

THE BUDGET SUMMARY 2018

A Key Note Summary of the
Budget on 29th October 2018



BUDGET

29 October 2018

This was Chancellor Philip Hammond's third budget. He described it as a budget for "strivers, grafters and carers".



KEY POINTS

- Increase of the Personal Allowance to £12,500 and the Higher Rate Threshold to £50,000 from April 2019
- Increase of the Annual Investment Allowance from £200K to £1m for 2 years
- New tax relief for the cost of construction or conversion of qualifying commercial properties
- Extension of new public sector IR35 rules to the private sector from April 2020

This booklet contains information announced by Mr Hammond in his budget together with the associated press releases. It also includes details of the many tax changes announced prior to budget day. Some of the contents therein may change before the Finance Bill becomes statute.

SUMMARY OF RATES AND ALLOWANCES

	<u>2019/20</u>	<u>2018/19</u>
Income Tax		
- Personal Allowance	12,500	£11,850
- Basic Rate of Income Tax	20%	20%
- Higher Rate of Income Tax	40%	40%
- Additional Rate of Income Tax	45%	45%
- Basic Rate Band	£0 - £37,500	£0 - £34,500
- Higher Rate Band	£37,501 - £150,000	£34,501 - £150,000
- Additional Rate Applies	Over £150,000	Over £150,000
Capital Gains Tax		
- Residential Property		
§ Up to basic rate income tax band	18%	18%
§ Higher rate	28%	28%
- Any Other Gains		
§ Up to basic rate income tax band	10%	10%
§ Higher rate	20%	20%
- Entrepreneurs' Relief (rate of tax)	10%	10%
- Annual Exemption	£12,000	£11,700
Corporation Tax		
- Main Rate	19%	19%
Inheritance Tax		
- Nil Rate Band	£325,000	£325,000
Value Added Tax		
- Registration Limit	£85,000	£85,000
Pensions		
- Annual Contribution Allowance	£40,000	£40,000
Lower Allowance may apply if adjusted income exceeds £150,000		
- Lifetime Allowance	£1.055m	£1.03m

PERSONAL TAXATION

PERSONAL TAX ALLOWANCES

	<u>2019/20</u>	<u>2018/19</u>
	£	£
Personal Allowances *	12,500	11,850
Married Couples Allowance ** (born before 6 April 1935)		
- Maximum Amount	8,915	8,695
- Minimum amount	3,450	3,360
Blind Persons Allowance	2,450	2,390

* If an individual's gross income is above £100,000 the basic personal allowance will be reduced by £1 for every £2 above the income limit up to a maximum of the allowance.

** This allowance attracts relief at a rate of 10%. There is a reduction of relief by £1 for every £2 over the Income Limit of £29,600 for 2019/20 (£28,900 for 2018/19) until it reaches the minimum amount.

	<u>2019/20</u>	<u>2018/19</u>
	£	£
Dividend Allowance	2,000	2,000
Personal Savings Allowance (for basic rate taxpayers)	1,000	1,000
Personal Savings Allowance (for higher rate taxpayers)	500	500

INCOME TAX RATES

<u>Rate</u>	<u>2019/20</u>	<u>2018/19</u>
Basic rate: 20%	0 - £37,500	£0 - £34,500
Higher rate: 40%	£37,501 - £150,000	£34,501 - £150,000
Additional rate: 45%	Over £150,000	Over £150,000

STARTING RATE FOR SAVINGS

The 0% starting rate for savings income up to £5,000 remains for 2019/20. If a person has taxable non-savings, non-dividend income above £5,000 (after personal allowance) the special rate does not apply.

If an individual has total non-dividend income of under £17,500 some of which is savings income, they will benefit from the 0% starting rate.

TAXATION OF DIVIDENDS

Dividends continue to form the top slice of income.

	<u>Tax Rate on</u> <u>Dividend</u> <u>2019/20</u>	<u>Tax Rate on</u> <u>Dividend</u> <u>2018/19</u>
Dividend ordinary rate	7.5%	7.5%
Dividend upper rate	32.5%	32.5%
Dividend additional rate	38.1%	38.1%

GH comment:

The Dividend Allowance reduced from £5,000 to £2,000 in April 2018 and has led to increased tax costs for many shareholders.

