



The budget...mission impossible?

“...an extension of the stamp duty holiday for all houses costing up to £175,000 until the end of the year...”

Andrew Renton
Partner
020 8221 8036
andrew.renton@bowlinglaw.co.uk

We set out below a summary of the key elements of the 2009 budget:

- support for employment, including for Jobcentre Plus and the Flexible New Deal, and the offer a guaranteed job, training or work placement for all 18- 24 year olds who reach 12 months unemployed;
- support for business, including by extending the enhanced loss relief for an additional year and expanding HMRC's Business Payment Support Service, increasing capital allowances for new investment to 40 per cent for one year, and establishing a £750 million Strategic Investment Fund to support advanced industrial projects of strategic importance;
- support for individuals, including through an increase in the annual investment limit for Individual Savings Accounts (ISAs) to £10,200, up to £5,100 of which can be saved in cash; an additional payment alongside the Winter Fuel Payment worth £100 for households with someone aged over 80 and £50 for households with someone aged over 60;
- support for homeowners and homebuyers, including with a £600 million funding package of measures to build more homes through unlocking sites currently sitting as dormant, and an extension of the stamp duty holiday for all houses costing up to £175,000 until the end of the year;
- support for the environment, including setting the world's first carbon budgets and measures to encourage energy efficiency and low-carbon growth;
- from April 2010, an additional rate of income tax of 50 per cent will apply to income over £150,000, and the income tax personal allowance will be restricted for those with income over £100,000;
- from April 2011, tax relief on pensions contributions will be restricted for those with incomes of £150,000 and over, and tapered down until it is 20 per cent;
- fuel duty will increase by 2 pence per litre on 1 September 2009, and by 1 penny per litre in real terms each year from 2010 to 2013;
- £5 billion recoverable value for money savings in 2011-11 raising the 2007 Comprehensive Spending Review target from £30 billion to £35 billion, and in the next Spending Review period, additional efficiencies to help support the economy and front-line services, rising to £9 billion by 2013-14. The Budget sets assumptions for spending growth from 2011-12 onwards, with current spending growing by an average 0.7 per cent in real terms and public sector net investment moving to 1¼ per cent of GDP by 2013-14.

