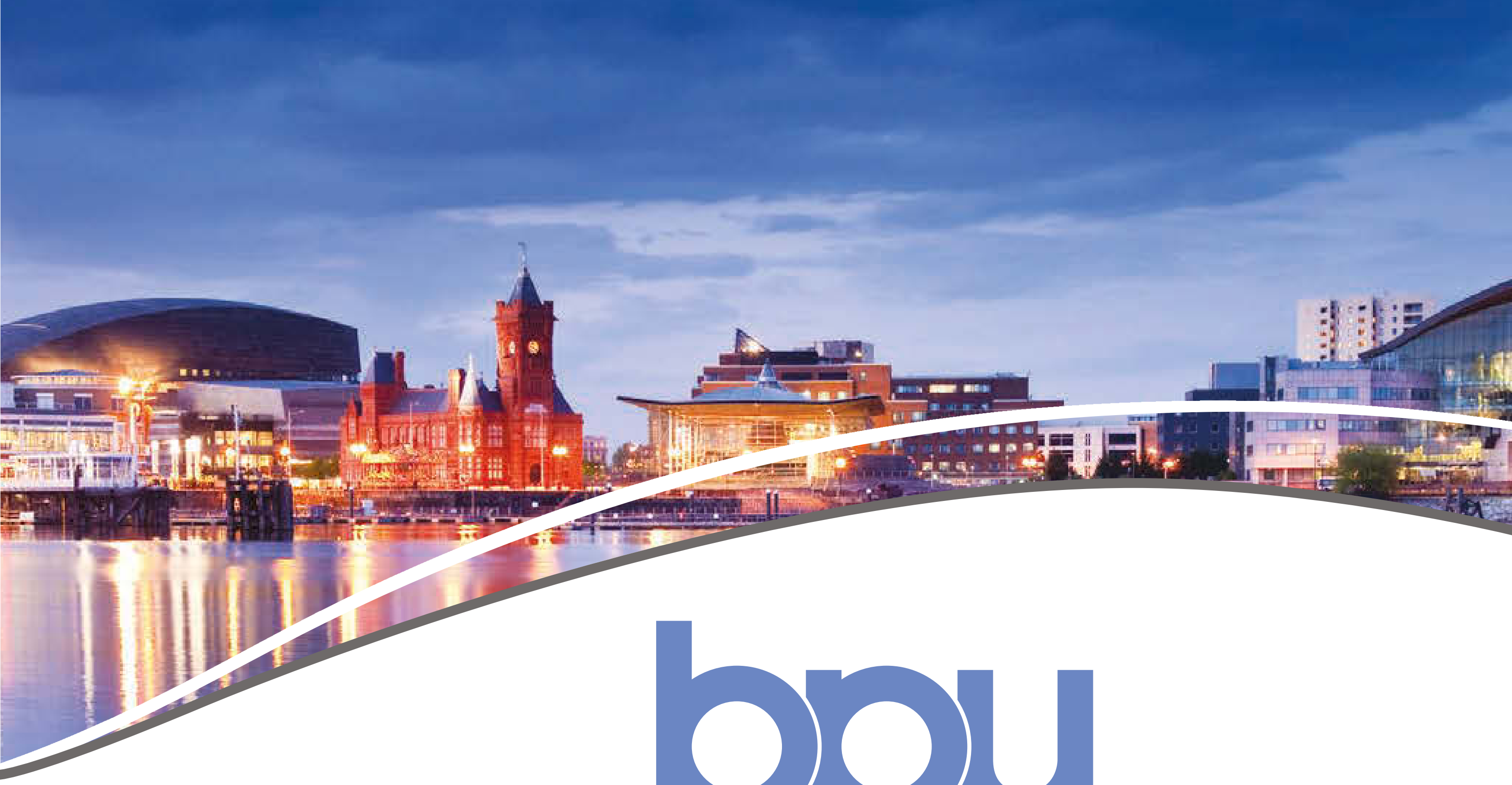

THE BUDGET 2020

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Based on the Chancellor's 2020 Budget Statement

Budget Report 2020

This Report, which was written immediately after the Chancellor of the Exchequer delivered his Budget Speech, is intended to provide an overview of the latest announcements and recent measures most likely to affect you or your business.

Chancellor Rishi Sunak announced his first Budget, and the first since the UK left the European Union, after a postponement caused by last year's Brexit wrangling.

This guide contains advice which is designed to assist you with effective tax and financial planning. We can help to ensure that your financial plans remain effective, even as your personal and business circumstances change. We will work alongside you to help you achieve a rewarding and financially secure future.

Contents

How to make the most of our services

Use page 15 to compile your own summary of the key points arising from the Budget and any actions you may wish to consider. The 2020/21 Tax Calendar on page 16 details many of the important dates and deadlines for the coming tax year.

Do contact us as soon as possible to discuss any action you may be considering, and to review your long-term plans. We always welcome the opportunity to help.