The higher dividend tax rates have reduced the tax incentive to incorporate, although the saving in National Insurance, income sheltering and smoothing still make it advantageous in many cases.

PERSONAL SAVINGS ALLOWANCE

The tax-free Personal Savings Allowance of £1,000 for basic rate taxpayers, or £500 for higher rate taxpayers remains for 2019/20. There is not an allowance for additional rate taxpayers.

MARRIAGE ALLOWANCE

Married couples are able to transfer up to 10% of their personal allowance to their spouse, providing their spouse is not a higher rate taxpayer. The maximum benefit for 2019/20 is $20\% \times £1,250 = £250$.

HIGH INCOME CHILD BENEFIT CHARGE

For a taxpayer whose income is between £50,000 and £60,000 the charge is 1% of the amount of Child Benefit received for every £100 of income that exceeds £50,000. Above £60,000 the charge will equal the benefit. The charge applies to the partner with the higher income.

It is possible for claimants to elect not to receive Child Benefit if they do not wish to pay the charge.

EMPLOYMENT TAXES

INTERMEDIARIES LEGISLATION – CONTRACTORS WORKING THROUGH PERSONAL SERVICE COMPANIES

Since April 2017 the obligation to consider and pay the correct employment taxes moved from the contractor's own company to the public sector body or third party agency paying the company.

From 6 April 2020 the intention is to extend this to the private sector as well. However, the proposal is to only apply the rules to large and medium sized engagers.

GH comment:

This extension to the private sector was widely trailed. One of the problems we have seen is that many public sector bodies simply decided their contractors should have PAYE / NI deducted without actually looking at the terms of engagement. With the new rules excluding small engagers it will be common for two people carrying out similar activities to have different tax treatments depending on the size of the company they are engaged by, which does not make sense.

NATIONAL LIVING AND MINIMUM WAGE

	Hourly Rate From 1/4/19	Hourly Rate From 1/4/18
National Living Wage		
Age 25 and over	£8.21	£7.83
National Minimum Wage		
Aged 21 to 24	£7.70	£7.38
Aged 18 to 20 (inclusive)	£6.15	£5.90
Aged under 18 (but above minimum school leaving age)	£4.35	£4.20
Apprentices aged under 19	£3.90	£3.70
Apprentices aged 19 and over for first year of apprenticeship	£3.90	£3.70

GH comment:

The Government is aiming for the National Living Wage to increase to £9 per hour by April 2020 which will lead to cost implications for many employers.

CAR, VAN AND FUEL BENEFITS

COMPANY CARS

Where a car is made available for an employee's private use, a taxable benefit arises.

Company car benefit is calculated by applying the Relevant Scale Percentage to the list price of the car. The percentage is primarily based on the CO₂ emissions of the car and for 2018/19 range from 13% to 37%; for 2019/20 range from 16% to 37% and for 2020/21 range from 2% to 37%. The drop in 2020/21 applies to electric cars and varies depending upon the mileage range of the electric vehicle. Most diesel cars attract a 4% supplement on petrol percentages, but are capped at 37%.

The car benefit tables to 2020/21 are set out at the back of this booklet.

CAR FUEL BENEFIT

Car fuel benefit arises where an employee's private fuel is provided by the employer. The benefit is calculated by multiplying the Relevant Scale Percentage as used for calculating the car benefit above by £23,400 for 2018/19 and £24,100 for 2019/20.

The fuel benefit does not apply if the employee makes good all the cost of fuel used for private use. Journeys between home and place of work are usually regarded as private motoring.

The fuel benefit is proportionately reduced if provision of private fuel starts or ceases part way through a year.

COMPANY CAR FUEL RATES

Where an employee with a company car pays for all of their own fuel, an employer can reimburse at the following rate for business mileage.

Applicable from 1 September 2018	<u>Petrol</u> per mile	<u>Diesel</u> per mile	<u>LPG</u> per mile
Under 1401cc (under 1601cc Diesel)	12p	10p	7p
1401cc – 2000cc (1601cc-2000cc Diesel)	15p	12p	9p
Over 2000cc	22p	13p	13p

Hybrid cars are treated as either petrol or diesel for these purposes. The company car fuel rates are reviewed quarterly by HMRC and any rate changes apply from 1 March, 1 June, 1 September and 1 December.

