

RESEARCH AND DEVELOPMENT COSTS

| | |
|--|-------|
| Revenue expenditure – SMEs | 230% |
| Capital expenditure – all companies | 100% |
| SME company R&D payable tax credit | 14.5% |
| Large company R&D taxable expenditure credit | 12%* |

* Effective from 1 January 2018, replacing previous rate of 11%.

TAX-EFFICIENT INVESTMENTS

| Annual investment limit | 2019/20 | 2018/19 |
|---|-----------------------------------|----------|
| ISA | £20,000 | £20,000 |
| Lifetime ISA* | £4,000 | £4,000 |
| Help-to-buy ISA (existing savers only from 1 December 2019) | £1,000 initial and £200 per month | |
| Junior ISA and Child Trust Fund | £4,368 | £4,260 |
| Venture Capital Trust at 30% | £200,000 | £200,000 |
| Enterprise Investment Scheme at 30%** | £1m | £1m |
| Seed EIS (SEIS) at 50% | £100,000 | £100,000 |
| SEIS capital gains tax reinvestment relief | 50% | 50% |
| Social investment tax relief at 30% | £1m | £1m |

* Reduces ISA limit by amount invested in Lifetime ISA.

** Up to £2m in a knowledge-intensive company.

REGISTERED PENSIONS

| | 2019/20 | 2018/19 |
|---------------------------------------|---------------------------|----------|
| Lifetime allowance limit | £1.055m | £1.03m |
| Money purchase annual allowance | £4,000 | £4,000 |
| Annual allowance limit | £40,000* | £40,000* |
| Minimum age for accessing benefits | 55 | 55 |
| On cumulative benefits exceeding | £1.055m | £1.03m |
| Maximum pension commencement lump sum | 25% of pension fund value | |

* Tapered at a rate of 50% of income down to £10,000 if threshold income over £110,000 and adjusted income over £150,000. Restrictions may also apply based on net relevant earnings.

Subject to certain conditions, the unused amount of the annual allowance can be carried forward up to three years and used once the current year annual allowance has been fully utilised.

NATIONAL INSURANCE

| Class 1 | | |
|------------------------|---------------|---------------|
| Weekly earnings | Employee rate | Employer rate |
| Up to £166 | Nil* | Nil |
| £166 to £962 | 12% | 13.8%** |
| Over £962 | 2% | 13.8% |
| Over state pension age | 0% | 13.8% |

* Entitlement to contribution-based benefits are retained for earnings between £118 and £166 per week.

** 0% for employees under 21 and apprentices under 25 on earnings up to £962 per week.

| Class 1A | |
|---|-------|
| On relevant benefits, including car and fuel benefits | 13.8% |

| Class 2 | |
|---|------------------|
| Self-employed above small profits threshold | £3 per week |
| Small profits threshold | £6,365 per annum |

| Class 3 | |
|-----------|--------------|
| Voluntary | £15 per week |

| Class 4* | |
|---|----|
| Self-employed on profits £8,632 – £50,000 | 9% |
| Over £50,000 | 2% |

* Exemption applies if the state retirement age is reached by 6 April 2019.

Employment allowance

| | |
|--|---------|
| Per employer, per year (excludes one-person companies) | £3,000* |
|--|---------|

* One claim only for companies in a group or under common control. Not available where the director is the only employee paid earnings above the secondary threshold for class 1 NICs. From April 2020, this will be limited to employers with an employer NICs bill below £100,000 in the previous tax year.

Apprenticeship levy

A levy of 0.5% applies where the pay bill exceeds £3m. There is an allowance of £15,000. Further conditions apply, so please consult with us.

IMPORTANT NOTICE

These rates and allowances are based on Budget 2018 announcements made by the UK and Northern Ireland, Scottish and Welsh Governments and are for information only.

All information is subject to change before 6 April 2019 and confirmation by the respective governments. The above must not be considered advice and no warranty is given for the accuracy or completeness of the details. Professional advice should be sought before making any decisions.

STAMP DUTY

| | |
|-------------------------------------|------|
| Consideration on shares over £1,000 | 0.5% |
|-------------------------------------|------|

PROPERTY TAXES

The incremental rate of tax is only payable on the part of the property price within each band. An additional 3% rate (4% in Scotland) applies to the purchase of an additional residential property above £40,000 and all corporate residential properties.

England and Northern Ireland: Stamp duty land tax

| On the transfer of residential property* | | On the transfer of non-residential property | |
|--|-----|---|----|
| £0 – £125,000 | 0% | Less than £150,000 | 0% |
| £125,000 – £250,000 | 2% | £150,000 – £250,000 | 2% |
| £250,000 – £925,000 | 5% | Over £250,000 | 5% |
| £925,000 – £1.5m | 10% | | |
| Over £1.5m | 12% | | |

* First-time buyers pay nothing on the first £300,000 for properties up to £500,000. A rate of 5% applies between £300,000 and £500,000.

For residential purchases by 'non-natural persons' over £500,000 a rate of 15% applies, subject to certain exclusions.

