- begin a call for evidence on two proposals for radical reform of UK employment law. First, the Government will seek views on the introduction of compensated no-fault dismissal for micro-businesses with fewer than 10 employees. Second, the Government will look at how it could move to a simpler, quicker and clearer dismissal process, potentially including working with ACAS to make changes to their code or by introducing supplementary guidance for small businesses;
- ask independent Pay Review Bodies to consider how public sector pay can be made more responsive to local labour markets, to report by July 2012;
- launch a new Seed Enterprise Investment Scheme (SEIS) from April 2012, offering 50 per cent income tax relief on investments, and will offer a capital gains tax exemption on gains realised in 2012-13 and then invested through SEIS in the same year;
- make 100 per cent capital allowances available in the Black Country, Humber, Liverpool, North Eastern, Sheffield, and Tees Valley Enterprise Zones; and
- introduce an 'above the line' tax credit in 2013 to encourage research and development activity by larger companies.

Housing

On Housing, the Government will:

- introduce a new build indemnity scheme to increase the supply of affordable mortgage finance for new build homes; and

- reinvigorate the Right to Buy to support social tenants who aspire to own their own home.

Travel

The Government will:

- defer the 3.02 pence per litre (ppl) fuel duty increase that was due to take effect on 1 January 2012 to 1 August 2012, and will cancel the inflation increase that was planned for 1 August 2012, currently expected to be worth 1.92ppl;
- limit the increase to Transport for London fares and regulated rail fares to the Retail Prices Index (RPI) plus one per cent for one year from 2012;

Small Business Rate Relief

The Government will extend the current small business rate relief holiday for a further six months from 1 October 2012. The Government will also give businesses the opportunity to defer 60 per cent of the increase in their 2012-13 business rate bills as a result of the RPI uprating, to be repaid equally across the following two years. The devolved administrations will be provided with "Barnett" consequentials to facilitate similar action if they choose to.

Regional Growth

The Government is committed to rebalancing investment and growth across the whole of the UK. To support this, the Government will:

- increase the Regional Growth Fund for England by £1 billion, plus Barnett consequentials for the devolved administrations, and extend it into 2014-15 to provide ongoing support to grow the private sector in areas currently dependent on the public sector. The Regional Growth Fund has already allocated £1.4 billion to 169 projects supporting an estimated 325,000 jobs;
- subject to due diligence, expand the existing Enterprise Zone in the North East to include land around the Port of Blyth, encouraging business investment in the renewables industry. The Government will also consider an Enterprise Zone in Battersea linked

to the redevelopment of the power station; and

- approve proposals from the Lancashire and Humber Local Enterprise Partnerships to form Enterprise Zones on and around the BAE Systems' sites in these areas.

Procurement

In order to help build capability in strong UK-based supply chains and support SMEs and mid-sized businesses, the Government will:

- introduce a package of measures to deliver better value for the UK from public procurement.
- Having already published procurement plans for construction, wider infrastructure, information and communication technologies and facilities management, the Government will publish medium-term plans setting out its procurement needs for other sectors by April 2012. This will give suppliers the confidence to invest for the future and compete on a level playing field; and
- simplify the procurement process to reduce burdens on industry. The Government will make better use of pre-procurement dialogue with suppliers to ensure procurement processes are well designed and quickly carried out. The Government will complete all but the very biggest and most complex procurement processes within 120 working days by introducing the Lean sourcing process from January 2012.

Innovation

The Government will publish its Innovation and Research Strategy shortly to set out how it will support innovation in the UK. The Government is today announcing that it will:

- invest an additional £75 million in supporting technology-based SMEs to develop, demonstrate and commercialise new products and services;
- invest an additional £200 million in science, including an £80 million investment in the Institute for Animal Health and £25 million for large-scale technology demonstrators; and

- introduce an 'above the line' tax credit in 2013 to encourage research and development (R&D) activity by larger companies. The Government will consult on the detail at Budget 2012 and will ensure that SME R&D incentives are not reduced as a result of this change. This builds on measures at Budget 2011 to increase the generosity and accessibility of R&D tax credits for SMEs.

