

Budget headlines

“Enormous giveaway”, Sky News

Extra ***£20bn-£30bn borrowing per annum*** for additional infrastructure, scientific research and capital projects, including more social housing.

Base interest rate cut from 0.75% to 0.25% by the Bank of England – positive news for some borrowers, awful news for savers.

Stock markets and foreign exchange rates mainly unchanged today.

Small business support – Coronavirus

- Statutory Sick Pay from day 1 for employees and those caring for someone who is self-isolating.
- Refund of 2 weeks per employee of SSP for firms with less than 250 employees.
- Self-employed workers who are not eligible for sick pay will be able to claim contributory Employment Support Allowance
- Business rate relief for small businesses with a rate-able value of under £51,000. The relief is increased from 50% to 100% for 2020/2021, which will help many small businesses such as shops, cafés, etc.
- HMRC introducing a time to pay helpline to allow small businesses to agree payment timelines to extend the payment terms of tax.
- Penalties and interest will be waived where small businesses contact HMRC.
- Banks are also extending credit and repayment periods for small businesses, many of whom have experienced severe cashflow problems with coronavirus.
- New coronavirus business interruption loan scheme for short term business loans.

What has changed?

Personal & Business



- Pensions: the annual threshold for the pension taper will be increased from £110,000 to £200,000 taking out most doctors and NHS staff from the scheme.
- Non–UK resident stamp duty land tax surcharge of 2%. This is in addition to the 3% surcharge if the property is a second home. This applies to England.
- Increase in the employment allowance to £4,000 helping businesses with employee costs.
- Entrepreneurs relief which offers a reduced 10% rate of capital gains tax. The lifetime limit will reduce from £10m to £1m meaning that most small business owners will not be affected.
- Review of business rates to be conducted in the Autumn.

What has changed?

Vehicles

- Abolition of relief for red diesel from April 2022, except for agriculture, rail and domestic heating.
- From April 2021, zero emission vehicles will remain entitled to 100% capital allowances.
- Low emission cars of under 50g/km appear to remain entitled to 100% allowances up until 5 April 2021 only. Buy a hybrid now!
- 6% relief on car allowances for the self-employed instead of 18% from 6 April 2021.



What did we already know?

- 1) **Income tax, National Insurance (NI) & VAT rates:** frozen
- 2) **Personal allowances for income tax:** frozen at £12,500 and £50,000
- 3) **Changes to NI thresholds:** from £8,632 a year to £9,500
- 4) **Cessation of benefits freezes:** e.g. Jobseeker's Allowance, some types of Housing Benefit and Child Benefit, to rise in line with 'cost of living', of 1.7%.
- 5) **Minimum wage rises:** £8.72 for over 25s (↑6.2%), £4.55 for under 18s (↑4.6%), £4.15 for apprentices (↑6.4%).
- 6) **State pension increases:** a rise of 3.9% due to the triple-lock system.



What did we already know? (continued)

Capital Gains Tax

- 1) **Deadlines:** from 6 April 2020, deadline by which owners with taxable gains on residential property have to pay will reduce from 22 **months** to 30 **days** from sale completion.
- 2) **Private Residence Relief:** currently, you receive full exemption for the last 18 months of ownership when calculating the taxable gain on sale. From 6 April 2020, this final exemption period will be **reduced to 9 months**.
- 3) **Lettings relief:** this provides an additional relief to homeowners who may have rented out their house before its sale. However, this is also being scrapped from 6 April 2020. In a worst case scenario, additional CGT of more than £10,000 could be payable under the new rules.

What hasn't changed?

- No change to income tax rates.
- No change to fuel duty.
- No change to duty on beer, wine, cider or spirits.
- Corporation tax rate remains at 19% for 2020.

