

BUDGET - MARCH 2020 - KEY UPDATES

Blue Peak Commentary

This budget provides relief for businesses and individuals in respect of Coronavirus. There are also a number of measures which will support small businesses in retail, hospitality and leisure. Some notable points include the Chancellor's intention to reduce the lifetime limit on Entrepreneur's Relief from £10m to £1m, as well as the cancellation of the proposed Corporation Tax rate reduction.

National Insurance Contributions ("NIC") threshold

From the 2020/21 year (beginning 6 April 2020) the amount of income an individual can earn before paying NIC increases to £9,500 (from £8,632). As an example, those earning more than £9,500 per year will be £85 per year better off.

For Limited Company Directors paying themselves a salary up to the threshold, this means you can increase in monthly salary from £719 to £791.

Pension Limits

The Chancellor has announced plans to increase the tapered annual allowance threshold by £90,000 which will apply to high earners and in particular will ease the pressure on some NHS workers who have received large tax bills. In addition the lifetime allowance has been increased to £1.073m

Stamp Duty increase for non-UK residents

Non-UK residents purchasing UK residential property will be subject to an additional 2% stamp duty charge. This will apply from 1 April 2021 (transitional provisions may apply for contracts exchanged before 11 March 2020 but complete after 1 April 2021). Refunds will be available for individuals who subsequently become UK resident.

Home-working Tax Deduction

The tax deduction available to employees working from home (under home-working arrangements) will increase from £4 per week to £6 per week from 6 April 2020.

Coronavirus Measures

Certain measures are being introduced to help businesses and individuals to deal with the detrimental impact of self-isolation, including:

- Individuals advised to self-isolate are entitled to statutory sick pay even if they have not presented with symptoms.
- Self-employed, gig-economy workers and those not entitled to statutory sick pay will be able to claim contributory Employment Support Allowance or Universal Credit.
- Businesses with fewer than 250 employees will receive a full refund of statutory sick pay for employees required to self-isolate for up to 14 days.

SPEED READ - INDIVIDUALS

- Increase in NIC threshold
- Stamp Duty increase of 2% for non-UK residents
- Pension limit changes
- Home-working tax deduction increased
- Corona Virus specific measures

SPEED READ - COMPANIES

- Cancellation of proposed reduction of Corporation Tax rate (it will remain at 19%).
- Removal of businesses rates for certain businesses and increase in discount for pubs
- Small business grant funding of £3,000
- Changes to Entrepreneur's Relief
- NIC Employment Allowance increase
- Tax breaks on employer provided counselling extended
- Coronavirus specific measures

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- Businesses with fewer than 250 employees will also be entitled to 'business interruption loans' of up to £1.2m.
- Businesses and self-employed individuals in financial distress may be able to receive support with their taxes through HMRC's 'time to pay' system. This will be agreed on a case-by-case basis.

Corporation Tax Rate

From the 2020/21 year (beginning 6 April 2020) the Corporation Tax rate will remain at 19%; this is contrary to a proposed reduction previously announced.

Business Rates

Business rates will be removed for certain businesses in property with a rateable value of £51,000 or less. This will apply to retail, hospitality and leisure and will apply from 1 April 2020.

From 1 April 2020 pubs with a rateable value of less than £100,000 will have an increased discount on their rates from £1,000 to £5,000 for one year.

Small Business Grant

Businesses eligible for small business rate relief (or rural rate relief) will be entitled to a £3,000 cash grant to help with ongoing costs.

Entrepreneur's Relief

The Entrepreneur's Relief lifetime limit is being significantly reduced from £10m to £1m for disposals on or after 11 March 2020 (with some anti-forestalling measures). The reduced capital gains tax rate for qualifying disposals of 10% remains unaffected.

Employer's NIC changes

There is an increase in the Employers Allowance (from £3,000 to £4,000) for companies whose total secondary Class 1 NIC bill in the last tax year was below £100,000.

Veterans will be supported into employment by an employer's Class 1 NIC holiday for the first year of the veterans' civilian employment (up to the upper earnings limit) from April 2022. Transitional rules will apply from April 2021.

Employer-provided Counselling - Tax Relief

Employers are able to provide certain counselling to employees on a non-taxable basis. This is being extended to include related medical treatment, including cognitive behavioural therapy where this is provided as part of an employer's counselling service.

Reviews and Consultations on the way...

The Government will be launching reviews into Enterprise Management Incentive (EMI) share plans, as well as carers' leave and the apprenticeship levy to ensure certain businesses and individuals are supported.

How can Blue Peak help?

We have a wealth of experience assisting individuals and businesses with all aspects of tax and accounting, from tax compliance through to tax efficiencies. Contact us to discuss your personal circumstances, or talk through your business in more detail and find out how the Budget may impact you on 0118 321 9151 / www.blue-peak.co.uk