

## State pension to start at 70?

Having previously been ruled-out, reductions in tax relief for pension contributions are once again being discussed as a possible means of addressing the Chancellor's Budget deficit.

Also being considered is an increase in the minimum age at which the State pension can be drawn.

The Government currently spends some £100 billion annually on State pensions and pensioner benefits, and this figure will continue to rise as average longevity increases. This year, around 6,000 people are expected to reach the age of 100 and the figure is expected to rise to 56,000 by 2050.

Currently, the State pension age is 65 for men and 63 for women, and this will rise to age 65 for both sexes by 2018, 66 by 2020 and 67 by 2028.

An independent review commissioned by the Government has made three recommendations:

- (i) That the State pension age should increase to 68 by 2039.
- (ii) That the "triple lock", whereby the Government committed to increase State pensions each year by whichever is the highest of the prices index, average earnings and 2.5% should be abandoned and replaced by a link to earnings.
- (iii) That exceptions should be made to the higher qualifying ages for people in poor health and those who have had long working lives.

However, a separate report by the Government Actuary's Department has proposed more drastic cut-backs, which could result in people aged under 30 not being able to access the State pension until the age of 70.

The Government is expected to make known its thinking in May 2017.

## Benefits in kind

Despite the Chancellor's u-turn on National Insurance contributions for the self-employed, the subject of NI has clearly not been removed altogether from his agenda

Currently, some benefits in kind are exempt from NI contributions and may also permit the employee's charge to income tax to be based on a lower figure.

However, a provision in this year's Finance Bill aims to remove these advantages. In future, when employers offer benefits as an alternative to cash remuneration, National Insurance contributions will apply and income tax will be charged on the basis of whichever is the greater of the cash equivalent value of the benefit and the amount of pay which is foregone.

## Thank you for small mercis

An exception is made to the new provisions for benefits in kind which are classified as 'Trivial Benefits'. To qualify, these must satisfy three conditions:

- The value must be no more than £50 per recipient, or an average of £50 if the benefit is provided to a group of employees and the exact value to each employee cannot be calculated precisely.
- The benefit must not take the form of cash or cash voucher, though shop vouchers are allowed.
- The benefit must be gratuitous and not provided in consideration of a service which the recipient is employed to provide.

Any other benefits, except for staff functions, will be taxable; and if the value of a Trivial Benefit exceeds £50 the whole amount will be taxed, not just the excess over £50.

For employees who are not directors, there is no limit to the number of Trivial Benefits which can be provided in any tax year. So an employee could receive 6 benefits with a total value of £300 in the same tax year. But this flexibility would not apply to directors.

Being non-taxable, Trivial Benefits need not be reported to HMRC on form P11D

## Junk

Moody's, the ratings agency, has warned that if Scotland were to leave the UK the reduction in its credit status would put it on a par with Azerbaijan and Guatemala.

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