In December 2011, the Prime Minister will set out the Government's strategy to ensure that the UK is the best location for undertaking translational research in life sciences. The strategy will outline how the Government will support the life sciences work of universities, the NHS, private investors and businesses, to attract and develop talent, and improve incentives.

Corporation Tax

At Budget 2011 the Government cut the main rate of corporation tax to 26 per cent, and by 2014 it will reach 23 per cent - the lowest rate in the G7 and one of the lowest rates in the G20.

Following consultation over summer 2011, the Government will publish on 6 December 2011 further details of the Patent Box and of its reform of the Controlled Foreign Company rules and R&D tax credits.

Bank Levy

The Government will ensure banks continue to make a fair contribution reflecting the risks they pose to the financial system and the wider economy. As set out in Budget 2011, the Government intends that the Bank Levy should raise at least £2½ billion each year, more than the net revenue from the one-off Bank Payroll Tax. To offset the forecast shortfall in receipts for 2011 and future years, the rate of the Bank Levy will increase to 0.088 per cent from 1 January 2012.

Employer Pension Contributions

The Government is introducing changes to the tax rules to ensure the amount of tax relief given to employers making asset-backed pension contributions to registered pension schemes accurately reflects the amount of payments made, and does not give rise to unintended excess relief.

Air Passenger Duty

The Government will proceed with the extension of Air Passenger Duty (APD) to flights taken aboard business jets, effective from 1 April 2013. Details will be set out in the Government's response to the APD consultation on 6 December 2011.

Capital Gains Tax

The Government will freeze the annual exempt amount for capital gains tax at £10,600 for 2012-13.

Benefits and Tax Credits

The Government will ensure that the welfare system remains fair and affordable while protecting the most vulnerable in society. Benefits will be uprated in line with the CPI in 2012-13, an increase of 5.2 per cent.

The child element of Child Tax Credit will also be uprated in line with CPI, and will rise by £135 per year in 2012-13. Given this higher than expected increase, and the £180 above inflation increase in this element in 2011-12, the £110 above inflation increase that was planned for 2012-13 will not go ahead.

Recognising the additional needs of disabled people, the disability elements of tax credits will be uprated by CPI. However, to support fiscal consolidation, the Government will not uprate the couple and lone parent elements of the Working Tax Credit in 2012-13.

The Government confirms the basic State Pension will increase by the triple guarantee, as announced in the June 2010 Budget. A full basic State Pension will rise by £5.30 to £107.45 per week in April 2012. The full couple rate for those whose entitlement is based on their spouse's or civil partner's pension will rise by £8.50 to £171.85 per week.

To ensure that pensioners with the lowest incomes benefit from the triple guarantee, the standard minimum income guarantee in Pension Credit will increase by 3.9 per cent in April 2012 to £142.70 per week for single pensioners and £217.90 a week for pensioner couples. To limit the spread of means testing up the income distribution for pensioners, the Government will raise the threshold for Savings Credit in April 2012 to £111.10 for single pensioners

and £177.20 for pensioner couples.

Youth Contract

To ensure that every young person not already in work, education or training has support to get into the workplace, the Government is introducing the Youth Contract, worth a total of £940 million over the Spending Review period. The Youth Contract will:

- provide extra support from Jobcentre Plus for unemployed 18-24 year olds, with additional advisor time and a careers interview from the National Careers Service after three months on Jobseeker's Allowance (JSA), and with weekly, rather than fortnightly, signing for all 18-24 year olds from month five. This will be more demanding than the current regime; and
- provide an offer of a work experience or a Sector Based Work Academy place for every unemployed 18-24 year old who wants one after three months on JSA, before they enter the Work Programme. The Government is providing an additional 250,000 places.

