

YOUR TAX • FACTS

Autumn Budget 2018



ArmstrongWatson®

Accountants, Business & Financial Advisers

www.armstrongwatson.co.uk

Leases

Residential - 1% on present value of rents above £125,000
Others - 1% on present value of rents above £150,000 to £5m, 2% on excess.

Tax Efficient Savings and Investments

	2019/20	2018/19
Enterprise Investment Scheme		
Maximum investment	£1m *	£1m
Rate of relief	30%	30%
Qualifying holding period	3yrs	3yrs
Seed Enterprise Investment Scheme		
Maximum investment	£100,000	£100,000
Rate of relief	50%	50%
Qualifying holding period	3yrs	3yrs
Venture Capital Trusts		
Maximum investment	£200,000	£200,000
Rate of relief	30%	30%
Qualifying holding period	5yrs	5yrs

* Limit increased to £2m for investments in knowledge-intensive

Individual Savings Accounts

	2019/20	2018/19
Annual ISA investment allowance	£20,000	£20,000

Value Added Tax

Standard Rate	20%
Reduced Rate	5%
Registration threshold from April 2017	£85,000
Deregistration threshold from April 2017	£83,000
Cash accounting entry limit	£1,350,000
Annual accounting entry limit	£1,350,000

Corporation Tax

	2019	2018
All profits and gains	19%	19%

Companies with profits above £1,500,000 (or as reduced by the number of associated companies) will pay in instalments.

Aim to reduce to 17% by April 2020.

Research and Development (R&D) Relief

Companies can claim additional tax relief on qualifying research and development expenditure.

Rate of Relief as of 1 April 2018

SMEs	230%
R&D expenditure (large companies) - 12% tax credit.	

Capital Allowances

	2019/20	2018/19
Plant and machinery:		
Annual Investment Allowance	100%	100%
Brand new zero-emissions goods vehicles	100%	100%
Integral Features and Long life assets	6%	8%
Other assets	18%	18%
Structures and Buildings Allowance (SBA)	2%	-

First year allowances:

Research and development, Enterprise zone (qualifying zones), Energy-saving technologies including cars, water efficient technology, business premises renovation	100%	100%
---	------	------

Cars: CO2 emissions (g/km)

Over 110	8%	8%
51 to 110	18%	18%
Under 51	100%	100%
Acquired before 2009/10. (maximum allowance £3,000)	18%	18%

Stamp Duty and Stamp Duty Land Tax

Shares (consideration over £1,000 rounded up to the nearest £5) 0.5%

Land and Buildings purchased in England, Wales and Northern Ireland only

Residential - on proportion of value above threshold

£1 – £125,000	Nil
£125,001 – £250,000	2%
£250,001 – £925,000	5%
£925,001 – £1,500,000	10%
Over £1,500,000	12%

Non-residential

£1 – 150,000	Nil
£150,001 – £250,000	2%
Over £250,000	5%

First-time buyers

£1 - £300,000	Nil
£1-£500,000 for shared ownership properties)	
£301,000 - £500,000	5%
£501,000 - £925,000	5%
£925,001 – £1,500,000	10%
Over £1,500,000	12%

3% supplement to residential rates for second or buy-to-let homes above £40,000.

There is a 15% Stamp Duty Land Tax charge on residential properties bought by non-natural persons, such as companies, for consideration in excess of £500,000.

When it comes to tax you are not alone...

This handy booklet provides you with the rates and figures you need to manage your personal and business finances for 2018/19.

Contact us on tax@armstrongwatson.co.uk for more information or to read our Budget summary visit www.armstrongwatson.co.uk

Income Tax Rates & Allowances*

Rate	2019/20	Tax on Band	Rate	2018/19	Tax on Band
20%	up to £37,500	£7,500	20%	up to £34,500	£6,900
40%	up to £150,000	£45,000	40%	up to £150,000	£46,200
45%	over £150,000		45%	over £150,000	

Dividend Tax Rates

£0 - £2000	up to £37,500
£2,001 - £34,500	7.5%
£46,351 - £150,000	2.5%
Over £150,000	38.1%

The trust rate is 45% (38.1% for dividends). The trust starting rate of 20% can apply to the first £1,000 of income.