Introduction and Highlights

Sunak delivers Budget to meet ‘challenging times’

Chancellor Rishi Sunak delivered his first Budget, and the first since the UK’s departure from the European Union, against the backdrop of the coronavirus outbreak.

The Chancellor announced a £30 billion stimulus package to support the economy through coronavirus contagion and pledged to give the NHS whatever extra resources are needed to cope.

Following the news that the Bank of England had reduced interest rates to 0.25%, in an emergency response to the coronavirus, Mr Sunak put further measures in place.

These include Statutory Sick Pay (SSP) for employees who are advised to self-isolate, even if they are displaying no symptoms. The government will also meet some SSP costs for businesses.

In addition, business rates for shops, cinemas, restaurants and music venues in England with a rateable value below £51,000 have been suspended for a year. This tax holiday will be worth up to £25,000 to thousands of businesses across the retail, leisure and hospitality sectors.

Citing the latest economic forecasts from the Office for Budget Responsibility, Mr Sunak said the economy is predicted to grow by 1.1% this year. However, the GDP forecast does not fully account for the impact of coronavirus.

Turning to duties, tax on beer, wine, cider and spirits have been frozen while tobacco duty will continue to rise by inflation plus 2%. Fuel duty will also remain frozen, for a tenth consecutive year, despite widespread speculation that it would rise. However, Mr Sunak introduced other green measures including a new tax on plastic packaging and freezing the climate change levy on electricity while raising it on gas. The Chancellor also promised to spend £500 million to support the rollout of new rapid charging hubs for electric cars.

In addition, Mr Sunak resisted calls to end Entrepreneurs' Relief, although the lifetime allowance will be reduced from £10 million to £1 million. The Chancellor will abolish the so-called ‘tampon tax’, reducing the VAT rate on sanitary products to zero from 1 January 2021, as well as scrapping VAT on digital e-publications, including e-books, e-newspapers, e-magazines and academic e-journals, from 1 December 2020.

The Budget confirmed increased spending on infrastructure projects including broadband, railway and roads. £5 billion was promised to get gigabit-capable broadband into the hardest to reach places and £510 million of new investment into the shared rural mobile phone network.

Budget Highlights

- A reduction in the Entrepreneurs' Relief lifetime limit
- An increase in the Employment Allowance
- An increase in the rate of Structures and Buildings Allowance
- An increase and extension of business rates discounts
- Extended access to Statutory Sick Pay due to coronavirus
- An increase to the National Insurance thresholds
- Fuel duty to be frozen for the 10th consecutive year

> **“This is the Budget of a government that gets things done.”**
>
> **Chancellor Rishi Sunak**

Personal Tax

Pensions changes

The pensions annual allowance (currently £40,000) is the maximum amount of tax-relieved pension savings that can be accrued in a year. However, for those on higher incomes, the annual allowance is reduced by £1 for every £2 that an individual's 'adjusted income' exceeds £150,000, to a minimum annual allowance of £10,000. Adjusted income is broadly net income before tax with the addition of any pension accrual. The taper potentially applies to an individual with income before tax, without the addition of the pension accrual, above £110,000. This is known as the 'threshold income'.

Adjusted income and threshold income will each be raised by £90,000 for 2020/21. The threshold income will be £200,000, so individuals with income below this level will not be affected by the tapered annual allowance. The annual allowance will begin to taper down for individuals who also have an adjusted income above £240,000.

There is also a change to the minimum annual allowance. The minimum level to which the annual allowance can taper down will reduce from £10,000 to £4,000 from 6 April 2020. This reduction will only affect individuals with adjusted income over £300,000.

Support during the coronavirus

The Prime Minister previously announced that the forthcoming COVID-19 Bill will temporarily allow Statutory Sick Pay (SSP) to be paid from the first day of sickness absence, rather than the fourth day, for people who have COVID-19 or have to self-isolate in accordance with government guidelines. The Budget sets out a further package to widen the scope of SSP and make it more accessible. The government will temporarily extend SSP to cover:

- individuals who are unable to work because they have been advised to self-isolate
- people caring for those within the same household who display COVID-19 symptoms and have been told to self-isolate.

Support for those ineligible for SSP

The government recognises that self-employed people and employees earning below the National Insurance Lower Earnings Limit are not entitled to SSP and will offer financial support to these individuals through a 'new style' Employment and Support Allowance and Universal Credit.

Child Trust Funds (CTFs)

Junior ISAs and its precursor CTFs allow tax free savings to be made for children under 18. There is no access to the investments until the child is 18. CTF accounts will start to mature in September 2020 when the first children reach 18. Without regulatory change the investments would lose their tax advantaged status. CTF and ISA regulations have therefore recently been made which:

- make sure that investments in CTF accounts retain their tax advantaged status post maturity, pending instructions from the account holder
- allow savings transferred from a matured CTF to be disregarded for the annual ISA subscription limit.

