

Pension income options

J05: 2017–18 edition

Web update 3: 14 February 2018

Please note the following update to your copy of the J05 2017–18 study text:

Pensions advice

The plan to introduce a new income tax exemption to cover the first £500 of pensions advice provided by an employer to an employee was initially dropped from **Finance Act 2017**. It was reintroduced in **Finance (No. 2) Act 2017** and takes retrospective effect from 6 April 2017. The exemption replaces a previous, more restrictive exemption, which was limited to £150.

This change affects the following section:

- Chapter 1, section A2, page 1/4.

Dividend allowance

Finance (No. 2) Act 2017 reinstated that the dividend allowance will be reduced from £5,000 to £2,000 from the tax year 2018/19. It will remain at £5,000 for 2017/18.

This change affects the following section:

- Chapter 1, section A2, page 1/4.

Class 2 National Insurance contributions (NICs)

In its policy paper on the abolition of Class 2 NICs, dated 7 November 2017, the Government announced the delay of the abolition by one year. This delays the previously announced abolition from 6 April 2018 to 6 April 2019.

This change affects the following sections:

- Chapter 7, section D4B, page 7/12.
- Chapter 7, section D4C, page 7/12.
- Chapter 8, section A5E, page 8/6.