

BUDGET 2016

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Legal Briefings

Yesterday the Chancellor of the Exchequer handed down his eighth Budget. Whilst the 'sugar tax' will attract many of the headlines, there was much else to digest for corporates and individuals alike.

Large companies and multinationals were the target of many revenue raising measures whilst a number of tax reductions and reliefs were introduced for smaller businesses and individuals.

Stability and a long-term outlook were hoped for with publication of the Business Tax Road Map, setting out the government's intentions with regard to business taxation for the remainder of this Parliament. Whilst the intention is to bring greater certainty through the publication of the road map, the lack of detail in many areas at this stage, the announcement of potentially far reaching and in some cases unexpected changes and the number of consultations underway or announced (in some cases into long settled areas of tax legislation) make achieving such certainty a challenge.

The UK's oil and gas industry, currently experiencing pressures in the face of historically low oil prices and a maturing basin, received a welcomed (and much called for) reduction in its tax burden.

In terms of specific headline announcements, some of the most notable include:

- a cut in the rate of corporation tax to 17% from 1 April 2020;
- a new restriction on the amount of relief for corporate net interest expense from 1 April 2017. Relief will be capped at 30% of a group's UK EBITDA or based on the net interest to earnings ratio for the worldwide group;
- reform of the rules on corporation tax loss relief, comprising increased flexibility in the current streaming rules but a significant detrimental change to the current system by

only permitting companies to use losses carried forward against up to 50% of their profits above £5 million;

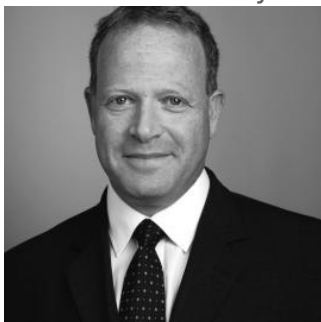
- an increase in the rates of SDLT for higher value commercial property; and
- for the oil and gas industry, the effective abolition of Petroleum Revenue Tax and a halving in the rate of the Supplementary Charge.

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

A link to the government's Budget 2016 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.



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