Comment

Around six million children hold a CTF and approximately 800,000 will mature each year from September 2020. A significant proportion of these accounts are thought to be 'dormant' - holding just the contributions made by the government. Government contributions are not made to Junior ISAs. This government webpage: bit.ly/2s8ceyz allows a check to be made as to where a CTF is held but a Government Gateway user ID is required first.

Junior ISA and CTF annual subscription limits

The annual subscription limit for Junior ISAs and CTFs will be increased from £4,368 to £9,000 for 2020/21.

Income Tax and Personal Savings

The Chancellor announced the following income tax rates and allowances.

Income tax rates and bands

2020/21		2019/20	
Band £	**Rate %**	**Band £**	**Rate %**
0 - 37,500	20	0 - 37,500	20
37,501 - 150,000	40	37,501 - 150,000	40
Over 150,000	45	Over 150,000	45

Income tax rates in Scotland and Wales on income other than savings and dividend income have been devolved.

Savings income

	2020/21	2019/20
Savings allowance basic rate	£1,000	£1,000
Savings allowance higher rate	£500	£500

A starting rate for savings band of £5,000 at 0% may be available unless taxable non-savings income exceeds the starting rate band.

Dividend income

	2020/21	2019/20
Dividend allowance	£2,000	£2,000
Dividend ordinary rate	7.5%	7.5%
Dividend upper rate	32.5%	32.5%
Dividend additional rate	38.1%	38.1%

Personal allowances

	2020/21	2019/20
Personal allowance	£12,500	£12,500
Personal allowance income limit	£100,000	£100,000
Marriage allowance Transferable between certain spouses where neither pay tax above the basic rate	£1,250	£1,250
Married couple's allowance (relief given at 10%) Either partner born before 6 April 1935	£9,075	£8,915
- minimum amount	£3,510	£3,450
- income limit	£30,200	£29,600
Blind person's allowance	£2,500	£2,450

Scottish income tax rates and bands

Savings and dividend income are taxed using UK rates and bands.

2020/21		2019/20	
Band £	**Rate %**	**Band £**	**Rate %**
0 - 2,085	19	0 - 2,049	19
2,086 - 12,658	20	2,050 - 12,444	20
12,659 - 30,930	21	12,445 - 30,930	21
30,931 - 150,000	41	30,931 - 150,000	41
Over 150,000	46	Over 150,000	46

Welsh income tax rates

Although income tax for Wales has been devolved, Welsh resident taxpayers continue to pay the same overall rates as taxpayers in England and Northern Ireland.

Employment Taxes

National Insurance thresholds

The government has recently announced National Insurance thresholds for 2020/21. Most thresholds will rise with inflation. Two thresholds, however, will rise by 10% from £8,632 to £9,500:

- the primary threshold - which sets the level at which employees start to pay Class 1 National Insurance contributions (NICs)
- the lower profits limit - which sets the level at which the self-employed start to pay Class 4 NICs.

The upper thresholds which apply to these two classes of NICs remain at £50,000.

Comment

The secondary threshold, which sets the level at which employers pay the main rate of NICs, only rises in line with inflation.

Off-payroll working in the private sector

The changes to the off-payroll working rules (commonly known as IR35), which came into effect in April 2017 for the public sector, will be extended to the private sector from April 2020. Draft legislation has been issued. The new rules apply to payments made for services provided on or after 6 April 2020.

The off-payroll working rules apply where an individual (the worker) provides their services through an intermediary (typically a personal service company) to another person or entity (the client). The client will be required to make a determination of a worker's status and communicate that determination. In addition, the fee-payer (usually the organisation paying the worker's personal service company) will need to make deductions for income tax and NICs and pay any employer NICs.

Only medium and large businesses will be subject to the 2020 rules, so small businesses will not need to determine the status of the off-payroll workers they engage. A small company is one which meets two of these criteria: its annual turnover is not more than £10.2 million: it has not more than £5.1 million on its balance sheet: it has 50 or fewer employees. For unincorporated organisations it is only the annual turnover test that applies.

Review

In January 2020, the government announced a review of the implementation of the April 2020 reform, to address concerns from affected businesses and individuals. The government has confirmed the changes will go ahead but:

- businesses will not have to pay penalties for errors relating to off-payroll working in the first year, except in cases of deliberate non-compliance
- there will be a legal obligation on clients to respond to a request for information about their size from the worker or the fee-payer.

Employer provided cars

The scale of charges for calculating the taxable benefit for an employee who has use of an employer provided car is computed by reference to bands of CO_2 emissions multiplied by the original list price of the vehicle. The maximum charge is capped at 37% of the list price of the car.

For 2019/20 the rates increased by 3% from the rates applying for 2018/19.