Those young people still unemployed after nine months on JSA will transfer to the Work Programme. In addition the Youth Contract will:

- provide funding for an estimated 160,000 wage incentives of £2,275 to make it easier for private sector employers to take on young people;
- ensure the funding for at least 40,000 incentive payments for small firms to take on young apprentices; and
- fund a new £50 million a year programme to provide support to some of the most disadvantaged 16-17 year olds not in education, employment or training (NEET) across the UK. This will provide vital support to help them to get into education, an apprenticeship or a job with training.

Seed Enterprise Investment Scheme

The Government will introduce the new Seed Enterprise Investment Scheme (SEIS) to encourage investment in new start-up companies. SEIS will provide

income tax relief of 50 per cent for individuals who invest in shares in qualifying companies, with an annual investment limit for individuals of £100,000 and cumulative investment limit for companies of £150,000.

In addition, the Government will offer a capital gains tax holiday for investments made into the new scheme. This will provide for a capital gains tax exemption on gains realised on disposal of an asset in 2012-13 and invested through SEIS in the same year.

The Government will also simplify the EIS by relaxing the connected person rules and the definition of shares that qualify for relief. The Government will tighten the focus of the schemes by introducing a new test to exclude companies set up for the purpose of accessing relief, exclude acquisition of shares in another company and exclude investment in Feed-in-Tariffs businesses. In addition to these changes that were consulted on, the Government will remove the £1 million investment limit per company for VCTs to reduce the administrative burdens of the scheme.

VAT

Low value consignment relief – As announced on 9 November 2011, the Government will remove the VAT relief for low value goods (below £15) sent to the UK from the Channel Islands with effect from 1 April 2012.

VAT: cost sharing exemption – Following consultation after Budget 2011, the Government will introduce a VAT exemption for services shared between VAT exempt bodies, including charities and universities.

Other Tax Measures

- Gifts of pre-eminent objects – At Budget 2011, the Government announced that it would consult on proposals to encourage donations of pre-eminent works of art or historical objects to the nation in return for a tax reduction. Following consultation, the Government Autumn Statement 2011 will legislate to enable individuals to receive a reduction in their income tax or capital gains tax liabilities, and companies to

receive a reduction in their corporation tax liabilities, in return for donating pre-eminent objects under this new scheme. Total tax reductions under this scheme, and taxes offset under the existing inheritance tax Acceptance in Lieu scheme, will be subject to an increased annual limit of £30 million a year overall.

- **Manufactured overseas dividends** – The Government will put beyond doubt that manufactured overseas dividends cannot be used to obtain repayment or set off of income tax that the Exchequer does not receive. This was announced in a Written Ministerial Statement on 15 September 2011 and will take effect from that date.

New-Build Indemnity Scheme

The Government announced on 21 November 2011 a guarantee for up to 100,000 new mortgages at up to 95 per cent loan to value for new build properties in England. For each new build property sold under the scheme, the home builder will contribute 3.5 per cent into an indemnity fund, with the Government supporting the fund to a total of nine per cent of the property value. The indemnity fund pays out to the lender if a property financed under the scheme is repossessed and there is a shortfall. Builders will take the first loss in the indemnity, with Government only being called upon to pay once the builder's fund has been exhausted. The Government's maximum contingent liability under the scheme will be capped at £1 billion.

The Government will introduce a new build indemnity scheme to increase the supply of affordable mortgage finance for new build homes. Under the scheme, home buyers will be able to purchase new build houses and flats with a five per cent deposit. House builders and the Government will help provide security for the loan. The Government will take on a contingent liability which will build up in line with purchases under the scheme, to a maximum of £1 billion. This will help up to 100,000 families and young people buy their own home.

The Government will raise the discounts for the Right to Buy scheme. For each home purchased, the Government will provide an additional affordable home,

in addition to plans to deliver up to 170,000 affordable homes through the new Affordable Homes programme.

Stalled housing developments – the Government will launch a new £400 million 'Get Britain Building' investment fund, which will support firms in need of development finance. This will help to drive progress on stalled sites which have planning permission and are otherwise ready to start. The Government will issue a prospectus to interested developers by the end of the year.

Locally planned large scale-development – The Government will support new development, which could include modern garden cities, urban and village extensions. The Government will invite proposals from developers and local authorities for new developments which have clear local support.

