

## INCOME TAX

### Rates: individuals

	Taxable income £	Dividend income %	Other savings %	Other %
<b>2019/20</b>				
Starting rate band for savings	0-5,000	7.5	0	N/A
Basic rate band	0-37,500	7.5	20	20
Higher rate band	37,501-150,000	32.5	40	40
Additional rate band	Excess	38.1	45	45

	Taxable income £	Dividend income %	Other savings %	Other %
<b>2018/19</b>				
Starting rate band for savings	0-5,000	7.5	0	N/A
Basic rate band	0-34,500	7.5	20	20
Higher rate band	34,501-150,000	32.5	40	40
Additional rate band	Excess	38.1	45	45

Dividends are deemed to be the top slice of income in computing the tax liability, followed by other savings income.

If the remittance basis of taxation is claimed, foreign dividend income is taxed at the rate applicable to other income.

The Scottish Parliament has power to vary the income tax rate for income other than savings or dividends. The rates above apply to the rest of the UK.

### Allowances: individuals

	2019/20	2018/19
	£	£
Personal Allowance (note 1)	12,500	11,850
Married Couple's Allowance (note 2)	8,915	8,695
Marriage Allowance (note 3)	1,250	1,190
Blind Person's Allowance	2,450	2,390
Savings Allowance (note 4)	1,000	1,000
Dividend Allowance	2,000	2,000

#### Notes:

- Personal allowances for those with taxable income in excess of £100,000 are reduced by £1 for every £2 of taxable income in excess of £100,000.
- The allowance is reduced by 50% of the excess of the total income above £29,600 (2018/19 - £28,900). The minimum Married Couple's Allowance after such reduction, if applicable, is £3,450 (2018/19 - £3,360). The Married Couple's Allowance is only available where either spouse was born before 6 April 1935.
- An individual may transfer up to this amount of their unused Personal Allowance to their spouse/civil partner provided that the recipient does not pay tax at the higher or additional rates.
- Savings income of up to £1,000 for basic rate tax payers and up to £500 for higher rate taxpayers is not subject to income tax.

### Rates: UK trusts

	Dividend income %	Other savings %	Other %
Life interest trusts and estates in administration	7.5	20	20
Discretionary trusts, subject to a standard rate band of £1,000	38.1	45	45

## NATIONAL INSURANCE CONTRIBUTIONS

	2019/20	2018/19
	Weekly earnings £	Weekly earnings £
<b>Employed (Class 1)</b>		
Primary contributions (employees)	0-166 167-962 Over 962	0-162 163-892 Over 892
Secondary contributions (employers)	Over 166	Over 162

An annual allowance of £3,000 (2018/19 - £3,000) is available to offset against an employer's Class 1 secondary liability with certain restrictions.

Employers pay 13.8% Class IA/IB contributions on the cost of benefits in kind.

### Self-employed

**Class 2** contributions are £3.00 (2018/19 - £2.95) per week unless annual profits do not exceed £6,365 (2018/19 - £6,205).

**Class 4** contributions are 9% of annual profits between £8,632 and £50,000 (2018/19 - between £8,424 and £46,350), and 2% thereafter.

## INVESTMENTS AND SAVINGS

### Enterprise Investment Schemes and Venture Capital Trusts

Income tax relief and maximum qualifying investment per year	%	£
Seed Enterprise Investment Scheme ("SEIS")	50	100,000
Enterprise Investment Scheme ("EIS")	30	1,000,000
Venture Capital Trust ("VCT")	30	200,000

The minimum period of ownership necessary to avoid withdrawal of income tax relief is three years for EIS and SEIS investments, and five years for VCT investments.

For EIS investments, the limit is doubled to £2million, where the investment is in 'knowledge-intensive' companies.

#### Capital gains tax relief

Any gain on investment in an EIS or SEIS company on which income tax relief has been given will be exempt from capital gains tax on a subsequent disposal after three years, subject to certain conditions. All gains on the disposal of shares in VCTs are exempt, up to the maximum qualifying investment.