The government announced in Budget 2017 that CO_2 emissions for cars registered from April 2020 will be based on the Worldwide Harmonised Light Vehicles Test Procedure (WLTP). Draft legislation has been issued to amend the previously planned benefit percentages for 2020/21 through to 2022/23:

- All zero emission cars will attract a reduced percentage of 0% in 2020/21 and 1% in 2021/22, before returning to the planned 2% rate in 2022/23.
- For cars registered before 6 April 2020, the current test procedure will continue to apply and there are no further changes to percentages previously set for 2020/21. These rates will be frozen at the 2020/21 level for 2021/22 and 2022/23.
- For cars first registered from 6 April 2020 most rates will reduce by 2% in 2020/21 before returning to planned rates over the following two years, increasing by 1% in 2021/22 and 1% in 2022/23.

Comment

WLTP aims to be more representative of real world driving conditions, compared to the current test known as the New European Driving Cycle. The government estimates that reported CO_2 values may be on average about 20 – 25% higher under the WLTP testing standards compared to the current test.

Employment Allowance

The Employment Allowance provides businesses and charities with relief from their employer NICs bill. Regulations have been issued to restrict the Employment Allowance, from 6 April 2020, to those employers whose employer NICs bill was below £100,000 in the previous tax year. Employers who are connected to other employers (such as companies within a group) will need to add together all of their employer Class 1 NICs liabilities incurred in the tax year prior to the year of claim to determine eligibility.

The maximum Employment Allowance will be increased from £3,000 to £4,000 with effect from 6 April 2020.

From 6 April 2020 the Employment Allowance will operate as de minimis State aid. This means it will count towards the total aid a business is entitled to under the relevant de minimis State aid cap.

Comment

De minimis State aid rules apply if a business engages in economic activity, providing goods or services to the market. Most businesses will not have received de minimis State aid before so will not need to do further checks to determine if they are eligible for the Employment Allowance.

Loan Charge review

The Loan Charge tackles disguised remuneration tax avoidance schemes. These are tax arrangements that seek to avoid income tax and NICs by paying income to individuals in the form of loans, usually via an offshore trust, with no expectation that the loans will ever be repaid. The charge applies to any loans made through disguised remuneration schemes after 6 April 1999, which had not been repaid by 5 April 2019.

Draft legislation has been issued to amend the scope of the Loan Charge:

- It will now only apply to outstanding balances of disguised remuneration loans made between 9 December 2010 and 5 April 2019 inclusive.
- It will not apply to loans made in tax years before 2016/17 where a reasonable disclosure of the use of a disguised remuneration tax avoidance scheme was made within the relevant tax return or associated documents where appropriate, and HMRC failed to take any action (for example by opening an enquiry).
- Those affected by the Loan Charge will be able to elect to split their loan balance over three consecutive years 2018/19 to 2020/21 (rather than the full charge arising in 2018/19).
- The date by which the additional information form must be returned to HMRC will move from 1 October 2019 to 1 October 2020. The form requires taxpayers to provide full information to HMRC relating to any outstanding disguised remuneration loans for which they will need to make tax payments.

National Insurance

2020/21 Class 1 (employed) rates

Employee		**Employer**	
Earnings per week	%	**Earnings per week**	%
Up to £183	0	Up to £169	0
£183.01 - £962	12	Over £169	13.8
Over £962	2		

Entitlement to contribution-based benefits for employees retained for earnings between £120 and £183 per week.
The employer rate is 0% for employees under 21 and apprentices under 25 on earnings up to £962 per week.

Class 1A (employers)	On employee taxable benefits	13.8%
Class 1B (employers)	On PAYE Settlement Agreements	13.8%
Class 2 (self-employed)	Flat rate per week	£3.05
	Small profits threshold	£6,475 per annum
Class 3 (voluntary)	Flat rate per week	£15.30
Class 4 (self-employed)	On profits between £9,500 - £50,000	9%
	Excess over £50,000	2%

Minimum Wage

Increases in the National Minimum Wage and National Living Wage rates now occur in April each year.

Age	NLW	21 - 24	18 - 20	16 and 17	Apprentices
From 1 April 2019	£8.21	£7.70	£6.15	£4.35	£3.90
From 1 April 2020	£8.72	£8.20	£6.45	£4.55	£4.15

Apprentice rates apply to those under 19, or 19 or over and in the first year of their apprenticeship. National Living Wage applies to those aged 25 and over.

Tax and Travel

Mileage rates

Changes to the HMRC business mileage rates are announced from time to time. The fuel only advisory rates below relate to company cars only and apply from 1 March 2020.

Car – fuel only advisory rates Engine capacity	Petrol	Diesel	LPG
1400cc or less	12p	9p	8p
1401cc to 1600cc	14p	9p	10p
1601cc to 2000cc	14p	11p	10p
Over 2000cc	20p	13p	14p

For those using their own vehicle the following mileage allowance payments apply.