Green Deal – The Government is allocating £200 million of additional one-off capital resource to the Green Deal for energy efficiency in its initial phase over 2012-13 and 2013-14, to encourage early uptake. Further details will be set out next year and any plans will be subject to state aid considerations.

Empty homes – The Spending Review allocated £100 million to bring problematic empty homes in areas of high demand back into use as affordable housing. The Housing Strategy announced a further £50 million of funds to help tackle some of the worst concentrations of empty homes in areas of low demand.

Communications

- **Improving mobile network coverage** – As announced on 3 October 2011, the Government will invest up to £150 million to improve the coverage and quality of mobile network services for the five to ten per cent of consumers in areas of the UK where existing mobile network coverage is poor or non-existent, with the aim of extending coverage to 99 per cent of the UK population. The Government will begin procurement by spring 2012 with businesses and consumers

benefiting from improved coverage from early 2013 onwards.

- Urban broadband – The Government will establish a new £100 million urban broadband fund that will create up to 10 'super-connected cities' across the UK with 80-100 megabits per second superfast broadband. Belfast, Cardiff, Edinburgh, London and up to six further cities will receive support from the fund over the next three years. The first winning cities will be announced at Budget 2012.
- Digital single market – The Government is making enhancing alternative dispute resolution mechanisms an additional priority in pushing the EU for a digital single market, in order to overcome barriers to e-commerce and the electronic distribution of goods to Europe.

Infrastructure Finance

The Government has signed a Memorandum of Understanding with two groups of UK pension funds (including the National Association of Pension Funds, the Pension Protection Fund, and a separate group representing pension plans and infrastructure fund managers) to support additional investment in UK infrastructure. The Government will target up to £20 billion of investment from these initiatives.

The Government will set up an Insurers' Infrastructure Investment Forum with the Association of British Insurers to explore ways to ensure that the capital markets continue to provide an efficient and attractive source of debt finance for infrastructure projects. This will include addressing the impact of potential regulatory changes in the insurance sector.

As announced on 18 September 2011, the Government has established a £500 million 'Growing Places' fund to unblock stalled local infrastructure projects and stimulate further private sector investment. Local areas are already making decisions on how to use their allocation, including a £7 million grant to Sheffield City Region to create a JESSICA fund, leveraging £13 million match funding from the EU.

The Government will consider allowing city mayors and partner local authorities to borrow against the income they receive through the CIL as part of its commitment to deliver tax increment financing (TIF) powers, where they can make a significant contribution to national infrastructure priorities. Further details on using business rates for TIF will be set out in the Local Government Resource Review in December 2011.

The Government will, subject to affordability, consider using transparent forms of guarantee to support specific projects where this provides best value for money for taxpayers and users, recognising that the private sector cannot always bear every risk in major new projects.

Energy-intensive Manufacturing

Climate change levy: relief for electricity – The climate change levy discount on electricity for climate change agreement participants available from 1 April 2013 will be increased to 90 per cent.

Compensation for indirect carbon price floor costs – The Government will provide up to £100 million over the Spending Review period to mitigate the impacts of the carbon price floor on electricity costs to businesses that are electricity intensive and operate in internationally competitive markets from April 2013. It will consult on the precise thresholds for eligibility to ensure the most at risk industries are captured. This compensation is subject to relevant state aid rules.

Compensation for indirect EU Emissions Trading System costs – The Government will provide compensation for the indirect impacts of the EU Emissions Trading System on electricity costs from January 2013 of up to £110 million over the Spending Review period, from existing departmental budgets. Eligibility will be based on EU rules, which are due to be agreed in 2012.

Creating a more educated workforce that is the most flexible in Europe

Schools – The Government will invest £600 million to fund an estimated 100 additional Free Schools by the end of this Parliament. This will include new specialist maths Free Schools for 16-18 year olds, supported by strong university maths departments and academics.

School places – The Government will invest an additional £600 million from 2012-13 to support those local authorities with the greatest demographic pressures.

