

Tax Facts

RATES AND ALLOWANCES GUIDE

2019 / 2020

TAX IN A NUTSHELL



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PERSONAL TAX

INCOME TAX RATES AND ALLOWANCES

Personal allowances [#]	2019/20	2018/19
Personal allowance*	£12,500	£11,850
Transferable marriage allowance**	£1,250	£1,190
10% married couple's allowance***	£8,915	£8,695
Dividend allowance	£2,000	£2,000
Blind person's allowance	£2,450	£2,390

£1,000 allowance each for property and trading income available subject to various restrictions.

* The personal allowance is restricted by £1 for every £2 of income over £100,000, to a minimum of nil.

** Only available where the recipient spouse is a basic rate taxpayer.

*** Married couple's allowance is available where either partner was born before 06/04/1935 and is reduced by £1 for every £2 of income over £29,600 (£28,900 for 2018/19) to a minimum of £3,450 (£3,360 for 2018/19).

Non-savings and savings income	2019/20	2018/19
	Taxable income	Taxable income
0% starting rate for savings*	£5,000	£5,000
20% basic rate	up to £37,500	up to £34,500
40% higher rate	£37,501 - £150,000	£34,501 - £150,000
45% additional rate [#]	over £150,000	over £150,000
Personal savings allowance for basic rate taxpayers	£1,000	£1,000
Personal savings allowance for higher rate taxpayers (nil for additional rate taxpayers)	£500	£500

Dividend income**	2019/20	2018/19
Basic rate	7.5%	7.5%
Higher rate	32.5%	32.5%
Additional rate [#]	38.1%	38.1%

* The starting savings rate is restricted by non-savings taxable income. No allowance will be available if the non-savings income exceeds the personal allowance plus the £5,000 starting rate.

** A £2,000 dividend allowance is available, above which the rates shown are payable.

Rate applicable for trusts.

INCOME TAX RATES AND ALLOWANCES

High income child benefit charge (HICBC)	2019/20	2018/19
HICBC paid by spouse/partner with higher income if income exceeds*	£50,000	£50,000
Income above which HICBC is full amount of child benefit received**	£60,000	£60,000

Every £100 of income above £50,000 adds one percentage point to rate of HICBC. HICBC is charged on amount of child benefit received.

* Taxable income net of gift aid and allowable pension contributions, but not personal reliefs.

** No HICBC if person entitled to child benefit elects not to receive child benefit.

Rent a room relief

Income threshold – gross receipts £7,500

Individual savings account (ISA) limit	2019/20	2018/19
Maximum contribution	£20,000	£20,000
Junior ISA – maximum contribution*	£4,368	£4,260

* Available for children under age 18 who live in the UK and do not have a child trust fund.

Lifetime ISA	2019/20	2018/19
Upper age limit	40	40
Annual contribution limit	£4,000	£4,000
Government contribution	25%	25%

Withdrawals can be made after 12 months to buy a home or for any reason after the age of 60. Other withdrawals are subject to a 25% penalty.

TIMETABLE FOR SELF-ASSESSMENT

Date	Event
31 July 2019	Second payment on account for 2018/19
5 October 2019	Deadline for notification of chargeability 2018/19
31 October 2019	File paper return for 2018/19 for HMRC
30 December 2019	File return for 2018/19 for a tax underpayment of less than £3,000 to be collected via PAYE during 2020/21
31 January 2020	File electronic return for 2018/19 Balancing payment for 2018/19 First payment on account for 2019/20

PENSIONS

	2019/20	2018/19
Maximum tax allowable contributions*	£40,000**	£40,000**
Maximum tax allowable contributions not restricted to earnings	£3,600	£3,600
Lifetime allowance – maximum pension fund	£1,055,000	£1,030,000

Special rules attribute value to defined benefit (final salary) and other pension arrangements.

* Employee contributions are also limited to taxable earnings/trading income if higher than the minimum contribution. Annual allowance will still be increased by unused relief for three previous tax years.

** The standard annual allowance will be reduced by £1 for every £2 of 'adjusted income' (which includes employer pension contributions) above £150,000 to a minimum of £10,000 but only if an individual also has 'threshold income' (broadly, an individual's taxable income) of over £110,000.

A charge is applied to any excess pension contributions over and above the total allowance. The charge is linked to the individual's marginal rate.

A tax charge arises if the value of the pension at retirement exceeds the lifetime allowance of £1,055,000. The tax charge is 55% if the amount over the lifetime allowance is paid as a lump sum and 25% if it is not taken as a lump sum.

