

Capital Gains Tax (CGT)

- The annual CGT exemption for 2020–21 is £12,300
- For individuals the flat rate of CGT that applies to gains in excess of the annual exemption is 10% (2020–21) up to the higher rate tax threshold
- Surcharge for residential property and carried interest of 8%
- Chargeable gains in excess of the higher rate threshold: 20% (2020–21)
- £6,150 CGT exemption for trusts, 20% rate applies thereafter
- From 11 March 2020 the Lifetime Allowance on gains eligible for Entrepreneurs' Relief was reduced from £10m to £1m

Tax-free savings for individuals

- Overall ISA limit £20,000
- Junior ISA allowance £9,000
- Lifetime ISA £4,000

Some tax relief options for individuals

Venture Capital Trusts (VCTs)

- Relief on investment in certain qualifying companies up to £200,000 per annum
- Income Tax relief at 30%, provided shares held at least five years
- Capital gains exemption on disposal (only if income tax relief received)
- Dividends received from VCTs may be exempt from Income Tax

Enterprise Investment Schemes (EIS)

- Relief on investments in certain unquoted trading companies up to £1m per annum (or £2m as long as at least £1m of this is invested in knowledge intensive companies)
- Income Tax relief at 30%

- Capital gains exemption on disposal
- Unlimited amounts of capital gains from the disposal of other assets may be able to be deferred by making an EIS investment

Corporation Tax

- The Corporation Tax for company profits is currently 19%

Inheritance Tax (IHT)

- The nil rate IHT band is £325,000, with 40% IHT payable above this threshold
- A lower rate of IHT (36%) applies if you leave 10% of your net assets to charity
- Residence nil rate band of £175,000 where a residence is passed on death to a direct descendant







The proportion of the threshold 'unused' on the first death of husband or wife (or civil partners) is effectively transferable to the surviving partner and serves to increase his or her threshold by a corresponding percentage.

Chargeable lifetime transfers and potentially exempt transfers attract taper relief, if made up to seven years before death on the amount of gift over the nil rate band.

Certain gifts are IHT-free however soon death occurs, including:

- Gifts between UK domiciled husband and wife or between civil partners
- Total gifts up to £3,000 in a year (can be carried forward one year)
- Small gifts to other recipients (up to £250 each in year)
- Gifts in consideration of marriage or civil partnership ranging from £5,000 from each parent of the couple, to £1,000 from anyone else.

Self Assessment dates

	31 Jan 2020	Deadline for filing 2018–19 returns, balancing payment due for 2018–19, first payment due for 2019–20
	31 Jul 2020	Second payment on account for 2019–20 due to HMRC
	05 Oct 2020	Deadline to notify chargeability and advise HMRC of need to register for Self Assessment
	31 Oct 2020	Deadline for submitting paper Self Assessment returns to HMRC
	30 Dec 2020	Deadline for filing online return with HMRC if tax is to be collected through PAYE
	31 Jan 2021	Deadline for filing 2019–20 returns, balancing payment due for 2019–20, first payment due for 2020–21

The information contained in this leaflet is based on our understanding of the Budget proposals, which are subject to change. No action should be taken without further advice being sought. We can accept no responsibility for any errors or omissions.

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FINANCIAL PLANNING



TAX GUIDE

2020–21

Taxation changes to note

- Annual Capital Gains Tax exemption increased to £12,300 from 2020–21
- ISA allowance to remain at £20,000 for 2020–21 tax year / JISA allowance increase to £9,000 for 2020–21 tax year
- The Lifetime Allowance for pensions will increase in line with the Consumer Prices Index, to £1,073,100 for 2020–21
- From 11 March 2020 the Lifetime Allowance on gains eligible for Entrepreneurs' Relief reduced from £10m to £1m
- The new single-tier State Pension will increase to £175.20 per week in April 2020, pensioners receiving the older basic State Pension will see it increase to £134.25 per week