Employment Regulation

- Unfair dismissal qualifying period – The Government will increase the qualifying period for unfair dismissal from one year to two years from April 2012.
- Employment tribunal claims – The Government will require all potential claimants to submit their employment tribunal claim to the Advisory, Conciliation and Arbitration Service (ACAS) so that early conciliation can take place.
- Determination of claims – The Government will look at whether and how a 'Rapid Resolution' scheme to provide quicker, cheaper determinations in low-value, straightforward claims (such as holiday pay) could be introduced as an alternative to the current employment tribunal process.
- Transfer of Undertakings (Protection of Employment) (TUPE) regulations – The Government has launched a call for evidence on the effectiveness of the TUPE regulations protecting employees' rights and smoothing the process of business restructuring. Should the balance of evidence call for possible changes to the current regulations, there will be a formal consultation on any proposed changes in 2012.
- Collective redundancy rules – The Government has called for evidence on the collective redundancy rules, including the consequences of reducing the current 90-day consultation period for over 100 redundancies to 60, 45 or 30 days.
- Employment tribunal Rules of Procedure – Mr Justice Underhill will lead a fundamental review of the employment tribunal Rules of Procedure. In the meantime, the Government will change the rules on witness statements and expenses, cost and deposit orders and judges sitting alone in unfair dismissal cases.
- Mediation – The Government will work with industry and key stakeholders to change attitudes to mediation and embed it as an accepted part of the dispute resolution process. As a first step, the Government will explore with large businesses in the retail sector how they might share their mediation expertise with smaller businesses in their supply chain. The Government will also pilot local mediation networks for small and medium-sized enterprises (SMEs).
- Financial penalties – The Government will introduce a provision for employment tribunals to levy a financial penalty on employers found to have breached employment rights (payable to the Exchequer), but will allow judges the discretion about whether to exercise this power to ensure that employers are not penalised for inadvertent errors.
- Compromise agreements – The Government will develop a model agreement for use by smaller businesses, consult on a legislative change to enable compromise agreements to cover all existing and future claims, and rename agreements as 'settlement agreements'.
- Protected conversations – Subject to consultation, the Government will introduce a system of 'protected conversations' which will allow employers to have a conversation about any employment issue with their employees.
- Employment tribunal fees – The Government will shortly publish a consultation on the introduction of fees for anyone wishing to take a claim to an employment tribunal.
- Dismissal processes – The Government will begin a call for evidence on two proposals for radical reform of UK employment law. First, the Government will seek views on

the introduction of compensated no-fault dismissal for micro-businesses with fewer than 10 employees. Second, the Government will consider how it could move to a simpler, quicker and clearer dismissal process, potentially including working with ACAS to make changes to their code or by introducing supplementary guidance for small businesses.

- Employment and recruitment sector – The Government will consult in spring 2012 on streamlining the current regulation of the recruitment sector.
- First employee support – The Government will work to remove common misconceptions about the burdens of employing staff for sole traders considering taking on their first employee.
- Agency Workers Directive – The Government will examine the paperwork obligations of the Agency Worker Regulations in 18 months' time to ensure that the practical arrangements for employers are as simple as possible.
- Whistle blowing loophole – The Government will close a loophole in the Public Interest Disclosure Act 1998, which enables employees to blow the whistle about breaches to their own personal work contract.
- National Minimum Wage (NMW) regulations – The Government will merge the current body of NMW regulations into a single set of consolidated regulation, to complement the work of the Low Pay Commission in considering simplification of the current regime.
- Criminal Records Bureau (CRB) checks – The Government will deliver universal portability of CRB checks with an immediate checking service for employers via an online facility available from 2013.
- The Black/Frost Independent Review of Sickness Absence – The Government will consider the recommendations of the review published on 21 November 2011, and will respond in 2012.