£0 - £2000	2019/20	2018/19
Personal Allowance (born after 5 April 1948)	£12,500	£11,850
Married Couple's Age Allowance * (born before 6 April 1935)	£8,915	£8,695
Income Limit for Age-Related Allowances	£29,600	£28,900
Blind Person's Allowance	£2,450	£2,390
Personal Savings Allowance**	£1000	£1000
Rent a Room limit	£7,500	£7,500

* Restricted to 10%

** Personal Savings Allowance reduces to £500 for higher rate tax payers and Nil for additional rate tax payers, in addition to the 0% savings starting rate

For individuals with income over £100,000, the basic Personal Allowance will be reduced by £1 for every £2 of income over £100,000, irrespective of age.

National Insurance Contributions

From 6 April 2019

Class 1 – Employees – Weekly Contributions

Total Weekly Earnings	
up to £162.00	Nil
£166.01 to £962.00	12.0%
Over £962.00	2.0%

Class 1 – Employers – Weekly Contributions

Total Weekly Earnings	
up to £166.00	Nil
over £166.00	13.8%

State benefit entitlement applies from £118 weekly earnings. Class 1A & Class 1B Employer's NIC at 13.8%.

Class 2 – Self Employed

£3 pw; small earnings exception £6,365

Class 3 – Voluntary

£15 pw

Class 4 – Self Employed

9.0% on profits between £8,632 and £50,000
2.0% on profits over £50,000

Employment Allowance £3,000 per employer with NIC contributions below £100,000 in previous tax year.

Car and Van Benefits 2019/20

Cars

Benefit is calculated by applying the following percentage to the list price

Cars registered from 1 January 1998:	Diesel	Petrol
CO2 emissions (g/km):		
Up to 50	20%	16%
51 - 75	23%	19%
76 - 94	26%	22%
Each additional 5	Further 1%	Further 1%
Diesel 175 & over/ Petrol 190 & over	37%	37%

CO2 emissions figures are rounded down to the nearest 5g/km when above 95g/km.

Vans

Benefit of £3,230 if private use other than ordinary home to work travel. It is important to keep records to substantiate claims that there has been no other private use.

Fuel Benefit

Cars

The percentage applied to the car benefit is also used for the fuel benefit and is applied to a set figure of £24,100.

Vans

Fuel benefit of £633 if private fuel is provided.

Approved Mileage Rates

Tax-free rate per business mile (excess is taxable; relief is available on shortfall):

	2018/19
Cars and vans:	
On first 10,000 miles	45p
On excess	25p
The passenger mileage rate is 5p per business mile; no relief is available if less than 5p is received.	
Bicycles	20p
Motorcycles	24p

Pension Provision

Members obtain tax relief on the higher of £3,600 or relevant earnings up to the annual allowance of £40,000.

Annual Allowance is reduced by £1 for every £2 over £150,000 income to a minimum of £10,000.

Maximum contribution is the annual allowance plus unutilised allowances from the three previous years.

Lifetime Allowance is £1,030,000 for 2018/19 and will rise to £1,055,000 from 2019/20.

Beneficial Loans

The official rate of interest is 2.5% on loans of more than £10,000.

Inheritance Tax

	2019/20	2018/19
Nil Rate Band	£325,000	£325,000
Thereafter – Lifetime gifts	20%	20%
On death	40%	40%

40% for gifts made within seven years of death, subject to a tapering relief.

No tax on most transfers if donor survives for seven years. Additional Nil Rate Band for main residence of £125,000 applies from 6 April 2019.

Reduced rate of IHT of 36% where 10% or more of the net estate is left to charity.

Inheritance Tax Lifetime Exemptions

Transfers between spouses are exempt. Where spouse is not domiciled in UK, an amount equal to the Nil Rate Band is exempt; this is a lifetime limit for non-domiciled spouses.

Annual gifts per donor	£3,000
Small gifts per donee	£250

Capital Gains Tax

	2019/20	2018/19
Annual exemption:		
Individuals	£12,000	£11,700
Trusts	£6,000	£5,850

Entrepreneurs' relief

Maximum lifetime allowance	£10m	£10m
Rate for qualifying business assets	10%	10%
Individuals and trusts:		
Basic and starting rate taxpayers*	10%	10%
Higher and additional rate taxpayers*	20%	20%
Trusts	20%	20%

*Gain is added to other income and taxed at 10% to the extent that it falls within the basic rate band and 20% thereafter. If the chargeable gain arises on residential property the gain will be taxed at 18% or 28% in the same manner.

Note: Whilst every effort has been made to ensure accuracy the information contained in these Tax Facts may not be comprehensive and recipients should not act upon it without seeking professional advice. Figures are based on the 2018 November Budget and may be subsequently changed.