The annual allowance is reduced to £4,000 if more than 25% pension commencement lump sum has been drawn from a defined contribution pot, flexible drawdown has commenced or the income limit for capped drawdown has been exceeded.

CAPITAL GAINS TAX

Annual exempt amounts	2019/20	2018/19
Individuals and personal representatives	£12,000	£11,700
Trusts generally	£6,000	£5,850

Rates of tax	2019/20	2018/19
Individuals - basic rate*	10%	10%
Individuals – higher or additional rate*	20%	20%
Entrepreneurs' relief	10%	10%
Entrepreneurs' relief lifetime limit on gains	£10m	£10m
Investors' relief	10%	10%
Investors' relief lifetime limit on gains	£10m	£10m
Companies (corporation tax rates)	19%	19%
Trusts and personal representatives*	20%	20%

* 8% surcharge for gains on residential property and carried interest.

Qualifying criteria for entrepreneurs' relief and investors' relief

Description	Entrepreneurs' relief	Investors' relief
Acquisition of shares	At any point from anyone	Subscription for new shares after 16 March 2016
Type of shares	Any	Ordinary
Holding period	24 months to date of disposal (12 months for disposals pre 6 April 2019)	36 months to date of disposal, (commencing from 6 April 2016 at the earliest)
Minimum shareholding	5% of ordinary share capital, voting rights and entitlement to proceeds on disposal unless through EMI*	N/A
Company requirement	Trading company or holding company of a trading group	Unlisted trading company or unlisted holding company of a trading group
Employment condition	Employees or officer for at least 12 months prior to disposal	Investor and its associates must not be an employee or officer (some exceptions apply)

* An alternative condition of beneficial entitlement to 5% of profits available for distribution and 5% of assets available on a winding up throughout the entire qualifying period can be met instead of the 5% entitlement to proceeds on disposal condition.

INHERITANCE TAX

Rates	2019/20	2018/19
0%	Up to £325,000	Up to £325,000
40% (death rate)*	Over £325,000	Over £325,000
20% (lifetime rate)	Over £325,000	Over £325,000
Residence nil rate band**	Up to £150,000	Up to £125,000

Any unused percentage of the nil rate band from the estate of a previously deceased spouse can be used on the death of the second spouse.

* A reduced rate of 36% applies where the deceased leaves at least 10% of their net estate to charity.

** The residence nil rate band applies for a home passed to a direct descendant, but is restricted where the estate is worth > £2million.

Major exemptions

Gifts to UK domiciled spouse	Unlimited
Gifts to non-UK domiciled spouse	£325,000
Gifts to charities	Unlimited
Annual gifts*	£3,000
Small gifts to different individuals	£250
Gift on marriage	
- By parent	£5,000
- By remoter ancestor	£2,500
- By other person	£1,000
Regular gifts out of surplus income	Unlimited
Most transfers between individuals, if donor survives for 7 years	

* Unused annual allowance can be carried forward for one year only.

Taper relief

Taper relief is given in respect of chargeable gifts made between 3 and 7 years before death.

Years between gift and death	Tax rate
Less than 3	40%
3 to 4	32%
4 to 5	24%
5 to 6	16%
6 to 7	8%
7 or more	0%

INHERITANCE TAX

Agricultural property relief

Vacant possession available within 24 months	100%
Landlords' interest in let farmland	50%
- for new tenancies let after 31 August 1995	100%

Business property relief

Unincorporated business	100%
Unquoted shares in a trading company	100%
Assets used in controlled business	50%

INVESTMENTS

Enterprise investment scheme (EIS)*	2019/20	2018/19
Maximum investment for income tax relief in qualifying 'knowledge intensive companies'	£2m	£2m
Maximum investment for income tax relief in non-qualifying 'knowledge intensive companies'	£1m	£1m
Rate of income tax relief	30%	30%

Seed enterprise investment scheme (SEIS)*	2019/20	2018/19
Maximum investment for income tax relief	£100,000	£100,000
Rate of income tax relief	50%	50%

Venture capital trusts (VCT)*	2019/20	2018/19
Maximum investment for income tax relief	£200,000	£200,000
Rate of income tax relief	30%	30%

Social investment tax relief (SITR)	2019/20	2018/19
Maximum investment for income tax relief	£1m	£1m
Rate of income tax relief	30%	30%

* A new 'risk to capital' condition applies to investments made on, or after, 15 March 2018 to exclude those with limited risk to the investor's capital.

BUSINESS TAX

CORPORATION TAX

	Year ending 31 March 2020	Year ending 31 March 2019
Main rate	19%	19%
Loans to participators*	32.5%	32.5%

* Where not repaid within 9 months of the year end.