Implementation of EU Directives

The Government is publishing a report which includes 16 specific cases, highlighted by businesses, for EU regulatory reform to improve UK business growth. These cases reinforce UK aims to reduce the overall EU burden, foster EU innovation, complete the internal market and remove gold-plating. The Government is continuing to work to reduce the burdens imposed by EU regulations. Directives include:

- the Clinical Trials Directive; Classification Labelling and Packaging of Chemicals;
- the Working Time Directive; Registration, Evaluation, Authorisation and restriction of Chemicals;
- proposals related to the Posting of Workers Directive;
- the Air Quality Directive; National Emissions Ceilings; and
- the freshwater legislative framework.

Health and Safety Regulations

The Government has accepted the recommendations of Professor Löfstedt's review of health and safety regulation including:

- exempting self-employed people posing no risk to others from health and safety legislation;
- simplifying guidance and codes of practice;
- taking measures to ensure businesses see consistent and predictable regulation across the UK including a power for the Health and Safety Executive (HSE) to direct all local health and safety regulatory activities;
- the HSE taking steps to clarify the legal position of businesses to ensure they are only held accountable for those things they can realistically manage; and
- the HSE negotiating a risk- and evidence-based approach to health and safety regulation with the EU.

Public Sector Pay Rises

The Chancellor said that public sector pay rises will be capped at 1% for two years, as he lowered growth forecasts for the UK economy. The number of public sector jobs set to be lost by 2017 has also been revised up from 400,000 to 710,000.

Tax Calendar to the end of 2012

SELF ASSESSMENT: The following dates apply to those who are employed, self-employed, and all other taxpayers

- 30-Dec-11** For those with a tax liability of less than £2,000**, if you file your self-assessment tax return on-line by this date, the tax office will adjust your PAYE code (provided you are an employee) so that you can pay any tax due for 2010/11 over time through PAYE, rather than as a lump sum on 31 January 2012.
- **The Limit has been increased to £3,000 but regulations were not in force in time to amend the 2010/11 tax returns, and the £2,000 limit remains in place for 2010/11 self-assessment (SA) underpayments to be coded out in 2012/13. However, having said this, it may in fact be possible to code out underpayments between £2,000 and £3,000 – but agents will need to contact HMRC to request this for individual clients. Underpayments not generated from SA can be coded out up to the £3,000 limit, and will be included automatically in the 2012/13 code.
- 31-Jan-12** If you were sent a 2010/11 tax return, this is the deadline for sending back the completed return. This is also the deadline for paying the balance of any tax that you owe for 2010/11.
- Some people may have to make "payments on account". Each payment will normally equal one half of the previous year's tax liability (after taking off tax deducted at source and tax credits on dividends). The payments are due on 31 January in the tax year and 31 July following the tax year.
- Any Capital Gains Tax due for 2010/11 would be part of, or form, the balancing payment due on this date.
- If either the balancing payment for 2010/11 or first payment on account for 2011/12 is not made by this date, then interest will be charged.
- 01-Feb-12** If you were sent a tax return for 2010/11, you will be charged a penalty of £100 if HMRC has not received your return by this date. The penalty increases over time – see www.hmrc.gov.uk/sa/deadlines-penalties.htm#3 for details.
- 28-Feb-12** If you have not made the balancing payment due for 2010/11 by this date, an automatic 5% surcharge will be applied. The 5% surcharge does not apply to late payment of the first payment on account for 2011/12.
- 05-Apr-12** The last day of the 2011/12 tax year.
- 31-May-12** By this date, your employer should have given you a Form P60 (pay and tax details from employment) to assist you with the completion of your tax return for the year ended 5 April 2012.
- 05-Jul-12** You must make a claim to HMRC for any new tax credits to which you are entitled (in order to receive full entitlement).
- 06-Jul-12** If applicable to you, your employer must provide you with a copy of Form P11D showing details of the benefits in kind provided to you or expense payments reimbursed to you. Benefits in kind include, for example, the provision of a company car.
- 31-Jul-12** Some people may have to make payments on account. Each payment will normally equal one half of the previous year's tax liability (after taking off tax deducted at source and tax credits on dividends). The payments are due on 31 January in the tax year and 31 July following the tax year.
- If you need to make a second payment on account for the tax year ending on 5 April 2012, this is the date by which it should be made.
- If you have still not made a balancing payment of tax for 2010/11 by this date, you will be charged a second automatic 5% surcharge. The second 5% surcharge does not apply to late payment of the first payment on account for 2010/11.
- If you were sent a tax return for 2010/11 you will be charged a second penalty of £100 if HMRC has not received your return by this date.
- 05-Oct-12** You must tell HMRC of any income or capital gains you have received in the 2011/12 tax year, if you have not received a tax return. You have a legal obligation to do this. HMRC may, or may not, need to send you a tax return - some taxpayers will be able to pay the right amount of tax through an adjustment to their PAYE code.
- 31-Oct-12** If you were sent a 2011/12 tax return, this is the deadline for sending back the completed paper tax return. Paper tax returns must be filed by this date if you want HMRC to collect any unpaid tax (of under £3,000) for 2011/12 through PAYE. For self-assessment tax returns filed on-line, the filing deadline is 31 January 2013.
- 30-Dec-12** For those with a tax liability of less than £3,000, if you file your self-assessment tax return on-line by this date, the tax office will adjust your PAYE code (provided you are an employee) so that you can pay any tax due for 2010/11 over time through PAYE, rather than as a lump sum on 31 January 2012.