50% of capital gains reinvested into a subscription for shares that qualifies for SEIS income tax relief in the same or following tax year are exempt from capital gains tax. The relief is withdrawn in circumstances where the related SEIS income tax relief is withdrawn.

#### Capital gains tax deferral (EIS only)

Tax on capital gains can be deferred if the gains are reinvested into a subscription for qualifying (broadly, EIS) shares, without limit. Gains eligible to be reinvested are those realised within three years before and one year after the date of the subscription for the EIS shares. The deferred tax falls due when the related EIS shares are either disposed of or cease to be qualifying shares.

### Individual Savings Accounts (ISAs)

For 2019/20 the annual ISA subscription limit is £20,000 (2018/19 - £20,000). Subscription can be into any combination of cash or stocks and shares ISAs.

The account is free of all income tax and capital gains tax. Withdrawals may be made from the account at any time without loss of tax relief.

The Junior ISA (and Child Trust Fund) limit is £4,368 (2018/19 - £4,260). Withdrawals cannot normally be made until the child is 18.

The Help To Buy ISA enables first time house buyers to save up to £200 each month together with an additional £1,000 in the first month. The funds must be used towards the purchase of their first home. The amounts saved receive a government bonus of 25% up to a maximum bonus of £3,000 per annum.

The Lifetime ISA allows individuals to save up to £4,000 per annum with a contribution from the government of an additional 25%. The funds may be drawn to purchase a first home or at any time after the age of 60. This £4,000 counts towards the £20,000 ISA limit.

## PENSIONS

	2019/20	2018/19
	£	£
Lifetime Allowance limit (note 1)	1,055,000	1,030,000
Annual Allowance limit (note 2)	40,000	40,000
Money Purchase Annual Allowance (note 3)	4,000	4,000

#### Notes:

- The lifetime allowance is set to increase each year with inflation.
- The annual allowance is tapered by £1 for every £2 of adjusted income in excess of £150,000 subject to a minimum of £10,000. If relief is not used in a year it may be carried forward up to 3 years provided the individual was a member of a registered scheme in the year to which the unused relief relates.
- The money purchase annual allowance relates to those individuals who have already started to draw pension benefits. There is no ability to carry forward unused allowances from the previous 3 years.

## RESIDENT NON-UK DOMICILIARIES

Non-UK domiciliaries who have been resident for fewer than 15 out of the 20 previous tax years can claim the remittance basis such that their foreign income and gains are only subject to UK taxation to the extent that they are remitted to the UK.

No remittance basis charge is payable by resident non-UK domiciliaries who:

- have been resident in the UK for fewer than 7 out of the previous 9 tax years; or
- have unremitted foreign income and gains of less than £2,000; or
- are under the age of 18 for the whole tax year; or
- are dual resident and protected by a double taxation agreement.

Resident in the UK for	Annual remittance basis charge 2019/20	2018/19
	£	£
at least 7 of the previous 9 tax years	30,000	30,000
at least 12 of the previous 14 tax years	60,000	60,000

In most cases, remittance basis users will not be entitled to the annual income tax allowances and capital gains tax annual exemption. When the remittance basis is not claimed, resident non-UK domiciliaries will be subject to UK taxation on their worldwide income and gains (including deemed income and gains).

From 6 April 2017, resident non-UK domiciliaries are deemed domiciled in the UK for income tax, capital gains tax and inheritance tax purposes where they have been resident in the UK for 15 or more of the previous 20 tax years.

## CAPITAL GAINS TAX

Gains	2019/20	2018/19
	%	%
Individuals - gains within basic rate band (note 2)	10	10
Individuals - gains exceeding basic rate band (note 2)	20	20
UK Trusts and estates in administration	20	20
Self settlements and certain offshore trusts (note 3)	20	20

#### Notes:

- The disposal of residential property, not qualifying for main residence relief, attracts a surcharge of 8%. This also applies to carried interest.
- The remaining basic rate band is calculated as £37,500 (2018/19 - £34,500) less taxable income and any gains on which entrepreneurs' relief has been claimed.
- Capital payments from certain offshore trusts are chargeable at rates applicable to individuals plus a maximum supplementary charge of 60% of the tax.
- From 6 April 2019, non-resident individuals and trustees will be subject to capital gains tax on disposals of all UK immovable property (subject to rebasing and certain reliefs). From 1 April 2019, the same applies to non-resident companies except they will be subject to corporation tax rather than capital gains tax.