CAPITAL ALLOWANCES

	2019/20	2018/19
Annual investment allowance (AIA)*	100% on first £1,000,000	100% on first £200,000/ £1,000,000
Writing down allowance (WDA)		
Plant and machinery	18%	18%
WDA – special rate pool	6%	8%
Energy saving plant or machinery	100%	100%
Environmentally beneficial plant or machinery	100%	100%
Structures and buildings allowance (SBA)**	2%	2%
Motor cars		
CO ₂ emissions < 50g/km - FYA	100%	100%
CO ₂ emissions 50g/km – 110g/km - WDA	18%	18%
CO ₂ emissions > 110g/km - WDA	6%	8%
Research and Development (R&D) allowances	100%	100%

* An AIA of £1 million applies to investments made between 1 January 2019 and 31 December 2020.
An AIA of £200,000 applies prior to and post this period.

** The SBA applies to qualifying commercial structures and building costs where a contract has been entered into on or after 29 October 2018.

R&D AND PATENT BOX

	Expenditure incurred on or after 1 January 2019	Expenditure incurred 1 Jan 2018 to 31 Dec 2018
SME tax credit*	230%	230%
SME payable credit	14.5%	14.5%
R&D expenditure credit	12%	12%
Patent Box	10%	10%

* Relief capped at €7.5m per project.

CORPORATION TAX SELF ASSESSMENT AND QUARTERLY PAYMENTS

Quarterly instalment payments apply to large companies (taxable profits of at least £1,500,000 p.a. reduced pro rata by the number of associated companies). From 1 April 2019, accelerated instalment payments apply to 'very large' companies (taxable profits of at least £20,000,000 p.a. again reduced pro rata and by associated companies).

Timetable for corporation tax self-assessment and quarterly payments

Event	Large companies due date From start of accounting period:	Very large companies due date From start of accounting period:
First quarterly payment date	6 months and 13 days	2 months and 13 days
Second quarterly payment date	9 months and 13 days	5 months and 13 days
Third quarterly payment date	12 months and 13 days	8 months and 13 days
Fourth quarterly payment date	15 months and 13 days	11 months and 13 days
Payment date for companies not in quarterly instalments regime	9 months and 1 day after the end of the accounting period	
Filing date for tax return	Within 12 months of the end of the accounting period	

EMPLOYEE BENEFITS

Beneficial loans

Threshold	£10,000
Official rate of interest from 6 April 2017	2.5%

Company vans and fuel	2019/20	2018/19
Van benefit	£3,430	£3,350
Fuel benefit	£655	£633

Fuel benefit – cars

For 2019/20 the benefit is £24,100 (£23,400 2018/19) multiplied by the relevant percentage as shown over page (plus 4% diesel supplement, for diesel cars which do not meet the RDE2 standards, but capped at 37%).

EMPLOYEE BENEFITS

Company cars

The car benefit is calculated by multiplying the list price of the car when new (not the purchase price) by a percentage that is dependent on the level of approved CO₂ emissions of the car.

CO ₂ emissions in g/km	% of car's list price to be taxed 2019/20	% of car's list price to be taxed 2018/19	CO ₂ emissions in g/km	% of car's list price to be taxed 2019/20	% of car's list price to be taxed 2018/19
0-50	16	13	135-139	31	28
51-75	19	16	140-144	32	29
76-94	22	19	145-149	33	30
95-99	23	20	150-154	34	31
100-104	24	21	155-159	35	32
105-109	25	22	160-164	36	33
110-114	26	23	165-169	37	34
115-119	27	24	170-174	37	35
120-124	28	25	175-179	37	36
125-129	29	26	180+	37	37
130-134	30	27			

This percentage is increased by 4% for diesel cars that do not meet the Real Driving Emissions Step 2 (RDE2) standards but subject to an overall cap at 37%.

APPROVED MILEAGE RATES

45p per mile for the first 10,000 miles and 25p for additional mileage above that limit. Employers can also pay up to 5p per mile for each employee who travels as a passenger on a business journey.

HMRC's approved 'tax-free' business mileage rates for employees using company cars are reviewed quarterly, with any changes taking effect from 1 March, 1 June, 1 September and 1 December. The rates are the maximum amount that can be paid without a charge to tax and NIC for business miles. If an employee receives less than these rates, then they can claim tax relief on the difference.