Scotland: Land and buildings transaction tax

| On the transfer of residential property* | | On the transfer of non-residential property | |
|--|-----|---|----|
| £0 – £145,000 | 0% | £0 – £150,000 | 0% |
| £145,000 – £250,000 | 2% | £150,000 – £250,000 | 1% |
| £250,000 – £325,000 | 5% | Over £250,000 | 5% |
| £325,000 – £750,000 | 10% | | |
| Over £750,000 | 12% | | |

* First-time buyers pay nothing on the first £175,000.

Wales: Land transaction tax

| On the transfer of residential property | | On the transfer of non-residential property | |
|---|------|---|----|
| £0 – £180,000 | 0% | £0 – £150,000 | 0% |
| £180,000 – £250,000 | 3.5% | £150,000 – £250,000 | 1% |
| £250,000 – £400,000 | 5% | £250,000 – £1m | 5% |
| £400,000 – £750,000 | 7.5% | Over £1m | 6% |
| £750,000 – £1.5m | 10% | | |
| Over £1.5m | 12% | | |

TAXABLE INCOME BANDS AND TAX RATES

| | 2019/20 | 2018/19 |
|---------------------------------------|---------------------|---------------------|
| Starting rate* of 0% on savings up to | £5,000 | £5,000 |
| Basic-rate band | £37,500 | £34,500 |
| Higher-rate band | £37,500 to £150,000 | £34,500 to £150,000 |
| Additional-rate band | Over £150,000 | Over £150,000 |
| Basic rate | 20% | 20% |
| Higher rate | 40% | 40% |
| Additional rate | 45% | 45% |
| Dividend ordinary rate | 7.5% | 7.5% |
| Dividend upper rate | 32.5% | 32.5% |
| Dividend additional rate | 38.1% | 38.1% |

* The starting rate does not apply if taxable income exceeds the starting rate limit.

Income tax in Scotland

| Band | 2019/20 | | 2018/19 | |
|-------------------|--------------------|-------|--------------------|-------|
| | Taxable income | Rates | Taxable income | Rates |
| Starter rate | £12,500 – £14,549* | 19% | £11,850 – £13,850* | 19% |
| Basic rate | £14,549 – £24,944 | 20% | £13,850 – £24,000 | 20% |
| Intermediate rate | £24,944 – £43,430 | 21% | £24,000 – £43,430 | 21% |
| Higher rate | £43,430 – £150,000 | 41% | £43,430 – £150,000 | 41% |
| Additional rate | £150,000 | 46% | £150,000 | 46% |

* Assumes individuals are in receipt of the personal allowance.

Allowances that reduce taxable income or are not taxable

| | 2019/20 | 2018/19 |
|--|--------------------------|---------|
| Personal allowance* | £12,500 | £11,850 |
| Personal savings allowance | Basic-rate taxpayer | £1,000 |
| | Higher-rate taxpayer | £500 |
| | Additional-rate taxpayer | £0 |
| Dividend allowance at 0% | £2,000 | £2,000 |
| Marriage/civil partner transferable allowance** | £1,250 | £1,190 |
| Trading allowance and property allowance each*** | £1,000 | £1,000 |
| Rent-a-room allowance | £7,500 | £7,500 |
| Blind person's allowance | £2,450 | £2,390 |

* The personal allowance is reduced by £1 for each £2 of income from £100,000 to £125,000 (2018/19, £123,700).

** Any unused personal allowance may be transferred to a spouse or civil partner, where the recipient is not liable to higher or additional-rate tax.

*** Note that landlords and traders with gross income from each of these sources in excess of £1,000 can deduct the allowance from their gross income as an alternative to claiming expenses.

Allowances that reduce tax

| | 2019/20 | 2018/19 |
|---|---------|---------|
| Married couple or civil partnership allowance (MCA) maximum tax reduction | £891.50 | £869.50 |

Available to people born before 6 April 1935. The age for MCA is that of the elder spouse or civil partner. The loss of tax reduction is 10p for each £2 of income above £29,600 (2018/19, £28,900) until £345 (2018/19, £336) is reached.

High-income child benefit charge

| | 2019/20 | 2018/19 |
|-----------|---------|---------|
| Threshold | £50,000 | £50,000 |

There is a tax charge of 1% of the child benefit received for each £100 that the threshold is exceeded up to a maximum of 100%.

VEHICLE AND FUEL BENEFITS IN KIND

The taxable benefit in kind is calculated as a percentage of the car's UK list price. The percentage depends on the car's CO₂ emissions in grams per kilometre (g/km). Diesel cars which are certified to RDE2 standard are treated as petrol-fuelled.

| CO ₂ Emissions (g/km) | Petrol | Diesel |
|----------------------------------|------------------------|--------|
| 0 – 50 | 16% | 20% |
| 50 – 75 | 19% | 23% |
| 75 – 94 | 22% | 26% |
| Over 94 | Add 1% for every 5g/km | |
| Over 165 (petrol), 145 (diesel) | 37% | |

The list price is on the day before first registration, including most accessories, and is reduced by any employee's capital contribution (max £5,000) when the car is first made available.