AUTHORISED MILEAGE RATES

Authorised mileage rates are the amount an employer can pay if the employee uses their own car for business purposes.

Business Mileage	<u>2019/20</u>	<u>2018/19</u>
First 10,000 miles	45p per mile	45p per mile
Excess over 10,000 miles*	25p per mile	25p per mile
* for National Insurance purposes 45p per mile applies to all business mileage		
Rates for other modes of transport:		
Motor Cycles	24p per mile	24p per mile
Bicycles	20p per mile	20p per mile

If an employer pays at a rate in excess of the authorised mileage rate the excess will be liable to tax and National Insurance.

Passenger payments - 5p per passenger per business mile on work journeys.

VAN BENEFIT

	<u>2019/20</u>	<u>2018/19</u>
	£	£
Company Vans used for private use	3,430	3,350
Fuel in vans for private use*	655	633

*Different rates apply for zero emissions vans

For the purpose of the van benefit (but not for cars) travel from home to work does not usually count as private use.

GH comment:

The taxation of company cars continues to be a good source of revenue for the Government. Alternatives to enable a tax efficient provision of vehicles should always be considered.

BUSINESS TAXATION

CORPORATION TAX

1 April 2018	- 19%
1 April 2019	- 19%
1 April 2020	- 17%

CORPORATION TAX LOSSES

Losses that cannot be carried back and are therefore carried forward can only be offset against profits of the same trade. Losses incurred after 1 April 2017 and carried forward can be offset against any company income.

CASH BASIS THRESHOLD

The turnover entry threshold for unincorporated businesses to prepare their accounts on the Cash Basis is £150,000 and the exit threshold is £300,000.

LOAN TO PARTICIPATORS

If a shareholder borrows from a company and that loan is outstanding nine months after the company's year end, the company must "deposit" a penalty tax with HMRC equal to 32.5% of the outstanding loan. The penalty tax is refunded to the company once the loan is repaid.

GH comment:

The purpose of this tax charge is to stop participators borrowing from the company without ever formally declaring a dividend and thereby avoiding an Income Tax charge on the dividend.

TRADING AND PROPERTY INCOME ALLOWANCE

There are Income Tax allowances of £1,000 each for trading and property income. Taxpayers will have a choice of claiming actual expenses or a flat rate expense of £1,000.

CAPITAL ALLOWANCES

Annual Investment Allowance

The Annual Investment Allowance (AIA) for Plant and Machinery has remained at £200,000 since 1 January 2016.

From 1 January 2019 the AIA limit will increase to £1,000,000 temporarily for two years.

Transitional rules will apply for businesses that do not have a December year end and the allowance will be time apportioned.

GH comment:

This is a valuable relief for businesses investing large sums in capital equipment although careful attention is needed on the timing of investments with the transitional rules.

Writing Down Allowance (WDA's)

The rate of WDA's for new and unrelieved expenditure on plant and machinery remains at 18% for expenditure allocated to the main pool.

The rate for expenditure allocated to the special rate pool will reduce from 8% to 6% from 1 April 2019 for businesses subject to Corporation Tax and from 6 April 2019 for businesses subject to Income Tax.

Structures and Buildings Allowance (SBA's)

Relief will be available on eligible construction costs incurred on or after 29 October 2018 at a rate of 2% of the cost each year.

The relief will be on structures and buildings but will exclude the cost of land, although the claimant must have an interest in the land and be using the assets in a qualifying activity. Generally, this is an asset used in a trade, profession or vocation and includes activities of managing the investments of a company with investment business.

There will be special rules for when an asset ceases to be used as a qualifying activity. If an asset is sold, the new owner will be able to claim the annual relief over the remaining 50 years period.

Where a business acquires a ready built asset the qualifying expenditure will be the price paid less any amount relating to land.

Energy Efficient Plant and Machinery

The Government have refreshed the list of technologies and products that benefit from enhanced Capital Allowances.

RESEARCH AND DEVELOPMENT TAX CREDITS

Small and medium sized enterprises incurring qualifying R&D expenditure since 1 April 2015 have been able to claim 230% of the allowable costs in computing their taxable profits.