Tax on residential property purchase

- First-time homebuyers (excl. Scotland)
0% on first £300,000 for properties up to £500,000
- Stamp Duty Land Tax (SDLT) in England and Northern Ireland, Land and Buildings Transaction Tax (LBTT) in Scotland; Land Transaction Tax (LTT) in Wales
- SDLT is payable on portions of the property price within each tax band above £125,000; LBTT similarly above £145,000

Property value (£) for SDLT	Tax rate	Property value (£) for LBTT
0-125,000	0%	0-145,000
125,001-250,000	2%	145,001–250,000
250,001-925,000	5%	250,001–325,000
925,001-1,500,000	10%	325,001–750,000
1,500,000+	12%	750,000+

Second or further residential properties over £40,000 – a supplement of 3% applicable on the whole purchase price.

Personal Allowances

	2020–21
Personal Allowance	£12,500
Personal Savings Allowance (basic rate taxpayer)	£1,000
Personal Savings Allowance (higher rate taxpayer)	£500
Dividend Allowance	£2,000

- The Personal Allowance for those with adjusted net income over £100,000 reduces by £1 for every £2 of income
- Interest on savings is tax-free to a threshold of £1,000 for basic rate taxpayers and £500 for those who pay higher rate tax
- Married Couple's Allowance is given at 10%, claimants must be born before 6 April 1935; tax relief applies to the first £9,075
- Spouses or civil partners are able to transfer £1,250 of their unused Personal Allowance to their partner; this is available provided neither partner pays tax at the higher rate and is not available if the couple are in receipt of Married Couple's Allowance

Income Tax rates

The following allowances and rates will apply in 2020–21 for the UK (excluding Scotland)

Rate of tax		2020–21
Starting rate (savings income only)	0%	£0–£5,000
Basic rate	20%	£0–37,500
Higher rate	40%	£37,500–£150,000
Additional rate	45%	£150,000+
Basic rate on dividends	7.5%	Over the £2,000 dividend allowance
Higher rate on dividends	32.5%	
Additional rate on dividends	38.1%	

- Income Tax is paid on the amount of taxable income remaining after allowances have been deducted

National Insurance rates

The following Class 1 rates will apply for employees (weekly figures):

2020–21 rates	Limit	Employee	Employer
Primary threshold	£183	12%	13.8%
Upper earnings limit	£962	2%	(above £169 pw)

Employment allowance of £4,000 is available to all businesses and charities to offset against their employer Class 1 NICs

No employer's contribution normally payable for under-21s.

Class 4 contributions for the self-employed (annual figures):

2020–21 rates	Limit	Rate payable to limit
Lower profits limit	£9,500	Nil
Upper profits limit	£50,000	9%
Rate above upper limit 2%		

Pension Allowances

- The Annual Allowance for 2020–21 is £40,000. Pension funding exceeding the allowance in a tax year can offset against any unused Annual Allowance from the previous 3 tax years
- Individuals with threshold income in excess of £200,000 and adjusted income of more than £240,000 in a tax year will be subject to a tapered Annual Allowance in that tax year. £1 of Annual Allowance is lost for every £2 of adjusted income over £240,000. The minimum taper allowance reduced from £10,000 to £4,000
- The standard Lifetime Allowance increased in April 2020 to £1,073,100

State Pension entitlement

- A flat rate, single tier State Pension of £175.20 per week is payable from 6 April 2020 (35 qualifying years of National Insurance contributions needed for full rate), available to those reaching State Pension age (SPA) on or after 6 April 2016
- For those who reached SPA before 6 April 2016, the basic State Pension of £134.25 applies (30 qualifying years needed for full rate), plus any additional state pension

Principal state benefits

Weekly benefits	2020–21
Statutory Sick Pay	£95.85
Statutory Maternity Pay - first 6 weeks	90% of weekly earning
- next 33 weeks	£151.20*
Ordinary Statutory Paternity Pay - 2 weeks	£151.20*
Additional Statutory Paternity Pay - variable period	£151.20*

* or 90% of earnings, if lower

Information is based on our current understanding of taxation legislation and regulations. Any levels and bases of, and reliefs from taxation, are subject to change.

Tax treatment is based on individual circumstances and may be subject to change in the future.