**Autumn Budget 2017 – ALMR member briefing**

The Chancellor of the Exchequer, Philip Hammond MP, today (22nd November) delivered his second Budget of the year. The focus of the Budget was about relaunching the Government’s domestic agenda, with numerous measures trailed about a modern economy, building more houses and addressing cross-generational unfairness.

For the sector there were several positive measures announced, including more support on business rates and a freeze on alcohol duty rates. However, it was a mixed Budget with some measures that will negatively impact on the sector. A full summary of the measures relevant to the sector are provided below. The full Budget papers are available [here](https://www.gov.uk/government/topical-events/autumn-budget-2017).

**Economic forecasts**

* These were revised down in light of changes to the Office of Budget Responsibility’s expectation of productivity growth
* GDP expected to be 1.5% in 2017, falling to 1.4% in 2018 and 1.3% in 2019 and 2020 before rising to 1.5% in 2021 and 1.6% in 2022
* Debt will continue to fall throughout the period and job growth is anticipated
* The Government announced a £3bn pot of money to prepare for all Brexit scenarios with more funding being made available when necessary.

**Business rates**

* Will move to CPI rather than RPI for multiplier increase – 3.9% increase rather than 3%, saving around £75 million for the eating and drinking out sector
* Support pubs by extending £1,000 relief for another year
* Revaluations will take place every three years – consultation in Spring on process
* 100% business rates retention trialled in London next year
* Government has published a [position paper](https://www.gov.uk/government/consultations/corporate-tax-and-the-digital-economy-position-paper) on the challenge of taxation of digital business – with a consultation ending at the end of January.
* April 2019 – income tax on royalties paid in low-tax jurisdictions

**Excise duty**

* Freeze on duty for beer, cider, wine and spirits – an effective saving of around £115m to hospitality businesses
* White cider – legislate to create a new tax band from 6.9% to 7.5% from April 2019

**VAT**

* Will look at the impact of VAT and APD on Northern Ireland tourism industry, reporting back at next year’s Budget
* VAT threshold will be maintained at £85,000 for the next two years – and will consult on how it could be amended to promote growth
* Online VAT fraud – marketplaces jointly responsible for VAT payments on online sales

**National Living and Minimum Wages and personal allowances**

* National Living Wage increasing to £7.83 (from £7.50) from April 2018
* Accepted LPC’s recommendations on NMW – to £7.38 (£7.05) for 21-24 year olds; £5.90 (£5.60) for 18-20; £4.20 for 16 and 17 years; and apprenticeship rate to £3.70
* Personal threshold rises to £11,850 for no taxation, and to £46,300 for the next band

**Skills and devolution**

* Keep under review how apprenticeship levy payers can use their funds
* More money for T-level development in further education
* Retrain throughout their working life – partnership between CBI, TUC and Government to retrain – focusing on digital skills
* Back Northern Powerhouse, Midlands Engine, 6 elected mayors – with £1.5bn being put into a developing city funds. Half of the funds will go to the elected mayors and half will be bid for
* Mobile and digital connectivity improvements on trains (Trans-Pennine in particular)
* Industrial strategy at local level agreed with Manchester and being developed with West Midlands

**Plastic tax**

* Want to be a world leader in tackling plastics
* Will investigate how tax system could be used to reduce plastics and a cost to single-use packaging