Vehicle	First 10,000 miles	Thereafter
Car/van	45p	25p
Motorcycle	24p	24p
Bicycle	20p	20p

Car benefits

2020/21	Cars registered pre 6.4.20	Cars registered after 5.4.20
CO_2 emissions (g/km)	% of list price taxed	% of list price taxed
0	0	0
1-50 Electric range		
>130	2	0
70-129	5	3
40-69	8	6
30-39	12	10
<30	14	12
51-54	15	13
For every extra 5	+1	+1
160 and above	37	n/a
170 and above	n/a	37

For fully diesel cars generally add a 4% supplement (unless the car is registered on or after 1 September 2017 and meets the Euro 6d emissions standard) but the maximum is still 37%. For emissions over 75g/km if the CO_2 figure does not end in a 5 or a 0 round down to the nearest 5 or 0.

Business Tax

Corporation tax rates

Corporation tax rates have already been enacted for periods up to 31 March 2021.

The main rate of corporation tax is 19%. The rate for the Financial Year beginning on 1 April 2020 was due to fall to 17% but the Chancellor has announced the rate will remain at 19%.

Capital Allowances: Structures and Buildings Allowance

The annual rate of capital allowances available for qualifying investments to construct new, or renovate old, non-residential structures and buildings will increase from 2% to 3%. The change will take effect from 1 April 2020 for corporation tax and 6 April 2020 for income tax.

Enhanced Capital Allowances in Enterprise Zones

The government has announced the 100% first year allowance for investment in new plant and machinery within designated assisted areas within Enterprise Zones will remain available for expenditure incurred in relation to all areas, whenever designated, until at least 31 March 2021.

First year allowances for business cars from April 2021

The government has announced an extension to 100% first year allowances for zero-emission cars, zero-emission goods vehicles and equipment for gas refuelling stations by four years from April 2021. CO_2 emission thresholds will also be amended from April 2021. These determine the rate of capital allowances available through which the capital expenditure for business cars can be written down. The thresholds will be reduced from 50g/km to 0g/km for the purpose of the first year allowances for low CO_2 emission cars and from 110g/km to 50g/km for the purpose of WDAs for business cars.

Comment

The reduction in thresholds will mean that only business cars acquired with CO_2 emissions of 0g/km will be eligible for first year allowances. Ultra-low emission vehicles which currently qualify for first year allowances if 50g/km or less will no longer qualify. They will be eligible for WDAs at the main rate (18%). Cars with CO_2 emissions exceeding 50g/km will be eligible for WDAs at the special rate (6%).

Research and Development (R&D) tax relief

The rate of tax credit for companies falling within the Research and Development Expenditure Credit (RDEC) scheme will rise by 1% to 13% from 1 April 2020. This relief is given as an above the line credit for companies undertaking qualifying R&D.

Budget 2018 announced that, from 1 April 2020, the amount of payable R&D tax credit that a qualifying loss-making company can receive in any tax year will be restricted to three times the company's total PAYE and NICs liability for that year. The government has now announced the implementation of the restriction will be delayed to 1 April 2021.

Corporation tax loss relief

Draft legislation has been issued to extend the rules that potentially limit the use of brought forward losses to include brought forward capital losses. Companies (and corporate groups) will continue to have a £5 million 'deductions allowance' before restrictions apply.

The changes will have effect where carried forward capital losses are used to offset chargeable gains accruing from 1 April 2020.

Comment

The inclusion of capital losses will mean that it will be more likely that the deductions allowance will be exceeded.

Intangible fixed assets

The government has announced an extension to corporation tax relief for intangible fixed assets. All pre-Finance Act 2002 intangible assets acquired from 1 July 2020 will come within the intangible fixed asset regime, subject to certain transitional provisions.

Comment

This measure removes a restriction that exists in relation to pre-Finance Act 2002 intangible assets that prevents some companies from claiming relief for older, well-established intellectual property rights. The change will mean that corporate intangible assets will now be relieved and taxed under a single regime for acquisitions from 1 July 2020.

Digital Services Tax

The government has confirmed a new 2% tax on the revenues of search engines, social media platforms and online marketplaces which derive value from UK users. The tax only applies when the group's worldwide revenues from these digital activities are more than £500 million and more than £25 million of these revenues are derived from UK users.

The tax will apply from 1 April 2020.

Freeports

The government is consulting on proposals to create up to ten freeports across the UK which would have different customs rules to those which apply in the rest of the UK.

The government is considering a UK freeport model which would include multiple customs zones located within or away from a port, as well as a type of special economic zone (SEZ) designated over or around the customs zones. The government intends to work with the devolved administrations to develop proposals to allow freeports to be created in Scotland, Wales and Northern Ireland, in addition to those in England.

The proposals include the following customs and tariff benefits for businesses bringing goods into a freeport site:

- duty suspension, with no tariffs, import VAT or excise to be paid on goods brought into a freeport from overseas until they leave the freeport and enter the UK's domestic market
- duty inversion, if the duty on a finished product is lower than that on the component parts, allowing businesses to import components duty free, manufacture the final product in the freeport, and then pay the duty at the rate of the finished product when it enters the UK's domestic market
- duty exemption for re-exports, allowing businesses to import components duty free, manufacture the final product in the freeport and pay no tariffs when the final product is re-exported
- simplified customs procedures for businesses accessing freeports.

