

# THE BUDGET KEY POINTS

11 MARCH 2020

## Measures to mitigate the impact of Coronavirus

- £12 billion package of tax and spending measures including grants and hardship funds for people and businesses affected
- Statutory Sick Pay to be payable from first day's absence and fully funded by the Government for 14 days; support also for workers in gig economy and self-employed, and relaxed conditions for those who self-isolate
- Business rates relief for the next year increased from 50% to 100% for retail businesses with rateable values up to £51,000; this relief extended to leisure and hospitality businesses as well, and further relief for small pubs
- Small businesses already eligible for 100% rates relief to receive £3,000 cash payment
- Businesses and individuals with cash flow difficulties promised 'Time to Pay' their taxes with a dedicated HMRC helpline

## Tax measures with immediate effect

- Lifetime limit for gains eligible for Entrepreneurs' Relief (taxed at 10% instead of 20%) reduced from £10m to £1m for disposals from Budget day
- Duties on alcoholic drinks and fuel frozen

## Tax year 2020/21

- No changes to personal income tax allowances and rates: 2019/20 figures continue for a second year, as expected
- Increase in threshold for National Insurance Contributions from £8,632 to £9,500
- Increase in thresholds for 'Annual Allowance pensions taper' from £110,000 and £150,000 to £200,000 and £240,000
- Lifetime Allowance for pensions increased in line with inflation to £1,073,100
- ISA allowance remains £20,000 per year, but Junior ISA/Child Trust Fund limits rise from £4,368 to £9,000
- As announced in advance, Corporation Tax rate remains 19% rather than being reduced to 17%

- No changes announced to 'off-payroll working' (IR35) rules, so they will apply to larger private sector employers from 6 April 2020 as previously announced
- No change announced to new rules for reporting and paying CGT on chargeable residential property, so deadline becomes 30 days
- Employment Allowance for small businesses increased from £3,000 to £4,000 of Employers' NIC
- Research & Development expenditure credit increased from 12% to 13%
- Structures and Buildings Allowance **increased from 2% to 3%**

#### **Tax measures coming into effect later**

- VAT 'Domestic Reverse Charge' on construction services, deferred from 1 October 2019, confirmed for introduction on 1 October 2020
- VAT zero-rating to apply to digital versions of newspapers and books as well as printed versions from 1 December 2020
- Abolition of VAT on women's sanitary products from 1 January 2021
- VAT on imports to be dealt with by 'postponed accounting' (on the VAT return, not on the docks) by businesses from 1 January 2021
- Stamp Duty Land Tax surcharge of 2% introduced for non-resident buyers of UK property from 1 April 2021
- Tax relief on 'red diesel' removed for most sectors but retained for agriculture, home heating and rail in April 2022
- New plastic packaging tax for manufacturers in April 2022, as well as a shift in Climate Change Levy from electricity to gas