### Annual Exemption

	2019/20	2018/19
	£	£
Individuals	12,000	11,700
Trustees	6,000	5,850

The annual exemption available to trusts is normally divided equally between all those UK resident trusts made by the same settlor after 6 June 1978. The minimum exemption per trust is one tenth of the full annual exemption for individuals.

### Indexation Allowance

Companies receive Indexation Allowance on their capital gains.

Indexation has been frozen from 1 January 2018 with relief due only with reference to the Retail Price Index at December 2017.

### Entrepreneurs' Relief

Gains made by individuals and by trustees (where a life interest beneficiary has a qualifying interest in the business) on the disposal of the whole or part of a business, certain business assets or relevant shareholdings will qualify for this relief as follows:

- For disposals made in 2019/20, the asset must have been a qualifying asset for at least two years, except where the business ceased or the company ceased to be a trading company before 29 October 2018 for which the one year qualifying period will continue to apply (2018/19 - one year).
- Claims may be made on more than one occasion up to a lifetime limit of £10 million for disposals occurring on or after 6 April 2011.
- Taxable gains are charged at a rate of 10%.

### Investors' Relief

Gains made by individuals and by trustees (where a life interest beneficiary is an eligible beneficiary) on the disposal of shares in unlisted trading companies will qualify for this relief as follows:

- Newly issued shares must be subscribed to after 17 March 2016 and held for at least 3 years from 6 April 2016
- Claims may be made on more than one occasion up to a lifetime limit of £10million
- Taxable gains are charged at a rate of 10%

## INHERITANCE TAX

Rates	2019/20	2018/19
	%	%
Transfers on death	40	40
Transfers on death - reduced rate (1)	36	36
Chargeable lifetime transfers	20	20
	£	£
Nil rate band limit	325,000	325,000
Residence nil rate band limit (2)	150,000	125,000

#### Notes:

- The reduced rate applies to taxable estates where 10% or more of the estate is left to charity.
- The residence nil rate band will be withdrawn by £1 for every £2 that the net value of the estate exceeds £2 million.

#### Potentially exempt transfers

Inheritance tax does not generally arise on lifetime transfers between individuals provided that the donor survives the gift by at least 7 years.

#### Reduced tax charge on gifts within seven years of death:

Years before death	0-3	3-4	4-5	5-6	6-7
% of full tax charge at death	100	80	60	40	20

Credit is given for tax paid on lifetime transfers within seven years of death. If the value of the lifetime transfer falls within the nil rate band, the above relief may have no effect.

#### Trusts

Transfers to trusts (other than charitable trusts, trusts for people who are disabled and trusts established on death) are taxed as lifetime transfers.

Discretionary trusts and most trusts created on or after 22 March 2006 are subject to an IHT tax charge of up to 6% every 10 years, and exit charges.

### Exemptions and reliefs

	£
Normal expenditure out of income	Exempt
Annual exemption	3,000
Small gifts to same person - per year	250
Spouses and civil partners both with UK domicile	Exempt
Spouses and civil partners where donee is not UK domiciled	325,000

Marriage gifts made by:

- parent	5,000
- grandparent	2,500
- other person	1,000
Gifts to charities and qualifying political parties	Exempt
Transfers of qualifying heritage assets (subject to various undertakings)	Exempt

#### Agricultural property relief

Transfers with vacant possession (or right to obtain within 12 months)	100
Land let under a tenancy for more than 12 months made on or after 1 September 1995	100
Most other cases	50

#### Business property relief (subject to exclusions)

Unincorporated businesses	100
Unquoted shares	100
Quoted shares (controlling holding)	50
Land, buildings, machinery or plant used by qualifying businesses	50

### Tax payments on chargeable lifetime transfers

Inheritance tax on chargeable lifetime transfers and transfers becoming chargeable on death is due 6 months after the end of the month of transfer or death.

