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INSIDER
2016
NOVEMBER

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Pension reforms could cost £5 billion

The pension reforms introduced by George Osborne could cost £5 billion and push house prices up in the long term, according to the Office for Budget Responsibility (OBR).

The report examined the projected economic effects of a range of the ex-chancellor's reforms, including the pension freedoms and savings products such as the Help to Buy ISA.

The effect these reforms could collectively have on the public finances are:

- the initial effect will be positive with a peak gain of £2.3 billion in 2018/19
- the effect turns negative in 2021/22
- the net cost continues to rise, eventually reaching £5 billion in 2034/35.

Expressed as a share of GDP, the net costs in 2034/35 represent 0.1% of GDP. If that rate of growth were to continue at a steady pace, the OBR estimates the cost would be 3.7% of GDP to public sector net debt over 50 years.

Effect on house prices

One of the main effects highlighted in the report is the impact on the housing market. The OBR estimates that the measures will lead to increased demand which in turn will put upward pressure on prices.

Key estimates:

- pension flexibility and restrictions to the annual and lifetime allowances may divert money into housing, which, given a relatively fixed supply, would lead to higher prices

- the Lifetime ISA and Help to Buy ISA are estimated to add 0.3% to house prices by 2020/21.

Our team can help you on a range of financial issues.

Businesses lack export ambition

Most businesses don't currently export and don't intend to start, according to research by the Institute of Chartered Accountants in England and Wales (ICAEW).

69% of businesses have never traded overseas and have no plans to do so in the future despite high-profile government campaigns.

Important findings:

- 66% haven't heard of UK Trade and Investment (now replaced by the Department for International Trade)
- 87% don't use any services offered by the department
- 34% don't plan on expanding their business in the next 12 months.

Stephen Ibbotson, director at ICAEW, said:

"It is clear that Brexit is not to blame for UK businesses having no ambitions to explore the international markets and it is the responsibility of key policy makers to encourage the UK to be a more export-driven economy following its impending withdrawal from the EU.

"Initiatives such as export vouchers would help businesses to kick-start their ambition to grow globally."

Starting exporting

There are a number of procedures to follow if you export overseas. The rules differ depending on where in the world you want to export to.

For example, sales of goods and services to EU countries are free of export duty and customs checks.

If you are exporting outside of the EU, you may need to pay taxes and customs duties depending on the country.

Similarly, VAT rules will vary according to where you are exporting.

It is also possible to use a freight forwarder or commercial agent to act on your behalf if you don't want to deal with export procedures yourself.

We can advise on export duties and VAT when trading overseas.

Higher earning parents use flexible working

Parents who earn more are more likely to work flexibly, according to the charity Working Families.

69% of parents who earn more than £70,000 a year work in a flexible way, compared to 47% of those earning between £10,000 and £40,000.

More than two thirds (68%) of all working parents said their work interferes with their ability to take part in activities with their children.

Sarah Jackson, chief executive of Working Families, said:

"We know flexible working makes business sense across the salary spectrum, so why should only the people who earn the most be able to reap the rewards?

"We want jobs at all levels to be advertised as flexible. And this should be the norm, rather than the exception."

Accessing flexible working

All employees have the legal right to request flexible working, not just parents and carers.

Working from home, job sharing and flexitime are examples of different types of flexible working.

Workers can apply for flexible working if they've worked continuously for the same employer for the last 26 weeks.

This involves 'making a statutory application' which includes:

- ◉ writing to your employer
- ◉ the employer reviews the request and makes a decision within 3 months

- ◉ if the request is agreed, the employer must change the terms and conditions in your contract
- ◉ your employer must write to you giving the reasons if they refuse the request.

Contact us to discuss flexible working arrangements.

Autumn Statement 2016 expectations

Chancellor Philip Hammond is due to deliver his Autumn Statement on 23 November 2016.

Speaking at the Conservative party conference in October, Hammond said the government will prioritise spending on housing and business investment to boost the economy.

Here is a round-up of some of the potential measures that could be announced.

Economic policy

The government has dropped its budget plans on getting public finances to a surplus by 2020.

In his speech, the chancellor has said fiscal policy "may have a role to play" as he looks to "reset" economic policy in his statement.

Tax system

James Sproule, chief economist at the Institute of Directors, said that the biggest area missing from the chancellor's conference speech was tax:

"We hope the chancellor will take bold steps to simplify the tax system for small and medium sized companies, and give all business some clear guidance on what is, and what is not, tax avoidance."

Living wage

The chancellor could announce a new national living wage (NLW) rate for April 2017.

Conor D'Arcy, policy analyst at the Resolution Foundation, said:

"As we approach the Autumn Statement we'll soon learn what the NLW will be next year. An increase to around £7.50 will deliver a welcome annual pay rise of up to £600 for full-time staff."

Talk to us about government policy and your business.