Comment

Freeports are secure customs zones located at ports where business can be carried out inside a country's land border, but where different customs rules apply. Typically, goods brought into a freeport do not attract a requirement to pay duties until they leave the freeport and enter the domestic market. No duty is payable at all if the goods are re-exported.

Business rates

Business rates have been devolved to Scotland, Northern Ireland and Wales. The government has already announced that, for one year from 1 April 2020, the business rates retail discount for properties with a rateable value below £51,000 in England will increase from one third to 50% and will be expanded to include cinemas and music venues. To support small businesses in response to COVID-19, the retail discount will be increased to 100% and expanded to include hospitality and leisure businesses for 2021.

The government previously committed to introducing a £1,000 business rates discount for pubs with a rateable value below £100,000 in England for one year from 1 April 2020. To further support pubs, in response to COVID-19 the discount for pubs will be increased to £5,000.

The government is launching a fundamental review of business rates to report in the autumn. A call for evidence will be published in the spring.

Time to Pay

The government will ensure that businesses and self-employed individuals in financial distress and with outstanding tax liabilities receive support with their tax affairs.

HMRC has set up a dedicated COVID-19 helpline to help those in need, and they may be able to agree a bespoke Time to Pay arrangement. Time to Pay gives businesses a time-limited deferral period on HMRC liabilities owed and a pre-agreed time period to pay these back.

Statutory Sick Pay

The government will support small and medium-sized businesses and employers to cope with the extra costs of paying COVID-19 related SSP by refunding eligible SSP costs. The eligibility criteria for the scheme include:

- the refund will be limited to two weeks per employee
- employers with fewer than 250 employees will be eligible. The size of an employer will be determined by the number of people they employed as of 28 February 2020
- employers will be able to reclaim expenditure for any employee who has claimed SSP (according to the new eligibility criteria) as a result of COVID-19
- employers should maintain records of staff absences, but should not require employees to provide a GP fit note
- the eligible period for the scheme will commence from the day on which the regulations extending SSP to self-isolators come into force.

Capital Taxes

Capital gains tax (CGT) rates

The current rates of CGT are 10%, to the extent that any income tax basic rate band is available, and 20% thereafter. Higher rates of 18% and 28% apply for certain gains; mainly chargeable gains on residential properties with the exception of any element that qualifies for Private Residence Relief.

There are two specific types of disposal which potentially qualify for a 10% rate up to a lifetime limit for each individual:

- Entrepreneurs' Relief (ER). This is targeted at directors and employees of companies who own at least 5% of the ordinary share capital in the company, provided other minimum criteria are also met, and the owners of unincorporated businesses.
- Investors' Relief. The main beneficiaries of this relief are external investors in unquoted trading companies who have newly-subscribed shares.

Investors' Relief has a lifetime limit of £10 million, however the lifetime limit position for ER has been changed in the Budget and is considered further below.

CGT annual exemption

The CGT annual exemption is £12,000 for 2019/20 and £12,300 for 2020/21.

Entrepreneurs' Relief (ER)

The lifetime limit is reduced from £10 million to £1 million for ER qualifying disposals made on or after 11 March 2020.

There are special provisions for disposals entered into before 11 March 2020 that have not been completed.

Comment

The government's manifesto stated clearly that there would be a reform and review of this relief, so a reduction in the limit was not unexpected, though the magnitude of the reduction and the immediate implementation will be a surprise. No other consultations to reform the relief were announced.

Private Residence Relief (PRR)

Draft legislation has been issued to make changes to the PRR regime from 6 April 2020. For properties that have not been occupied throughout the period of ownership, available deductions for capital gains tax purposes will be amended as follows:

- the final period exemption will be reduced from 18 months to nine months (there are no changes to the 36 months that are available to disabled persons or those in a care home)
- lettings relief will be reformed so that it only applies in those circumstances where the owner of the property is in shared occupancy with a tenant.

Comment

At present, lettings relief gives up to £40,000 relief (£80,000 for a couple who jointly own the property) for someone letting part, or all, of a property which is their main residence, or was the former main residence at some point in their period of ownership. Despite concerns raised during the consultation about periods of letting prior to April 2020 and whether the current rules should be allowed to apply, the government is proceeding as planned and lettings reliefs will be abolished except in very limited circumstances of co-occupation with a tenant. The changes apply for disposals on or after 6 April 2020, regardless of when the period of letting took place.

Payments on account and 30 day returns

Legislation has been enacted to change reporting obligations for residential property gains chargeable on UK resident individuals, trustees and personal representatives. Also introduced is a requirement to make a payment on account of the associated CGT liability. For disposals made on or after 6 April 2020:

- a tax return is required if there is a disposal of UK land on which a residential property gain accrues
- CGT is required to be computed on the reported gain in the tax return.