Enterprises can exchange their allowable “R&D tax losses” for cash. The rate of cash credit for small and medium sized companies remains at 14.5%, whilst the rate of cash credit for large companies increased from 11% to 12% for expenditure incurred after 1 January 2018.

From April 2020 the amount of payable credit that a qualifying loss-making business can receive through the relief in any one year will be capped. The cap will be three times the company’s total PAYE and NIC’s liability for that year.

RESTRICTIVE FINANCE COSTS RELIEF FOR NON CORPORATE LANDLORDS

Since 6 April 2017 the tax relief for finance costs on residential properties has been restricted to the basic rate of income tax.

Landlords are no longer able to deduct all of their finance costs from their property income to arrive at their property profits. They instead receive a basic rate deduction from their income tax liability for their finance costs.

The change is being phased in as follows:-

- | | |
|---------|---|
| 2017-18 | 75% of finance costs allowed as a deduction from property profits with the remaining 25% being accountable as a basic rate tax deduction. |
| 2018-19 | 50% finance cost deduction and 50% basic rate tax deduction. |
| 2019-20 | 25% finance cost deduction and 75% basic rate tax deduction. |
| 2020-21 | All finance costs incurred by a landlord will be given as a basic rate tax deduction. |

Finance costs will include fees and charges together with mortgage and loan interest.

GH comment:

These changes are having a significant impact on landlords with high levels of borrowing and many landlords consider their “buy to lets” as a business so the rationale behind the restriction seems unfair.

UK PROPERTY INCOME OF NON-RESIDENTIAL LANDLORDS

Non-UK residential companies that carry on a UK property business, either directly, or indirectly, will be brought within the charge to Corporation Tax rather than Income Tax, from 5 April 2020.

RENT A ROOM RELIEF

Rent a room relief enables an individual to rent a room in their home without having to pay tax on the rents received and is set at £7,500.

HIGH VALUE RESIDENTIAL PROPERTY OWNED BY CERTAIN NON-NATURAL PERSONS (NNP's)

A NNP has to pay Capital Gains Tax on the gain made from April 2015 to disposal date.

In addition, there is an Annual Tax on Enveloped Dwellings (ATED).

Taxable value of the interest in the property on the <u>relevant day</u>	Annual chargeable amount <u>2019/20</u>	Annual chargeable amount <u>2018/19</u>
More than £500k but not more than £1m	£3,650	£3,600
More than £1m but not more than £2m	£7,400	£7,250
More than £2m but not more than £5m	£24,800	£24,250
More than £5m but not more than £10m	£57,900	£56,550
More than £10m but not more than £20m	£116,100	£113,400
More than £20m	£232,350	£226,950

Exemption will apply if the property is held for:

- Property Development, Investment Rental and Trading Business
- Property held for a charitable purpose
- Working farmhouses

CHARITY SMALL TRADING EXEMPTION LIMITS

Where a charity's trading does not relate to its primary purpose its profits may be taxable.

The amount a charity can earn from trading activities not relating to primary purposes without paying tax from 6 April 2019 will be:

Annual Charity Income:

Under £32,000	£8,000
£32,000 - £320,000	25% of income
Over £320,000	£80,000

CAPITAL GAINS TAX

ANNUAL EXEMPTION

	<u>2019/20</u>	<u>2018/19</u>
Individuals	£12,000	£11,700

RATE FOR INDIVIDUALS & TRUSTS

	<u>2019/20</u>		<u>2018/19</u>	
	<u>Residential Properties</u>	<u>All Other Assets</u>	<u>Residential Properties</u>	<u>All Other Assets</u>
Gains on which, if added to taxable income would be within the basic rate band	18%	10%	18%	10%
Gains on which, if added to taxable income would exceed the basic rate band	28%	20%	28%	20%
Gains on qualifying assets	N/A	10%	N/A	10%

Qualifying assets are those that qualify for Entrepreneurs' Relief. The rate at which you pay tax is determined by the amount that falls into each banding and tax is payable at the prescribed rate for that band. The rate for Trusts is at the higher rate of either 20% or 28% as appropriate.

RATE FOR COMPANIES

The rate of tax for Companies making a Capital Gain is the Corporation Tax rate, which has been 19% since 1 April 2017.

