

Budget 2013 : key announcements

20th March 2013

The Chancellor George Osborne has now delivered his 2013 Budget speech to the House of Commons.

He said it was a Budget that recognised that Britain was an "aspiration nation" and was for those who aspire to "own their own home, get their first job, and start their own business."

Here's a summary of the headline announcements:

The economy

- **Growth**
The Office for Budget Responsibility (OBR) forecast for UK GDP growth in 2013 has been revised down to 0.6 per cent from 1.2 per cent and to 1.8 per cent from two per cent in 2014
- **Future growth**
The OBR expects 2.3 per cent growth in 2015, 2.7 per cent in 2016 and 2.8 per cent in 2017
- **Employment**
The OBR estimates that there will be 600,000 more jobs in 2013 and 60,000 fewer people on employment benefits
- **Deficit reduction**
The deficit has been reduced to 7.4 per cent of GDP in 2013, from 11.2 per cent in 2009/10. It is expected to fall to 6.8 per cent in 2013/14 and 5.9 per cent by 2014/15.
- **Borrowing**
The Government will borrow £114 billion in 2013. Borrowing will then fall year-on-year to: £108 billion in 2014, £97 billion in 2015, £87 billion in 2016, £61 billion in 2017 and £42 billion in 2018.

For businesses

- Corporation tax reduced by one per cent to 20 per cent in 2015
- Employment Allowance will take the first £2,000 off the National Insurance bill of every employer, from April 2014
- Stamp Duty on shares traded in growth markets - such as the AIM - is abolished
- Small company and main rate of corporation tax will be merged
- The rate of above the line research and development credit increases to 10 per cent
- Shale Gas Field Allowance will encourage early investment in shale gas development
- Ceramics industry to be exempt from the Climate Change Levy
- Capital Gains Tax holiday for the Seed Enterprise Investment Scheme extended
- Tax reliefs for investment in social enterprises.

Individuals

- Personal allowance increases to £10,000 from April 2014
- Government contribution of 20 per cent towards the first £6,000 of childcare costs for each child
- Single-tier state pension of £144 brought forward to 2016
- Help to Buy scheme will invest £3.5 billion in shared equity homes, providing loans of up to 20 per cent of the value of a new build home worth less than £600,000
- September 2013 increase in fuel duty scrapped
- Beer duty escalator scrapped. Beer duty cut by one pence
- Social care costs capped at £72,000 from 2016
- Means-tested residential care threshold to increase to £118,000 in 2016, from £23,000
- Employee shareholder scheme to attract National Insurance contributions and income tax reliefs
- Tax avoidance agreements in place with Isle of Man, Guernsey and Jersey



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