### Pre-owned assets

A charge to income tax may arise on benefits received by individuals having free or low cost enjoyment of assets they formerly owned or funded, subject to some exemptions, including a de minimis of £5,000 a year of the taxable value of the benefit.

For land and buildings the taxable benefit is the open market rent. For chattels and intangible property, the taxable benefit is determined by applying the official rate of interest to the capital value of the asset. Most assets are to be revalued every 5 years.

**CORPORATION TAX**

Rates	Year from 1 April	
	2019	2018
Main rate	%	%
	19	19

The main rate will fall to 17% from 1 April 2020.

**Tax payments**  
Quarterly payments on account – very large companies (from April 2019 only) and large companies

	Period from start of accounting period	
	Large companies	Very large companies
First	5 months and 14 days	2 months and 14 days
Second	8 months and 14 days	5 months and 14 days
Third	11 months and 14 days	8 months and 14 days
Fourth	14 months and 14 days	11 months and 14 days

**Small and medium companies**      **Period from end of accounting period**  
 Due date      9 months and 1 day  
 Growing companies do not have to pay by instalments in the period in which they become large if their profits are less than £10 million.

A large company has profits exceeding £1.5 million. A very large company has profits exceeding £20 million.

**Tax returns**  
 The filing date is twelve months after the end of the accounting period. Special rules apply for periods of account of longer than twelve months.

**CAPITAL ALLOWANCES**

**First year / Initial allowances**  
 The following expenditure is eligible for 100% writing down allowance in the first year:  
 – Annual Investment Allowance (“AIA”) (note 1)  
 – Designated energy saving plant and machinery (note 2)  
 – Designated water efficient equipment (note 2)  
 – New low emission cars (emissions below 75g/km)  
 – Plant and machinery for electric vehicle charging points  
 – Research and development

**Annual writing down allowances (“WDA”)**      % of cost  
 Structures and buildings pool  
 – non-residential structures and buildings (note 3)      2

Special rate pool (note 4)      % of reducing balance  
 – Long life assets (life of at least 25 years)  
 – Integral features of a building  
 – Cars (emissions of 130g/km and above)  
 – Thermal insulation  
 – Solar panels

Main rate pool      18  
 – Other plant and machinery  
 – Cars (emissions below 130g/km)  
 Patents and know-how      25

**Notes:**  
 (1) The AIA is £200,000. This will increase to £1,000,000 for a period of 2 years from 1 January 2019.  
 (2) Loss making companies investing in energy saving plant and machinery or water efficient equipment can surrender losses from such expenditure for a cash payment of 19% of the expenditure, subject to a cap of the higher of £250,000 and the company’s PAYE/NIC liability. First year allowances for energy saving plant and machinery and water efficient equipment will be withdrawn from April 2020  
 (3) Available on new (or improvements to) existing non-residential structures and buildings. Relief is available where construction contracts were entered into on or after 29 October 2018.  
 (4) The rate is 8% prior to 1 April 2019 (corporation tax) or 6 April 2019 (income tax).

**CAR & FUEL BENEFITS**

**Company car benefits**  
 The benefit is calculated using a percentage of the list price when new. This percentage is determined as follows:

CO <sub>2</sub> emissions (g/km)	2019/20	2018/19
	%	%
0 - 50	16	13
51 - 75	19	16
76 - 94	22	19
95 - 99	23	20
100 and above	Increased by 1% for each 5g/km over 95g/km	

**Notes:**  
 1 The maximum percentage is 37% (2018/19 - 37%).  
 2 For diesel cars, the percentage is increased by 4% (2018/19 - 4%), still subject to the above maximum. Not applicable to RDE2 standard cars.  
 3 Different rules apply for vehicles which meet the definition of a company van.