The return needs to be filed and the CGT paid within 30 days of the completion date of the property disposal.

The new requirements do not apply if a chargeable gain does not arise, for example where the gains are covered by PRR.

Inheritance tax (IHT) nil rate bands

The nil rate band has remained at £325,000 since April 2009 and is set to remain frozen at this amount until April 2021. An additional nil rate band, called the 'residence nil rate band' (RNRB), continues to be phased in. For deaths in 2019/20 it is £150,000 rising to £175,000 for deaths in 2020/21. Thereafter it will rise in line with CPI.

Comment

The RNRB was introduced in April 2017 to allow the family home to be passed more easily to direct descendants on death without incurring a charge to IHT. There are, however, a number of conditions that must be met in order to obtain the RNRB, which may involve redrafting an existing will.

Stamp Duty Land Tax (SDLT) surcharge

A SDLT surcharge on non-UK residents purchasing residential property in England and Northern Ireland is to go ahead. The 2% surcharge is to take effect from 1 April 2021. Where contracts are exchanged before 11 March 2020 but complete or are substantially performed after 1 April 2021, transitional rules may apply.

Other Matters

VAT

E-publications

The government will introduce legislation to apply a zero rate of VAT to e-publications from 1 December 2020, to make it clear that e-books, e-newspapers, e-magazines and academic e-journals are entitled to the same VAT treatment as their physical counterparts.

Tampon tax

From 1 January 2021 the government will apply a zero rate of VAT to women's sanitary products.

Postponed accounting

From 1 January 2021 postponed accounting for VAT will apply to all imports of goods, including those from the EU.

Comment

The postponed accounting for VAT aims to provide a boost to those VAT registered UK businesses which are integrated in international supply chains as they adapt to the UK's new trading arrangements under Brexit.

Plastic Packaging Tax

This will be a new tax that applies to plastic packaging produced in or imported into the UK that does not contain at least 30% recycled plastic. The tax rate will be £200 per tonne of non-compliant plastic packaging. A consultation on the design and implementation of the tax has been issued and the tax is to take effect from April 2022.

Duties

Alcohol and tobacco duties

The duty rates remain frozen for beer, spirits, wine and made-wine, still and sparkling cider and perry.

The duty rate on all tobacco products will continue to increase by 2% above RPI inflation. The duty rate on hand-rolling tobacco will increase by a further 4%. These rates will have effect from 11 March 2020.

Fuel duty

Fuel duty will be frozen for the 2020/21 tax year.

What They Said...

'This is the Budget of a government that gets things done.'

Rishi Sunak, Chancellor of the Exchequer

'The reality is that this is a Budget that is an admission of failure – an admission that austerity has been a failed experiment.'

Jeremy Corbyn, Leader of the Labour Party

'The Budget has addressed the immediate challenges facing the economy, but the Chancellor will have to do more to support businesses as they navigate changes to trading arrangements and the end of the Brexit transition period.'

Dr Adam Marshall, Director General of the British Chambers of Commerce

'This is a pro-small business Budget, which has delivered a high streets bonus, a series of Conservative manifesto promises to small businesses, and emergency steps to support small firms through the coronavirus outbreak.'

Mike Cherry, National Chairman of the Federation of Small Businesses

'In deeply challenging times, the Chancellor has worked against the clock to deliver two Budgets in one: a first for national resilience today and a second for economic ambition tomorrow.'

Dame Carolyn Fairbairn, Director General of the Confederation of British Industry

My Key Budget Points

Use this page to record any key points arising from the Budget which you think might affect you or your business. Once you have completed your summary, contact us to discuss the issues and for advice on any appropriate action to take.

Key point or question	To follow up ✓	Action agreed ✓

This Budget Report was prepared immediately after the Chancellor's Budget Statement based on official press releases and supporting documentation. The Budget proposals are subject to amendment before the Finance Act receives Royal Assent. This Report is for guidance only, and professional advice should be obtained before acting on any information contained herein. No responsibility can be accepted by the publishers or the distributors for loss occasioned to any person as a result of action taken or refrained from in consequence of the contents of this publication.

2020/21 Tax Calendar

April 2020

M	Tu	W	Th	F	Sa	Su
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

May 2020

M	Tu	W	Th	F	Sa	Su
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

June 2020

M	Tu	W	Th	F	Sa	Su
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

July 2020

M	Tu	W	Th	F	Sa	Su
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

August 2020

M	Tu	W	Th	F	Sa	Su
31					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

September 2020

M	Tu	W	Th	F	Sa	Su
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

October 2020

M	Tu	W	Th	F	Sa	Su
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

November 2020

M	Tu	W	Th	F	Sa	Su
30						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29

December 2020

M	Tu	W	Th	F	Sa	Su
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

January 2021

M	Tu	W	Th	F	Sa	Su
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

February 2021

M	Tu	W	Th	F	Sa	Su
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

March 2021

M	Tu	W	Th	F	Sa	Su
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

April 2020

5 Last day of 2019/20 tax year.

Deadline for 2019/20 ISA investments and pension contributions.
Last day to make disposals using the 2019/20 CGT exemption.