The current rates can be found at: www.hmrc.gov.uk/cars/advisory_fuel_current.htm

NATIONAL INSURANCE CONTRIBUTIONS

Class 1 - Employer's and employee's	2019/20	2018/19
Lower earnings limit (LEL) per week	£118	£116
Primary threshold per week	£166	£162
Secondary threshold per week	£166	£162
Upper earnings limit (UEL) per week	£962	£892

Earnings over the LEL qualify an individual for certain state benefits and must be reported under PAYE, but no employer's or employee's NICs are payable until earnings exceed the threshold of £166 per week.

Class 1 - Employer's	- Rate above secondary threshold (no upper limit)	13.8%	13.8%
Class 1 - Employee's	- Rate between primary threshold and UEL	12%	12%
	- Rate above UEL	2%	2%
	- Married women and widows rate above threshold, below UEL (2% above)	5.85%	5.85%
Class 1A (taxable benefits)		13.8%	13.8%
Class 1B (PAYE settlement agreement)		13.8%	13.8%
Class 2 (self-employed)	- Small profits threshold	£6,365	£6,205
	- Flat rate per week	£3.00	£2.95
Class 3 (voluntary)	- Flat rate per week	£15.00	£14.65
Class 4 (self-employed)	- Lower limit	£8,632	£8,424
	- Upper limit	£50,000	£46,350
	- Rate between limits	9%	9%
	- Rate above upper limit	2%	2%
Employment allowance (per employer)		£3,000	£3,000

INDIRECT TAX

VAT

	2019/20	2018/19
Standard rate	20%	20%
Reduced rate	5%	5%
Registration threshold	£85,000	£85,000
Deregistration threshold	£83,000	£83,000
Cash accounting entry limit	£1,350,000	£1,350,000
Cash accounting exit limit	£1,600,000	£1,600,000
Annual VAT returns entry limit	£1,350,000	£1,350,000
Annual VAT returns exit limit	£1,600,000	£1,600,000
Flat rate scheme taxable turnover entry limit	£150,000	£150,000
Flat rate scheme total business income exit limit	£230,000	£230,000

STAMP DUTIES

Residential property	SDLT rate [#]	Rate for additional residential properties
Up to £125,000	Zero	3%
Over £125,000 to £250,000	2%	5%
Over £250,000 to £925,000	5%	8%
Over £925,000 to £1,500,000	10%	13%
Over £1,500,000	12%	15%
Over £500,000 if bought by a non-natural person (e.g. a company)*	15%	N/A

* 15% rate applies to the entire consideration, subject to certain exemptions.

First-time buyers purchasing a residential property worth less than £300,000 are exempt from SDLT. First-time purchases with a value of between £300,000 and £500,000 will pay SDLT at a rate of 5% on the amount in excess of £300,000. If the property purchase is above £500,000, first-time buyers' relief will not be available.

STAMP DUTIES

Non-residential or mixed use property	SDLT rate
Up to £150,000	Zero
Over £150,000 to £250,000	2%
Over £250,000	5%

Residential leases*	SDLT rate	Non-residential/mixed use leases*	SDLT rate
Up to £125,000	Zero	Up to £150,000	Zero
Over £125,000	1%	Over £150,000 to £5,000,000	1%
		Over £5,000,000	2%

* Based on net present value of rents.

Share purchases over £1,000 0.5% (rounded up to the nearest £5)

ANNUAL TAX ON ENVELOPED DWELLINGS

The filing date for ATED returns and payment is 30 April 2019 for properties in the charge to tax on 1 April 2019.

Property value (£)	1 April 2019 – 31 March 2020 ATED charge	1 April 2018 – 31 March 2019 ATED charge
500,001 – 1,000,000	£3,650	£3,600
1,000,001 – 2,000,000	£7,400	£7,250
2,000,001 – 5,000,000	£24,800	£24,250
5,000,001 – 10,000,000	£57,900	£56,550
10,000,001 – 20,000,000	£116,100	£113,400
20,000,001 +	£232,350	£226,950

PROPOSED CHANGES 2020/21

CORPORATION TAX

The corporation tax rate will reduce to 17% from 1 April 2020.

BUSINESS TAX

Environmental enhanced capital allowances will be abolished from 1 April 2020.

EMPLOYEE BENEFITS

Company car benefit percentages will reduce for energy efficient cars from April 2020. The zero CO₂ band will be reintroduced with a percentage of 2% (compared to 16% for 2019/20). In addition, a sliding scale banding for vehicles emitting less than 50g/km of CO₂ will be introduced with percentages of between 2% and 14% dependent on the number of zero emission miles the vehicle can travel.

NATIONAL INSURANCE CONTRIBUTIONS (NICs)

From 1 April 2020, the employment allowance will only be available to employers with an employer NICs bill of less than £100,000 in the previous tax year.

For further information please contact:

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