

## Corporation Tax

- The Corporation Tax for company profits is currently 19%

## Inheritance Tax (IHT)

- The nil rate IHT band is £325,000, with 40% IHT normally payable above this threshold
- A lower rate of IHT (36%) applies if you leave 10% of your net assets to charity
- Residence nil rate band of £175,000 where a residence is passed on death to a direct descendant. The proportion of the threshold 'unused' on the first death of husband or wife (or civil partners) is effectively transferable to the surviving partner and serves to increase his or her threshold by a corresponding percentage.

Chargeable lifetime transfers and potentially exempt transfers attract taper relief on tax payable, if made up to seven before death on the amount of gift over the nil rate band.

### Certain gifts are IHT-free however soon death occurs, including:

- Gifts between UK domiciled husband and wife or between civil partners
- Total gifts up to £3,000 in a year (can be carried forward one year)
- Small gifts to other recipients (up to £250 per recipient in year)
- Gifts in consideration of marriage or civil partnership ranging from £5,000 from each parent of the couple, to £1,000 from anyone else

## State Pension entitlement







- A flat rate, single tier State Pension of £175.20 per week is payable from 6 April 2020 (35 qualifying years of National Insurance contributions needed for full rate), available to those reaching state pension age (SPA) on or after 6 April 2016
- For those who reached SPA before 6 April 2016, the basic state pension of £134.25 applies (30 qualifying years needed for full rate), plus any additional state pension

## Principal state benefits

Weekly benefits	2020-21
Statutory Sick Pay	£95.85
Statutory Maternity Pay – first 6 weeks	90% of weekly earning
Statutory Maternity Pay – next 33 weeks	£151.20*
Ordinary Statutory Paternity Pay – 2 weeks	£151.20*
Additional Statutory Paternity Pay – variable period	£151.20*

\* or 90% of earnings, if lower

## Self Assessment dates

	<b>31 Jan 2020</b>	Deadline for filing 2018-19 returns, balancing payment due for 2018-19, first payment due for 2019-20
	<b>31 Jul 2020</b>	Second payment on account for 2019-20 due to HMRC
	<b>05 Oct 2020</b>	Deadline to notify chargeability and advise HMRC of need to register for Self Assessment
	<b>31 Oct 2020</b>	Deadline for submitting paper Self Assessment returns to HMRC
	<b>30 Dec 2020</b>	Deadline for filing online return with HMRC if tax is to be collected through PAYE
	<b>31 Jan 2021</b>	Deadline for filing 2019-20 returns, balancing payment due for 2019-20, first payment due for 2020-21

The information contained in this leaflet is based on our understanding of the Budget proposals, which are subject to change. No action should be taken without further advice being sought. We can accept no responsibility for any errors or omissions.

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## Taxation changes to note

- No changes to Income Tax rates, the thresholds where the two upper rates kick in will not rise with inflation
- Annual Capital Gains Tax exemption increased to £12,300 from 2020-21
- ISA allowance to remain at £20,000 for 2020-21 tax year / JISA and CTF allowance increased to £9,000 for 2020-21 tax year
- The Lifetime Allowance for pensions increased in line with the Consumer Prices Index, to £1,073,100 for 2020-21
- From 11 March 2020 the Lifetime Allowance on gains eligible for Entrepreneurs' Relief reduced from £10m to £1m
- The new single-tier State Pension increased increase to £175.20 per week in April 2020, pensioners receiving the older basic State Pension will see it increase to £134.25 per week

## Tax on residential property purchase

- LBTT first-time buyers relief remains at £175,000. Those buying a property over £175,000 also benefit on the portion below £175,000
- First time homebuyers (excl. Scotland): 0% on first £300,000 for properties up to £500,000. A rate of 5% applies between £300,000 and £500,000
- Land and Buildings Transaction Tax (LBTT) in Scotland, Stamp Duty Land Tax (SDLT) in England and Northern Ireland, Land Transaction Tax (LTT) in Wales
- LBTT is payable on portions of the property price within each tax band above £145,000. (£175,000 for first time buyers) SDLT similarly above £125,000
- From April 2021, a 2% supplement on non-UK residents purchasing residential property will apply