PAYMENT DATES FOR CAPITAL GAINS

Currently Capital Gains Tax on sales of residential property by UK residents is due for payment on 31 January following the tax year of sale. It is now proposed to bring the payment date forward to 30 days from the date of disposal with effect from 6 April 2020, which matches the rule for non-UK residents.

GH comment:

The proposed change in payment date for Capital Gains on residential property is likely to be problematic for many property investors. It is not always easy to determine the gain within 30 days, nor is it necessarily known what the rate of tax will be.

ENTREPRENEURS' RELIEF

An individual has a lifetime limit for Entrepreneurs' Relief (ER). The current limit is £10m per individual.

Qualifying disposals are:

- (a) Shares in a trading company where an individual owns 5% of the shares and is an employee or an officer of the company
- (b) Sale of an unincorporated business
- (c) Sale of personal assets used for the business at the same time as "a" or "b" or on cessation.

At present to qualify for Entrepreneurs' Relief the qualifying assets or shares need to have been held for one year, or disposed of within three years of cessation of the business (providing the business had been carried on for one year prior to cessation). From 6 April 2019 the qualifying period is to be extended to two years.

GH comment:

Entrepreneurs' Relief is a valuable relief and planning to ensure compliance should be undertaken as early as possible and certainly at least (now) two years before sale.

LET PROPERTY

At present if somebody sells a residential property which has been let out but at some time had been their private residence, Lettings Relief can apply. For a jointly owned property this relief could reduce a chargeable gain by £80,000. The intention is to change the definition of "lettings" to only apply if the person selling is living in the property at the same time as their tenant. This will seriously limit its use.

When a person sells a property which had at some time been their private residence the last 18 months is always deemed to qualify for principal private residence relief. The plan is to reduce this to 9 months.

Both of the above are to be consulted on with a view to being implemented from 6 April 2020.

GH comment:

And so the relentless attack on the taxation of residential properties continues. It was only from 6 April 2014 the deemed period of occupation was reduced from 36 months. It is not always possible to sell a house within 9 months and can be a particular problem on separation and divorce.

INHERITANCE TAX

<u>Tax Rate on Death</u>	<u>2019/20</u>	<u>2018/19</u>
Nil	£ 0-325,000	£ 0-325,000
40%	Over 325,000	Over 325,000

Lifetime chargeable transfers to most trusts above the nil rate band are taxed at 20%. All other lifetime transfers are Potentially Exempt Transfers and will not be chargeable assuming the donor survives 7 years.

The transferable allowances regime, where the unused nil rate band of the first deceased spouse can often be passed to the surviving spouse, gives an effective double nil rate band for most married couples.

MAIN RESIDENCE NIL RATE BAND (MRB)

2018/19	£125,000
2019/20	£150,000
2020/21	£175,000

As with the nil rate band, the surviving spouse of a marriage can have a double MRB, therefore from 6 April 2020 potentially giving a married couple the ability to pass down assets of £650,000 + £350,000 = £1,000,000, free of IHT. To qualify for the MRB the property must at some time have been the deceased's private residence and must be left to a lineal descendant (child, grandchild etc.). If the value of the estate is above £2m then the MRB will be tapered at a rate of £1 for every £2 above the £2m limit. Downsizing relief can apply for property downsized after 8 July 2015.

GH comment:

Although IHT rates have not moved, with transferable allowances, Inheritance Tax may not appear to be as much of a problem as it once was. We would, however, recommend everyone should review their position as the amount of IHT collected in recent years has increased significantly to its highest ever level.

VALUE ADDED TAX

REGISTRATION

The annual registration limit will remain frozen at £85,000 until April 2022. A trader is required to register if:

- (a) Turnover of £85,000 is expected within the next thirty days
- or (b) At the end of any month turnover for the preceding twelve months exceeds £85,000.

For those considering cancellation of their registration, the turnover limit within the last twelve months is £83,000.

These limits will be reviewed once the terms of the EU exit are known.

CASH ACCOUNTING SCHEME

The annual turnover limit below which businesses can start to use the scheme is £1.35million. The limit above which businesses must leave the scheme is £1.6million.

FLAT RATE SCHEME

The annual turnover limit below which businesses can join the Flat Rate Scheme is £150,000. The limit above which businesses must leave the Scheme is £230,000. Since 1 April 2017 a flat rate percentage of 16.5% applies to those businesses whose gross expenditure on goods is less than 2% of their gross turnover, or if greater than 2% is less than £1,000 annually, (or £250 per quarter).

