

# The Chancellor's Autumn Statement 2011

Chancellor George Osborne delivered his Autumn Statement on 29 November. He is clearly sticking to 'Plan A', but warned of six more years of pain likely to be experienced through falling living standards, rising unemployment and unprecedented public sector spending cuts. Some highlights from his speech are as follows:

- State pension age to rise to 67 between April 2026 and April 2028.
- Personal allowance for those aged under 65 to increase by £630 to £8,105 for 2012-13, consistent with the Government's ultimate intention to raise the allowance to £10,000.
- The basic rate band is also reduced by £630 so that the threshold at which 40% income tax is payable remains at £42,475.
- The CGT annual exemption has been frozen at £10,600 for 2012-13.
- A package of credit easing measures, worth up to £21 billion, was announced to ease the flow of credit to businesses. This includes up to £20 billion for the National Loan Guarantee Scheme and £1 billion for the Business Finance Partnership.
- Some changes to the Enterprise Investment Scheme had already been announced in the March Budget, including the increase in the maximum investment from £500,000 to £1m. Further changes have been announced including some relaxation to the rules about connected parties, which can sometimes block relief.
- A new relief called the Seed Enterprise Investment Scheme (SEIS) will be introduced from 6 April 2012. It will provide income tax relief at 50% for investment in a small company with total assets of less than £200,000. The investment limit will be £150,000 in each company and a maximum of £100,000 per individual. Additionally, an individual making a capital gain in 2012-13 who reinvests some of that gain in a SEIS company in the same year will obtain exemption from CGT for the amount invested.
- There was some relief for motorists with the 3 pence fuel duty increase due to take effect in January deferred until August, whilst the increase planned for August 2012 has been cancelled altogether.
- On VAT, an EU cost-sharing exemption is being introduced for organisations that wish to share costs between themselves on a non-profit basis. This exemption will be of particular interest to charities, universities and higher education colleges and housing associations wishing to make efficiency savings by working together to achieve economies of scale.

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