Greenwood

Tax and Accounting

AUTUMN BUDGET SUMMARY 2018

Individuals

- Personal allowance increases from £11,850 to £12,500 for 2019/20.
- Higher rate threshold increases from £46,350 to £50,000 for 2019/20 (but not in Scotland).
- Capital gains tax annual allowance increases from £11,700 to £12,000 for 2019/20.
- ISA maximum contribution remains at £20,000 per year.
- Junior ISA and Child Trust Fund contributions increase to £4,368 per year.
- Pensions lifetime allowance increases to £1,055,000; the annual allowance remains at £40,000.
- No changes to savings starting rate allowance (£5,000) or personal savings allowance (£500 or £1,000 for lower and higher rate taxpayers).

Businesses & self-employed

- Class 2 NIC will not be abolished.
- The VAT registration threshold is to remain at £85,000 turnover until at least 1 April 2022.
- Qualifying holding or ownership period for Entrepreneurs' Relief is to increase from 1 year to 2 years from April 2019 with transition arrangements where a business ceased before 29 October 2018.
- Employers National Insurance allowance of £3,000 per year is to be restricted to employers with an annual Employers National Insurance bill of less than £100,000.
- Business rates to be reduced by one-third from April 2019 for properties with a rateable value below £51,000.
- Capital allowances for long life assets, integral features and the special rate pool for higher emission cars are reduced from 8% to 6% from April 2019.
- Enhanced Capital Allowances for energy and water efficient plant and machinery will not be available from April 2020; the allowance for electric charge points will continue until April 2023.
- Annual Investment Allowance to increase to £1 million from 1 January 2019 to 31 December 2020.
- No proposed changes to the tax treatment for training costs.
- Off payroll working in the private sector will be reformed with effect from April 2020; there will be an exemption for small businesses.

Companies & shareholders

- To qualify for Entrepreneurs' Relief, shareholdings must have rights to at least 5% of distributable profits and net assets, with immediate effect.
- The flat-rate van benefit charge increases to £3,430 from April 2019.
- The multiplier for the car fuel benefit charge increases to £24,100 and the van fuel benefit charge to £655 from April 2019.
- No change to tax free dividend allowance which remains at £2,000.
- No change to corporation tax rates which remain at 19%, reducing to 17% from April 2020.
- Use of capital losses brought forward to be reduced to 50% above £5 million.

Greenwood Tax and Accounting Ltd is registered in England & Wales, company no 10519693, registered office 61 Oak Drive, Oswestry, SY11 2RX. Kathryn Greenwood CTA FCA.

Charities

- Trading limit for charities without incurring a tax charge is to increase from April 2019 to £8,000 for turnover up to £32,000 and 25% of annual income thereafter, subject to a maximum of £80,000.
- Charity shops using the Retail Gift Aid Scheme can send letters to donors every three years instead of every year when their goods raise less than £20 per year.
- The individual donation limit under the Gift Aid Small Donations scheme is increased from £20 to £30 from April 2019.

Property taxes & landlords

- Lettings relief is to be restricted from April 2020 so that it only applies where the owner is in shared occupancy with the tenant.
- The relief available for the last 18 months of ownership is to be reduced to 9 months.
- A new 2% capital allowance is to be available for non-residential buildings and structures where the contract is entered into on or after 29 October 2018.
- Time limits for reclaiming higher rate Stamp Duty Land Tax when your new home is purchased before your old home is sold are extended with immediate effect.

Other announcements

- Tobacco duty to increase by 2% above RPI inflation.
- Tobacco duty for hand-rolling tobacco to increase by 1% above RPI inflation.
- Alcohol duty frozen except for wine and high-strength cider.
- Fuel duty remains frozen.
- A 2% Digital Services Tax will be introduced from 2020 for larger businesses.
- Government to consult on measures regarding plastic packaging.
- A Plastic Packaging tax is proposed for production of plastics containing less than 30% recycled materials.
- No proposals to introduce a levy for disposable cups.
- £400 million extra is to be made available for schools; equivalent to £10,000 for a primary school and £50,000 for a secondary school.
- Local authorities will receive £420 million to fix potholes, bridges and tunnels.

For more information

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