14 Due date for income tax for the CT61 period to 31 March 2020.

19 Automatic interest is charged where PAYE tax, Student loan deductions, Class 1 NI or CIS deductions for 2019/20 are not paid by today. Penalties may also apply if any payments have been made late throughout the tax year.

PAYE quarterly payments are due for small employers for the pay periods 6 January 2020 to 5 April 2020.

PAYE, Student loan and CIS deductions are due for the month to 5 April 2020.

Deadline for employers' final PAYE return to be submitted online for 2019/20.

May 2020

3 Deadline for submitting P46(Car) for employees whose car/fuel benefits changed during the quarter to 5 April 2020.

19 PAYE, Student loan and CIS deductions are due for the month to 5 May 2020.

31 Deadline for forms P60 for 2019/20 to be issued to employees.

June 2020

1 New Advisory Fuel Rates (AFR) for company car users apply from today.

19 PAYE, Student loan and CIS deductions are due for the month to 5 June 2020.

30 End of CT61 quarterly period.

July 2020

5 Deadline for reaching a PAYE Settlement Agreement for 2019/20.

6 Deadline for forms P11D and P11D(b) for 2019/20 to be submitted to HMRC and copies to be issued to employees concerned.

Deadline for employers to report share incentives for 2019/20.

14 Due date for income tax for the CT61 period to 30 June 2020.

19 Class 1A NICs due for 2019/20.
PAYE, Student loan and CIS deductions due for the month to 5 July 2020.
PAYE quarterly payments are due for small employers for the pay periods 6 April 2020 to 5 July 2020.

31 Second payment on account 2019/20 due.

August 2020

2 Deadline for submitting P46(Car) for employees whose car/fuel benefits changed during the quarter to 5 July 2020.

19 PAYE, Student loan and CIS deductions are due for the month to 5 August 2020.

September 2020

1 New Advisory Fuel Rates (AFR) for company car users apply from today.

19 PAYE, Student loan and CIS deductions are due for the month to 5 September 2020.

30 End of CT61 quarterly period.

October 2020

1 Due date for payment of Corporation Tax for period ended 31 December 2019.

5 Deadline for notifying HMRC of new sources of taxable income or gains or liability to the High Income Child Benefit Charge for 2019/20 if no tax return has been issued.

14 Due date for income tax for the CT61 quarter to 30 September 2020.

19 Tax and NICs due under a 2019/20 PAYE Settlement Agreement.

PAYE, Student loan and CIS deductions are due for the month to 5 October 2020.

PAYE quarterly payments are due for small employers for the pay periods 6 July 2020 to 5 October 2020.

31 Deadline for submitting 'paper' 2019/20 self assessment returns.

November 2020

2 Deadline for submitting P46(Car) for employees whose car/fuel benefits changed during the quarter to 5 October 2020.

19 PAYE, Student loan and CIS deductions are due for the month to 5 November 2020.

December 2020

1 New Advisory Fuel Rates (AFR) for company car users apply from today.

19 PAYE, Student loan and CIS deductions are due for the month to 5 December 2020.

30 Online filing deadline for submitting 2019/20 self assessment return if you require HMRC to collect any underpaid tax by making an adjustment to your 2021/22 tax code.

31 End of CT61 quarterly period.
Filing date for Company Tax Return Form CT600 for period ended 31 December 2019.

January 2021

1 Due date for payment of corporation tax for period ended 31 March 2020.

14 Due date for income tax for the CT61 quarter to 31 December 2020.

19 PAYE, Student loan and CIS deductions are due for the month to 5 January 2021.

PAYE quarterly payments are due for small employers for the pay periods 6 October 2020 to 5 January 2021.

31 Deadline for submitting your 2019/20 self assessment return (£100 automatic penalty if your return is late) and the balance of your 2019/20 liability together with the first payment on account for 2020/21 are also due.

Capital gains tax payment for 2019/20.

Balancing payment – 2019/20 income tax and Class 4 NICs. Class 2 NICs also due.

February 2021

2 Deadline for submitting P46(Car) for employees whose car/fuel benefits changed during the quarter to 5 January 2021.

19 PAYE, Student loan and CIS deductions are due for the month to 5 February 2021

March 2021

1 New Advisory Fuel Rates (AFR) for company car users apply from today.

3 5% late payment penalty on any 2019/20 outstanding tax which was due on 31 January 2021 and still remains unpaid.

19 PAYE, Student loan and CIS deductions are due for the month to 5 March 2021.

31 End of corporation tax financial year.

End of CT61 quarterly period.

Filing date for Company Tax Return Form CT600 for period ended 31 March 2020.

Last minute planning for tax year 2020/21 – please contact us for advice.