

BUDGET 2015 - NO GREAT SURPRISES BUT A FEW DISAPPOINTING FEATURES

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Legal Briefings

Yesterday, the Chancellor of the Exchequer handed down his final Budget before the UK's general election in May.

It was a Budget with no great surprises, many of the measures having been trailed in December's Autumn Statement. Notable amongst these is the confirmation that the government will press ahead with the so-called Google tax, or in its official name the Diverted Profits Tax (DPT), which will become effective in less than two weeks' time. While the campaign to ensure companies pay their 'fair share of tax' may chime well with the general public, the DPT legislation, in the form published in December of last year, is highly controversial: its scope is significantly wider than the stated aim of deterring aggressive tax planning, it may be at odds with the UK's international commitments arising under double tax treaties, and it may end up being at odds with the recommended OECD approach to the same issue, which is expected later this year. It is disappointing that the government has not heeded the almost universal call from the business community to consult more fully on the proposals, but has chosen to rush in such radical legislation. The impact on the perception of the UK globally as a stable tax jurisdiction, and on the potential conflict with the Chancellor's own proclamation only three years ago that Britain is open for business, will take time to assess.

DPT aside, the big winners in this year's Budget were the North Sea oil and gas industry, benefitting from significant tax cuts, savers, annuity holders and first-time buyers. The biggest losers were the banks, suffering an increase in the Bank Levy of more than a third, and individuals with more than £1 million in their pension pots. There was also a continued focus on tax evasion and avoidance with the immediate introduction of a restriction on carried forward reliefs and greater sanctions on those who facilitate and promote avoidance.

We will receive greater detail on many of these measures when Finance Bill 2015 is published on 24 March 2015. The Bill is expected to receive Royal Assent before 30 March, when Parliament is dissolved ahead of the election on 7 May.

The above measures, along with other key changes, are dealt with in more detail in our briefing which can be found [here](#).

A link to the government's Budget 2015 website and full documentation can be found [here](#).

KEY CONTACTS

If you have any questions, or would like to know how this might affect your business, phone, or email these key contacts.



ISAAC ZAILER
PARTNER, LONDON

+44 20 7466 2464
Isaac.Zailer@hsf.com



HOWARD MURRAY
PARTNER, LONDON

+44 20 7466 2124
Howard.Murray@hsf.com



WILLIAM ARRENBURG
PARTNER, LONDON

+44 20 7466 2574
William.Arrenberg@hsf.com



AURELL TAUSSIG
PARTNER, LONDON

+44 20 7466 2451
aurell.taussig@hsf.com

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