Where the cost of all fuel for private use is borne by the employee, the fuel benefit is nil. Otherwise, the fuel benefit is calculated by applying the car benefit percentage (above) to £24,100 (£23,400 in 2018/19).

Vans where private use is more than home-to-work travel: £3,430 (£3,350 in 2018/19) benefit and £655 (£633 in 2018/19) for private fuel. Payments by employees for private use may reduce these benefits in kind. Zero-emission vans have a benefit of £2,058 (£1,340 in 2018/19).

TAX-FREE MILEAGE ALLOWANCES

| Cars and vans | First 10,000 business miles | 45p |
|--------------------|-----------------------------|-----|
| | Thereafter | 25p |
| Motorcycles | 24p | |
| Bicycles | 20p | |
| Business passenger | 5p | |

The tax-free business mileage allowance rates apply for qualifying business journeys incurred by employees using their own vehicles. For national insurance purposes, a rate of 45p may apply for all business miles incurred for cars and vans.

CAPITAL GAINS TAX

| | 2019/20 | 2018/19 | |
|--|-----------------------------|---------|---------|
| Main rates | Individual basic rate | 10% | 10% |
| | Individual above basic rate | 20% | 20% |
| | Trusts and estates | 20% | 20% |
| Surcharge – for gains on residential property not eligible for private residence relief and carried interest | 8% | 8% | |
| Annual exemption | Individuals | £12,000 | £11,700 |
| | Trusts | £6,000 | £5,850 |
| Entrepreneurs' relief | Applicable rate | 10% | 10% |
| | Lifetime limit | £10m | £10m |
| Investors' relief | Applicable rate | 10% | 10% |
| | Lifetime limit | £10m | £10m |

INHERITANCE TAX

| | 2019/20 | 2018/19 |
|---|----------|----------|
| Nil-rate band threshold* | £325,000 | £325,000 |
| Main residence nil-rate band** | £150,000 | £125,000 |
| Combined threshold limit for married couples and civil partners, including main residence nil-rate band | £950,000 | £900,000 |
| Relief for businesses, unlisted/AIM companies, certain farmland/farm buildings | 100% | 100% |

* Up to 100% of any unused part of a deceased person's nil-rate band can be claimed by the surviving spouse/civil partner on their death. This also applies to the main residence nil-rate band, albeit the main residence nil-rate is subject to the taper withdrawal below.

** For estates in excess of £2m, a 50% taper withdrawal applies to the excess.

Tax rates

| | 2019/20 | 2018/19 |
|--|---------|---------|
| Main rate | 40% | 40% |
| Chargeable on lifetime transfers | 20% | 20% |
| Transfers on or within seven years of death* | 40% | 40% |
| Reduced rate** | 36% | 36% |

* All lifetime transfers not covered by exemptions and made within seven years of death will be added back into the estate for the purposes of calculating the tax payable. This may then be reduced as shown in the table below.

** Applies if 10% or more of net chargeable estate is left to a UK-registered charity.

| Years before death | 0 – 3 | 3 – 4 | 4 – 5 | 5 – 6 | 6 – 7 |
|--------------------|-------|-------|-------|-------|-------|
| Tax reduced by | 0% | 20% | 40% | 60% | 80% |

UK COMPANY TAXATION

| Financial year from 1 April | 2019 | 2018 |
|-----------------------------|-------|-------|
| Corporation tax main rate | 19% | 19% |
| Loans to participators | 32.5% | 32.5% |
| Diverted profits tax | 25% | 25% |

MAIN CAPITAL ALLOWANCES

Initial allowances

| | |
|--|------|
| Annual investment allowance: on first £1m (excludes cars)* | 100% |
| First-year allowance: for certain environmentally-beneficial equipment, new and unused electric and low CO ₂ emission cars (up to 50g/km) | 100% |

* Applies from 1 January 2019 to 31 December 2020. Transitional rules may apply for chargeable periods spanning these dates.

Writing-down allowances

| | | |
|---|------------------|-----|
| Plant and machinery main-rate expenditure | 18% | |
| Plant and machinery special-rate expenditure | 6% | |
| Cars | 51g/km – 110g/km | 18% |
| | Over 110g/km | 6% |
| Structures and buildings allowance – straight-line relief | 2% | |
| Electrical charge point, energy and water-efficient equipment and electric vans | 100% | |

VAT

| From 1 April | 2019 | 2018 |
|-----------------------------------|------|------|
| Standard rate | 20% | 20% |
| VAT fraction | 1/6 | 1/6 |
| Reduced rate, eg on domestic fuel | 5% | 5% |
| VAT fraction | 1/21 | 1/21 |
| Zero rate | 0% | 0% |
| Exempt | N/A | N/A |

Taxable turnover limits

| From 1 April | 2019 | 2018 |
|--|----------|----------|
| Registration (last 12 months or next 30 days) over | £85,000 | £85,000 |
| Deregistration (next year) under | £83,000 | £83,000 |
| Annual and cash accounting schemes turnover limit | £1.35m | £1.35m |
| Flat-rate scheme turnover limit | £150,000 | £150,000 |