GH comment:

Although not mentioned in the Budget the new Making Tax Digital regime will commence from April 2019 for most VAT registered businesses with turnover over the VAT threshold of £85,000.

MISCELLANEOUS

STAMP DUTY LAND TAX (SDLT)

Residential – Table 1

The % charges only apply to the proportion of the purchase price falling within that band.

Property Value	Maximum band value	Rate	Maximum Tax on Band
Up to £125,000	£125,000	Zero	0
£125,000 to £250,000	£125,000	2%	£2,500
£250,001 to £925,000	£675,000	5%	£33,750
£925,001 to £1.5m	£575,000	10%	£57,500
Over £1.5m	Unlimited	12%	

* If the purchaser is a “non-natural person” e.g. a company, the SDLT rate on properties costing over £500,000 is a flat rate of 15%.

There is an additional stamp duty land tax charge of 3% on the purchase of any residential property where at the end of the day of the transaction an individual owns 2 or more residential properties and has not replaced their main residence. This also applies to all residential purchases made by companies or other entities.

Purchasers who sell their old home within three years of buying a new home will have to pay the additional 3% up front, but are able to reclaim the 3% once they have sold the old home.

First Time Buyers – Table 2

Property Value	Maximum band value	Rate	Maximum Tax on Band
Up to £300,000	£300,000	Zero	0
£300,000 to £500,000*	£200,000	5%	£10,000
£500,000 +	As per Table 1 above		

* First time buyers acquiring shared ownership homes worth up to £500,000 will be exempt from SDLT

Commercial – Table 3

SDLT for commercial properties is calculated on the proportion of the purchase price falling within each band.

Freehold Property Value	Maximum band value	Tax Rate	Maximum tax on band
Up to £150,000	£150,000	Zero	0
Over £150,000 to £250,000	£100,000	2%	£2,000
Over £250,000	Unlimited	5%	
Leasehold property – net present value:			
Up to £150,000	£150,000	Zero	0
£150,000 to £5,000,000	£4,850,000	1%	£48,500
£5,000,000 +	Unlimited	2%	

BUSINESS RATES RELIEF FOR RETAILERS

Since April 2017 small businesses which occupy property with a rateable value of £12,000 or less pay no business rates. There is a tapered rate of relief on properties with a rateable value between £12,000 and £15,000.

Where retailers have a rateable value of £51,000 or less, their business rates will be reduced by one-third from April 2019 for two years.

INDIVIDUAL SAVINGS ACCOUNTS

	<u>2019/20</u>	<u>2018/19</u>
Annual investment limit	£20,000	£20,000
Junior ISA Limit	£4,260	£4,260

PENSION CONTRIBUTIONS

From 6 April 2019 the lifetime limit for pension funds will increase by £25,000 to £1,055,000.

The annual contribution limit for those paying into pensions remains unchanged at £40,000. For those individuals taking advantage of flexible income drawdown the contribution limit is £4,000.

The annual contribution limit for those with “adjusted net income” over £150,000 is reduced by £1 for every £2 of taxable income to a minimum of £10,000.

GIFT AID SMALL DONATIONS SCHEME

The financial limit for the Gift Aid Small Donations Scheme will be increased from £20 to £30, hopefully with effect from 6 April 2019. This is to align with the transaction limits for contactless payments.

INSURANCE PREMIUM TAX

No changes were announced to Insurance Premium Tax following the June 2017 increase from 10% to 12%.

GH comment:

IPT remains a popular stealth tax for the Government to raise significant tax revenue with minimal public awareness.



AIR PASSENGER DUTY

Long haul rates will increase for 2020/21 in line with RPI, whilst there will be no change for short haul flights.

BREXIT

Various minor technical changes will be made to tax law to reflect the UK's departure from the EU to ensure that the tax laws continue to function as intended.

EXCISE DUTIES (including VAT effect)

	Tobacco	Duty to rise by 2% above inflation from 29 October 2018
	Hand Rolling Tobacco	Duty to rise by 3% above inflation from 29 October 2018
	Beer, Spirits and most ciders	No increase
	Wine	Duty to rise by 3% from 1 February 2019

NATIONAL INSURANCE

Rates and thresholds are set out below.

