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NEWS RELEASE

CHANCELLOR IN NEUTRAL WITH LIMITED BUDGET ANNOUNCEMENTS

With most of the Chancellor's speech today either a confirmation or clarification of previously announced measures; the key points ASE identify as impacting the motor trade include:

- The announcement of a process of risk profiling for large businesses will affect dealers as they fall within the definition of large businesses because of the value of car sales. We anticipate the consultation will increase the focus on motor trade VAT and PAYE, adding pressure to these areas already under attack from HMRC.
- The intention to narrow the difference between NIC rates for individuals doing the same activity whether employed, or self-employed, will impact on individual contractors working within the motor industry. This links into the ongoing consultation regarding employed versus self-employed status.
- The launch of measures to restrict the offset of capital losses against trading profits, amplifies last year's announcement that large amounts of trading losses of the past can only be used to reduce current year profits by 50%.
- The devolution of power to local mayors in six large urban areas whose interest in fuel and air quality may result in restrictions on diesel vehicles. In addition the government has intimated that we should expect changes with regards to the taxation of diesel vehicles in the Autumn.
- The introduction of technical T Levels to formalise qualifications gained by apprentices is to be welcomed. Dealers are being significantly negatively impacted by the introduction of the Apprenticeship Levy, and will be keen to understand if similar challenges will apply to the new T Levels.

Additional points of note included reconfirmation that the corporation tax rate would reduce to 17% in 2020 and measures to reduce the tax-free dividend allowance from £5,000 to £2,000.

Michelle Malone tax director at ASE said "there were very few changes announced in this speech but we anticipate more detailed tax measures in the Autumn Budget. Of bigger significance to the UK Motor Trade over the next few years will be the Brexit deal agreement, which will have a significant impact on dealers, brands and the wider economy."