**Fuel benefit scale rates**  
 The benefit is calculated by applying the percentage as determined for car benefits to the fixed amount of £24,100 (2018/19 - £23,400). The fuel benefit scale charge is reduced to nil if the employee is required to, and does, make good the cost of all fuel provided for private use. Employer-provided electricity for use in employees electric or hybrid cars is an exempt benefit.

**Authorised annual mileage rates**  
 Tax free mileage allowances are 45p per mile on the first 10,000 miles, and 25p thereafter. For National Insurance purposes the mileage allowance is 45p per mile irrespective of annual mileage.

**VALUE ADDED TAX**

Rates	%	
Standard	20	
Reduced	5	

Thresholds	From 1 April	1 April
	2019	2018
	£	£
Registration threshold (for supplies in previous 12 months or next 30 days)*	85,000	85,000
Deregistration threshold*	83,000	83,000
Cash accounting scheme	1,350,000	1,350,000
Annual accounting scheme	1,350,000	1,350,000
Flat rate scheme	150,000	150,000
De minimis limits for partial exemption (provided exempt input tax is less than 50% of total input tax)	625 pcm	625 pcm

\* Not available to non-established taxable persons.

**STAMP DUTY & STAMP DUTY RESERVE TAX**

Shares and marketable securities - standard rate      0.5%  
 - higher rate      1.5%

Transfers of shares or marketable securities traded on recognised growth markets are not subject to stamp taxes. Stamp duty reserve tax does not apply to transfers of holdings in unit trusts or open ended investment companies, except for non pro-rata redemptions in specie.

**STAMP DUTY LAND TAX**

Stamp Duty Land Tax does not apply in Scotland, which operates a separate Land and Building Transaction Tax.

Residential property Consideration (incl VAT where applicable)	Within each band
	%
£0 – £125,000	Nil
£125,001 – £250,000	2
£250,001 – £925,000	5
£925,001 – £1,500,000	10
More than £1,500,000	12

The rate of SDLT is increased by 3% for purchases of residential property where the purchaser already owns at least one residential property, or for all purchases by companies and most trusts.

A charge of 15% applies to purchases of residential property by ‘non-natural persons’ (predominantly companies) for consideration in excess of £500,000 subject to certain exclusions. First-time buyers are exempt from SDLT on the first £300,000 of consideration on properties worth up to £500,000.

Non-residential property Consideration (incl VAT where applicable)	Within each band
	%
£0 – £150,000	Nil
£150,001 – £250,000	2
More than £250,000	5

Lease rentals (residential and non-residential) Net present value of lease payments	Within each band
	%
£0 – £125,000*	Nil
£125,001* – £5,000,000	1
More than £5,000,000**	2

\* Nil band is £150,000 for non-residential property  
 \*\* Applies only to non-residential property, otherwise the rate is 1%.

**Returns and payments**  
 Stamp duty returns must be filed within 30 days of the effective date of the transaction which is also the due date for payment of any tax. For effective dates from 1 March 2019 the 30 day period will be reduced to 14.

**ANNUAL TAX ON ENVELOPED DWELLINGS**

Property Value on the later of 1 April 2017 and acquisition	2019/20	Annual tax 2018/19
	£	£
£500,000 - £1 million	3,650	3,600
£1 million - £2 million	7,400	7,250
£2 million - £5 million	24,800	24,250
£5 million - £10 million	57,900	56,550
£10 million - £20 million	116,100	113,400
Over £20 million	232,350	226,950

The tax for the 2019/20 year is payable by a company or other corporate body owning a high value residential property on 1 April 2019. The return and payment are due by 30 April 2019.

**TAX DATES: RETURNS & PAYMENTS**

Personal and trust tax returns	By 31 October 2020	
2019/20 paper return	By 31 January 2021	
2019/20 online return		
Tax payments	2019/20	2018/19
First interim income tax payment	31 January 2020	31 January 2019
Second interim income tax payment	31 July 2020	31 July 2019
Final balancing income tax payment	31 January 2021	31 January 2020
Capital gains tax payment	31 January 2021	31 January 2020

Professional advice should be sought before taking any action based on this Budget summary.