

# Financial services products and solutions

## LP2: 2017–18 edition

### Web update 3: 14 February 2018

Please note the following update to your copy of the LP2 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 sections:

- Chapter 7, section A2, page 7/5.
- Chapter 8, section B1C, page 8/6.

#### 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 remains at £5,000 for 2017/18.

#### This change affects the following sections:

- Chapter 1, section C1A, page 1/11.
- Chapter 7, section A2, pages 7/4–7/5.
- Chapter 8, section B1C, page 8/6.

#### Deemed domicile

**Finance (No. 2) Act 2017** reinstated, with retrospective effect from 6 April 2017, new rules for deemed domicile.

- A non-domiciled individual, who has been resident in the UK for at least 15 of the preceding 20 tax years, is treated as UK domiciled for the purposes of income tax, capital gains tax (CGT) and inheritance tax (IHT).
- A non-domiciled individual, who was born in the UK with a UK domicile of origin, and who is resident in the UK for the relevant tax year, is also treated as UK domiciled for income tax and CGT purposes. This will only apply, however, if the individual has been UK resident in at least one of the previous two tax years.

#### This change affects the following section:

- Chapter 1, section B11, page 1/7.