



Trick or treat? The Chancellor calls the 2018 Budget for late October

The 2018 Budget has been set for Monday 29 October, setting a deadline for speculation and proposals. Mr Hammond, however, has indicated that he won't end the long spell of austerity measures, despite improving public finances.

Proposals raised by think tanks and professional bodies include overhauls of income and inheritance tax, 'pension tax relief simplification', and scrapping entrepreneur's relief to help fund NHS costs.

But every proposal is overshadowed by Brexit, and the uncertainty of what will happen on 29 March 2019.

What's coming?

Alongside measures announced in the draft Finance Bill, the following areas could see change:

The NHS – The NHS Foundations's ten-year plan may not be published in time for the Budget, so the Chancellor could be limited to general spending priorities. Mr Hammond said a digital services tax or 'Google tax' is coming – with or without European allies. This income could be dedicated to the NHS.

Inheritance tax (IHT) – The IHT review from the Office of Tax Simplification (OTS) may be published ahead of the Budget. It was tasked to look at making IHT less complex, focusing especially on trusts, administrative issues and business and agricultural property reliefs. Calls for a complete overhaul in favour of a 'lifetime receipts', 'property' or 'wealth tax' seem unlikely from a Conservative government.

Stamp duty – After introducing new reliefs for first-time buyers, focus has shifted to 'last time' buyers, with calls to incentivise older homeowners to downsize. The Prime Minister has also indicated that an additional 1-3% duty could be levied on foreign property buyers to help control rising house prices and tackle homelessness.

Business – Business rates are due to increase next year, with business groups calling for action. The Chancellor's conference speech outlined changes to the apprenticeship levy to help build training and skills for SMEs, and appeared to boost commitment to the business sector.

The environment – We are likely to see a dedicated plastics packaging tax. Initial reports indicated the costs would be borne by manufacturers rather than consumers. However, we may also see an increase to the plastic bag levy from 5p to 10p and roll out to all shops, not just firms with over 250 employees.

In this most turbulent of times, facing pressure from many groups, perhaps the only clear thing is that Mr Hammond has an unusually tricky balancing act to pull off.