PARTNERS AND PARTNERSHIPS: The following are dates for Partners and Partnerships

- 31-Jan-12** If you were sent a 2010/11 tax return, this is the deadline for sending back the completed return. This is also the deadline for paying the balance of any tax that you owe for 2010/11.
- Some people may have to make "payments on account". Each payment will normally equal one half of the previous year's tax liability (after taking off tax deducted at source and tax credits on dividends). The payments are due on 31 January in the tax year and 31 July following the tax year.
- Any Capital Gains Tax due for 2010/11 would be part of, or form, the balancing payment due on this date.
- If either the balancing payment for 2010/11 or first payment on account for 2011/12 is not made by this date, then interest will be charged.
- For members of a partnership or limited liability partnership, this is the deadline by which the completed 2010/11 partnership tax return should be sent back to HMRC.
- 01-Feb-12** If you were sent a tax return for 2010/11, you will be charged a penalty of £100 if HMRC has not received your return by this date. The penalty increases over time – see www.hmrc.gov.uk/sa/deadlines-penalties.htm#3 for details.
- Where HMRC has not received the completed 2010/11 partnership tax return by this date, each member of the partnership or limited liability partnership will be charged a penalty of £100. This penalty applies even if the member does not have a liability to tax for the year.
- 28-Feb-12** If you have not made the balancing payment due for 2010/11 by this date, an automatic 5% surcharge will be applied. The 5% surcharge does not apply to late payment of the first payment on account for 2011/12.
- 05-Apr-12** The last day of the 2011/12 tax year.
- 05-Jul-12** You must make a claim to HMRC for any new tax credits to which you are entitled (in order to receive full entitlement).
- 31-Jul-12** Some people may have to make payments on account. Each payment will normally equal one half of the previous year's tax liability (after taking off tax deducted at source and tax credits on dividends). The payments are due on 31 January in the tax year and 31 July following the tax year.
- If you need to make a second payment on account for the tax year ending on 5 April 2012, this is the date by which it should be made.
- If you have still not made a balancing payment of tax for 2010/11 by this date, you will be charged a second automatic 5% surcharge. The second 5% surcharge does not apply to late payment of the first payment on account for 2011/12.
- If you were sent a tax return for 2010/11, you will be charged a second penalty of £100 if HMRC has not received your return by this date.
- 05-Oct-12** You must tell HMRC of any income or capital gains you have received in the 2011/12 tax year, if you have not received a tax return. You have a legal obligation to do this.
- 31-Oct-12** If you want HMRC to calculate your 2011/12 tax liability, your paper 2011/12 tax return must be with them by this date.
- The deadline for internet filed returns for 2011/12 tax returns is 31 January 2013.