Property value (£) for SDLT	Tax rate	Property value (£) for LBTT
0-125,000	0%	0-145,000
125,001-250,000	2%	145,001-250,000
250,001-925,000	5%	250,001-325,000
925,001-1,500,000	10%	325,001-750,000
1,500,000+	12%	750,000+

## Capital Gains Tax (CGT)

- The annual CGT exemption for 2020-21 is £12,300
- For individuals the flat rate of CGT that applies to gains in excess of the annual exemption is 10% up to the higher rate tax threshold
- Chargeable gains in excess of the higher rate threshold: 20%
- £6,150 CGT exemption for Trusts, 20% rate applies thereafter
- Additional 8% for residential property (where applicable)
- From 11 March 2020 the Lifetime Allowance on gains eligible for Entrepreneurs' Relief was reduced from £10m to £1m
- 30 days to pay CGT in respect of residential property (buy-to-let) disposals from 6 April 2020

## Personal Allowances

	2020-21
Personal Allowance	£12,500
Personal Savings Allowance (basic rate taxpayer)	£1,000
Personal Savings Allowance (higher rate taxpayer)	£500
Rent-a-room tax-free income	£7,500
Dividend Allowance	£2,000

- The Personal Allowance for those with adjusted net income over £100,000 reduces by £1 for every £2 of income
- Interest on savings is tax-free to a threshold of £1,000 for basic rate taxpayers and £500 for those who pay higher rate tax
- Married couple's allowance is given at 10%, claimants must be born before 6 April 1935; tax relief applies to the first £9,075
- Marriage Allowance: spouses or civil partners are able to transfer £1,250 of their unused Personal Allowance to their partner. This is available provided neither partner pays tax at the higher rate and is not available if the couple are in receipt of married couple's allowance

## Income Tax rates

The following allowances and rates are proposed from 6 April 2020 for Scottish taxpayers on earnings above the Standard Personal Allowance of £12,500

Rate of tax		2020-21
Scottish Starter Rate	19%	£12,500-£14,549
Scottish Basic Rate	20%	£14,550-£24,944
Scottish Intermediate Rate	21%	£24,945-£43,430
Scottish Higher Rate	41%	£43,431-£150,000
Scottish Top Rate	46%	£150,000+

- Income Tax is paid on the amount of taxable income remaining after allowances have been deducted
- Dividends received by pensions and ISAs tax-free

## National Insurance rates

The following Class 1 rates will apply for employees (weekly figures):

2020-21 rates	Limit	Employee	Employer
Primary threshold	£183	12%	13.8%
Upper earnings limit	£962	2%	(above £169 pw)

Annual 'employment allowance' reduces Class 1 NIC liability by £4,000. No employer's contribution payable for under-21s up to Upper Secondary Threshold (£962)

Class 4 contributions for the self-employed (annual figures):

2020-21 rates	Limit	Rate payable to limit
Lower profits limit	£9,500	Nil
Upper profits limit	£50,000	9%
Rate above upper limit 2%		

## Pension Allowances

- The Annual Allowance for 2020-21 is £40,000, pension funding exceeding the allowance in a tax year can offset against any unused Annual Allowance from the previous three tax years
- Individuals with threshold income in excess of £200,000 and adjusted income of more than £240,000 in a tax year will be subject to a tapered Annual Allowance in that tax year. £1 of annual allowance is lost for every £2 of adjusted income over £240,000. The minimum reduced tapered Annual Allowance from £10,000 to £4,000
- The standard Lifetime Allowance increases in April 2020 to £1,073,100

## Tax-free savings for individuals

- Overall ISA limit £20,000
- Junior ISA allowance £4,368
- Lifetime ISA £4,000

## Some tax relief options for individuals

### Venture Capital Trusts (VCTs)

- Relief on investments in certain quoted companies up to £200,000 per annum
- Income Tax relief at 30%, provided shares held at least five years
- Capital Gains Tax exemption on disposal (only if Income Tax relief received)
- Dividends received from VCTs may be exempt from Income Tax

### Enterprise Investment Schemes (EIS)

- Relief on investments in certain unquoted trading companies up to £1m per annum (or £2m as long as at least £1m of this is invested in knowledge intensive companies)
- Income Tax relief at 30%
- Capital Gains Tax exemption on disposal
- Unlimited amounts of capital gains from the disposal of other assets may be able to be deferred by making an EIS investment