	2019/20			2018/19		
Class 1	Weekly £	Monthly £	Yearly £	Weekly £	Monthly £	Yearly £
Lower Earnings Limit (LEL)	118	511	6,136	116	503	6,032
Primary Threshold (PT) <i>Employee</i>	166	719	8,632	162	702	8,424
Secondary Threshold (ST) <i>Employer</i>	166	719	8,632	162	702	8,424
Upper Secondary Threshold (UST) (under 21) and Apprentice Upper Secondary Threshold (under 25) (AUST)	962	4,169	50,000	892	3,863	46,350
Upper Earnings Limit (UEL)	962	4,169	50,000	892	3,863	46,350
Contribution rates	Employees' contributions		Employers' contributions	Employees' contributions		Employers' contributions
Earnings between PT and UEL	12%		13.8%*	12%		13.8%*
Earnings above UEL	2%		13.8%	2%		13.8%
*There are no Employers NI contributions on earnings below the ST, the UST paid to those aged under 21 or on earnings below the AUST for apprentices aged under 25						
Class 1A (Employer) on Benefits in Kind	13.8%			13.8%		
Employment Allowance (Employer)	£3,000 per year			£3,000 per year		
Class 2 (Self-employed) Flat rate	£3.00 per week			£2.95 per week		
Small earnings exception	£6,365 per year			£6,205 per year		
Class 3 (Voluntary)	£15.00 per week			£14.65 per week		
Class 4 (Self-employed)						
Lower Annual Profits Limit (LPL)	£8,632			£8,424		
Upper Annual Profits Limit (UPL)	£50,000			£46,350		
Profits between LPL and UPL	9%			9%		
Profits above UPL	2%			2%		

GH comment:

From April 2020 the Employment Allowance will not be available to employers with an annual Employers NIC liability above £100,000.

VAT FUEL SCALE CHARGES

CO ₂ emissions in grams per kilometre	VAT FUEL SCALE CHARGES For 3 month periods		
	Return periods commencing on or after 1 May 2018		
	VAT fuel scale charge £	VAT £	VAT exclusive £
120 or less	140.00	23.33	116.67
125	210.00	35.00	175.00
130	224.00	37.33	186.67
135	238.00	39.67	198.33
140	252.00	42.00	210.00
145	266.00	44.33	221.67
150	280.00	46.67	233.33
155	295.00	49.17	245.83
160	309.00	51.50	257.50
165	323.00	53.83	269.17
170	336.00	56.00	280.00
175	351.00	58.50	292.50
180	365.00	60.83	304.17
185	379.00	63.17	315.83
190	393.00	65.50	327.50
195	407.00	67.83	339.17
200	421.00	70.17	350.83
205	436.00	72.67	363.33
210	449.00	74.83	374.17
215	463.00	77.17	385.83
220	477.00	79.50	397.50
225 or more	491.00	81.83	409.17

- The CO₂ emission figure is rounded down to the nearest 5 grams.
- For Bi-fuel vehicles, which have two CO₂ emissions figures, the lower of the two figures is used for VAT purposes
- For cars which are too old to have a CO₂ emissions figure the CO₂ band is based on engine size as follows:
 - If its cylinder capacity is 1,400cc or less use CO₂ band 140
 - If its cylinder capacity exceeds 1,400cc but does not exceed 2,000cc use CO₂ band 175
 - If its cylinder capacity exceeds 2,000cc, use CO₂ band 225 or above
- Rates for monthly returns or other non-regular VAT periods are adjusted pro-rata.