COMPANIES AND EMPLOYERS: The following are dates for companies and employers.
NOTE: Dates relating to companies only are highlighted in purple.

14-Jan-12 (Companies only)	Due date for income tax due for the CT61 (Quarterly accounting) quarter to 31 December 2011.
19-Jan-12	Monthly PAYE/NIC to 5 January 2012 due.
02-Feb-12	Last day for notifying car changes in quarter to 5 January 2012 - Form P46 (Car).
19-Feb-12	Monthly PAYE/NIC to 5 February 2012 due.
19-Mar-12	Monthly PAYE/NIC to 5 March 2012 due.
31-Mar-12 (Companies only)	End of Corporation Tax financial year. Corporation tax return for the year ended 31 March 2012 to be filed by this date to avoid £100 penalty (£500 for third consecutive default).
14-Apr-12 (Companies only)	Due date for income tax due for the CT61 (Quarterly accounting) quarter to 31 March 2012.
19-Apr-12	Monthly PAYE/NIC to 5 April 2012 due. Any arrears of PAYE/NIC due for the year ended 5 April 2012 to be paid by this date.
03-May-12	Last day for notifying car changes in quarter to 5 April 2012 - Form P46 (Car).
19-May-12	Monthly PAYE/NIC to 5 May 2012 due. Employer's PAYE/NIC return P35 for the year ended 5 April 2012 must be with HMRC.
31-May-12	Forms P60, showing pay and tax details, for the year ended 5 April 2012 should be given to all current employees (and to ex-employees who request them).
19-Jun-12	Monthly PAYE/NIC to 5 June 2012 due.
1-Jul-12 (Companies only)	Corporation tax return for the year ended 31 March 2011, not filed before 31 March 2012, to be filed by this date to avoid a minimum £200 penalty (£1,000 for third consecutive default). Tax geared penalties apply where returns are filed more than 18 months after the end of the return period.
06-Jul-12	Copies of Forms P11D, showing details of the benefits in kind provided and/or expense payments reimbursed, for the year ended 5 April 2012 must be provided to all current employees (and to ex-employees who request them).
14-Jul-12 (Companies only)	Due date for income tax due for the CT61 (Quarterly accounting) quarter to 30 June 2012.
19-Jul-12	Monthly PAYE/NIC to 5 July 2012 due. Employers Class 1A NICs on Relevant Benefits in Kind must be paid.
19-Aug-12	Monthly PAYE/NIC to 5 August 2012 due.
19-Sep-12	Monthly PAYE/NIC to 5 September 2012 due.
14-Oct-12 (Companies only)	Due date for income tax due for the CT61 (Quarterly accounting) quarter to 30 September 2012.
19-Oct-12	Monthly PAYE/NIC to 5 October 2012 due.
19-Nov-12	Monthly PAYE/NIC to 5 November 2012 due.
19-Dec-12	Monthly PAYE/NIC to 5 December 2012 due.

Dates that only apply to companies:

9 months after company year end	Corporation Tax for the year to be paid.
9 months (6 months for PLCs) after company year end	Company accounts for the year to be filed with Companies House.
12 months after company year end	Company accounts for the year to be filed with HMRC, together with Corporation Tax return Form CT600.
Annually on anniversary of company incorporation	Annual Return showing details of Company Directors, Secretary and Shareholders to be filed with Companies House, within 28 days together with filing fee.
Quarterly (unless monthly or annual accounting opted for)	VAT Return to be filed with Customs & Excise, together with any VAT due, by the end of the month following the end of the VAT quarter.

Further Information

This Budget Report was prepared immediately after the Chancellor's Autumn Statement on 29 November 2011 and is based on official press releases and supporting documentation.

This publication summarises many, but not all, of the proposals and new measures issued in the press releases published today – these run to hundreds of pages.

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The Budget proposals are subject to amendment before the 2012 Finance Act receives Royal Assent.

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This guide is for general interest - it is always essential to take advice on specific issues. We believe that the facts are correct as at the date of publication, but there may be certain errors and omissions for which we cannot be responsible.

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