

# Client Update

## Under 250 Words on the UK Spring Budget

### LONDON

Richard Ward  
rward@debevoise.com

Ceinwen Rees  
crees@debevoise.com

Some people may be tempted to write you a long analysis of today's Spring Budget to tell you that there is not much new of particular interest. We know that you don't have time for that...

- To encourage inward investment, the government is seeking to relax its position on interest withholding tax; administratively through a widening of the Double Taxation Treaty Passport Scheme to non-corporates and economically via a new exemption for interest on debt traded on a Multilateral Trading Facility (consultation to follow).
- The government is seeking to clarify how partnerships are taxed as part of this, a report on the wider implications of how different employment practices will be published in the summer. The Chancellor commented in his speech today that "*many of our most highly-paid professionals work through Limited Liability Partnerships and are treated as self-employed*". Whether this is a warning shot is unclear at present, for now we know simply that national insurance contributions for the self-employed will be going up 1% in April 2018 to 10% and again in 2019.
- The following changes, that had already been announced, were confirmed:
  - restrictions on interest expense deductibility based on BEPS;
  - updating the substantial shareholdings exemption to make it more accessible to investors; and
  - reforms to the rules governing carried forward losses (we understand that the BVCA's discussions with HMRC on the impact of these rules on the investment management industry are still ongoing).

\* \* \*

Please do not hesitate to contact us with any questions.