CAR BENEFITS TABLE

CO ₂ emissions g/km	Electric range (miles)	CAR BENEFIT SCALE		
		Percentage of car's list price taxed		
		2018/19	2019/20	2020/21
0 (Purely Electric)		13%	16%	2%
1 to 50	>130	13%	16%	2%
1 to 50	70 – 129	13%	16%	5%
1 to 50	40 – 69	13%	16%	8%
1 to 50	30 – 39	13%	16%	12%
1 to 50	<30	13%	16%	14%
51	n/a	16%	19%	15%
55	n/a	16%	19%	16%
60	n/a	16%	19%	17%
65	n/a	16%	19%	18%
70	n/a	16%	19%	19%
75	n/a	19%	19%	20%
76	n/a	19%	22%	20%
80	n/a	19%	22%	21%
85	n/a	19%	22%	22%
90	n/a	19%	22%	23%
95	n/a	20%	23%	24%
100	n/a	21%	24%	25%
105	n/a	22%	25%	26%
110	n/a	23%	26%	27%
115	n/a	24%	27%	28%
120	n/a	25%	28%	29%
125	n/a	26%	29%	30%
130	n/a	27%	30%	31%
135	n/a	28%	31%	32%
140	n/a	29%	32%	33%
145	n/a	30%	33%	34%
150	n/a	31%	34%	35%
155	n/a	32%	35%	36%
160	n/a	33%	36%	37%
165	n/a	34%	37%	37%
170	n/a	35%	37%	37%
175	n/a	36%	37%	37%
180 and above	n/a	37%	37%	37%

- Diesels attract a surcharge of 4% subject to a maximum of 37%.
- CO₂ emissions are rounded down to the nearest 5 grams.

CAR FUEL BENEFITS TABLE

CO ₂ emissions in grams per kilometre	FUEL BENEFIT SCALE			
	2018/19		2019/20	
	Percentage applied to £23,400	Fuel Benefit £	Percentage applied to £24,100	Fuel Benefit £
Up to 50	13%	3,042	16%	3,856
51 to 75	16%	3,744	19%	4,579
76 to 94	19%	4,446	22%	5,302
95	20%	4,680	23%	5,543
100	21%	4,914	24%	5,784
105	22%	5,148	25%	6,025
110	23%	5,382	26%	6,266
115	24%	5,616	27%	6,507
120	25%	5,850	28%	6,748
125	26%	6,084	29%	6,989
130	27%	6,318	30%	7,230
135	28%	6,552	31%	7,471
140	29%	6,786	32%	7,712
145	30%	7,020	33%	7,953
150	31%	7,254	34%	8,194
155	32%	7,488	35%	8,435
160	33%	7,722	36%	8,676
165	34%	7,956	37%	8,917
170	35%	8,190	37%	3,856
175	36%	8,424	37%	4,579
180 and above	37%	8,658	37%	5,302

- Diesels attract a surcharge of 4% subject to a maximum of 37%.
- CO₂ emissions are rounded down to the nearest 5 grams.

CALENDAR 2019

January	31	Deadline for electronic submission of 2017/18 Tax Return
		Income Tax - Balancing payment due for 2017/18 Tax and NIC liability
		Income Tax - First Payment on account due for 2018/19 Tax and NIC liability
		Capital Gains Tax Payable on Gains in 2017/18
February	1	Penalty of £100 levied if 2017/18 Tax Return not filed
	28	Deadline for payment of Balancing Payment of 2017/18 Income Tax and Capital Gains Tax to avoid 5% Surcharge
March	31	End of Corporation Tax financial year
April	1	Start of Corporation Tax financial year
	5	Last day of Tax Year Last date by which final Full Payment Submission (FPS) for the year 2018/19 should reach HMRC
	6	New Tax Year begins
	19	The last date by which final Employer Payment Summary (EPS) for the year 2018/19 should reach HMRC
	22	Deadline for month/quarter/year ended 5 April 2019 PAYE and Class 1 NIC electronic payment to clear HMRC bank account or interest will be charged
May	1	Possible changes in VAT Scale Charges for private motoring
	31	Last day for the issue of Forms P60 to employees
July	6	Last day for Expenses and Benefits Forms P11D(b), P9D and P11D to reach HMRC and to issue copies to employees
	19	Deadline for Class 1A NIC payments by cheque to reach Accounts office
	22	Deadline for Class 1A NIC electronic payments to have cleared HMRC bank account
	31	Income Tax - Second payment on account due for 2018/19 Tax and NIC liability. Also deadline to pay balancing payment of 2017/18 Income Tax to avoid second 5% surcharge
October	5	Individuals/Trustees to notify HMRC of new sources of income in 2018/19 tax year if no Tax Return has been issued
	31	Deadline for manual submission of 2018/19 Tax Return
December	31	Deadline for electronic submission of 2018/19 Tax Return if the Revenue are to calculate the tax due, or if an employee wishes their balancing payment to be collected by next year's tax code

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