



# David Allen

Accountancy • Tax • Business Services

## Autumn Budget 2018

The Chancellor, Philip Hammond, delivered his third Budget on Monday 29 October, earlier in the year than expected and earlier in the week. This was the first time the Budget has been delivered on a Monday since 1962; seemingly he wanted to avoid delivering any horrors on Halloween.

The focus was a budget for hard-working families which was a phrase repeated throughout. The Chancellor was proud to announce that 3.3 million more people are in work since 2010 and wage growth is at the highest it has been in nearly a decade. Growth forecasts have also been revised upwards and in his words the 'era of austerity is finally coming to an end'.

There was much focus on funding for the NHS and mental health; schools are to receive direct bonuses for spending and the pressures faced by our police force were recognised. There will be continued investment in defence, in technologies and infrastructure, with particular funding for pot-holes on our roads.

With Brexit deals looming there was much speculation that little would be announced in this Autumn Budget. It did seem to take Mr Hammond a while to get to the real announcements, however once he announced the huge increase to the Annual Investment Allowance, the revelations just kept on coming with landlords again hit by further tax relief restrictions. As always the content of the speech is the tip of the iceberg with many more announcements being contained in the press releases that follow.

Our experts have dissected all of the information from the chancellor's announcements and created useful, jargon free summaries so you can understand how the Autumn Budget affects you and your business.



#AutumnBudget

## Business and Corporation Tax



No new changes to Corporation Tax rates with the rate still set to fall to 17% from April 2020.



From January 2019 to 31 December 2021 the Annual Investment Allowance for spending on qualifying plant and machinery is set to increase to £1 million from £200,000.



Businesses with a rateable value of £51,000 or less will qualify for a 1/3 reduction in their business rates for two years from April 2019 onwards.



A new 'structures and buildings allowance' of 2% will be available where contracts to build new non-residential structures are entered into on or after 29 October 2018.



A new 2% UK Digital Services Tax will be introduced in April 2020 to target 'tech giants' who generate revenues in excess of £500 million within the UK. The 2% tax will be charged on the revenues the company earns.



IR35 legislation will become applicable to private sector companies from April 2020 and will be targeted towards medium and large sized businesses.



From April 2019 the capital allowances 'special rate' for qualifying plant and machinery assets will reduce from 8% down to 6%.



From April 2020 Enhanced Capital Allowances (ECA) will be abolished for plant and machinery on the Energy and Water Technologies lists.



The fuel benefit charge and the van benefit charge will both increase by RPI from 6 April 2019.



A consultation is to be launched to review the criteria under which self-catering and holiday let properties become chargeable to business rates as opposed to Council Tax.

If you have any queries regarding your business, and how the changes announced in the budget may affect you, please contact one of our Tax Specialists on 01228 711888.



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## Capital Gains Tax



The CGT annual exempt amount will rise to £12,000 for the 2019/2020 tax year



From April 2020 letting relief will only be available to individuals who have shared occupancy with the tenant.



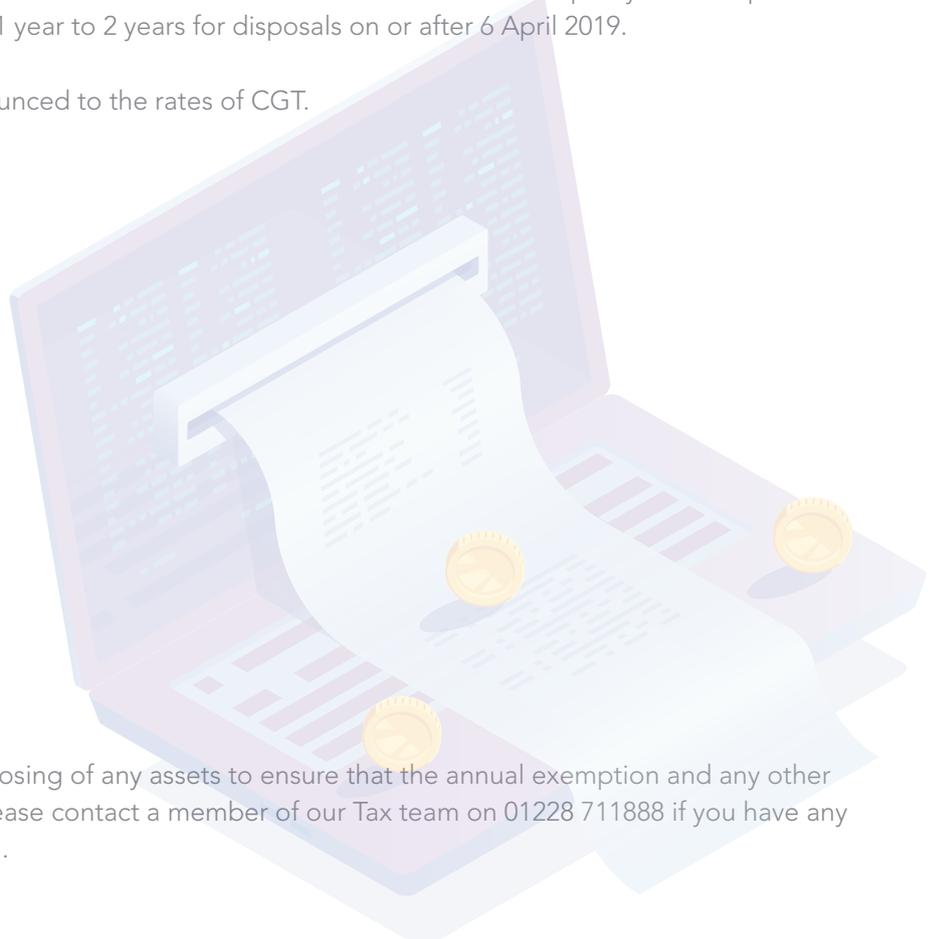
Also taking effect from April 2020, is a reduction to the final period exemption for principle private residence relief (PPR). This will be reduced from 18 months to 9 months, meaning you will only have 9 months to sell a property once you have moved out to benefit from a full PPR exemption.



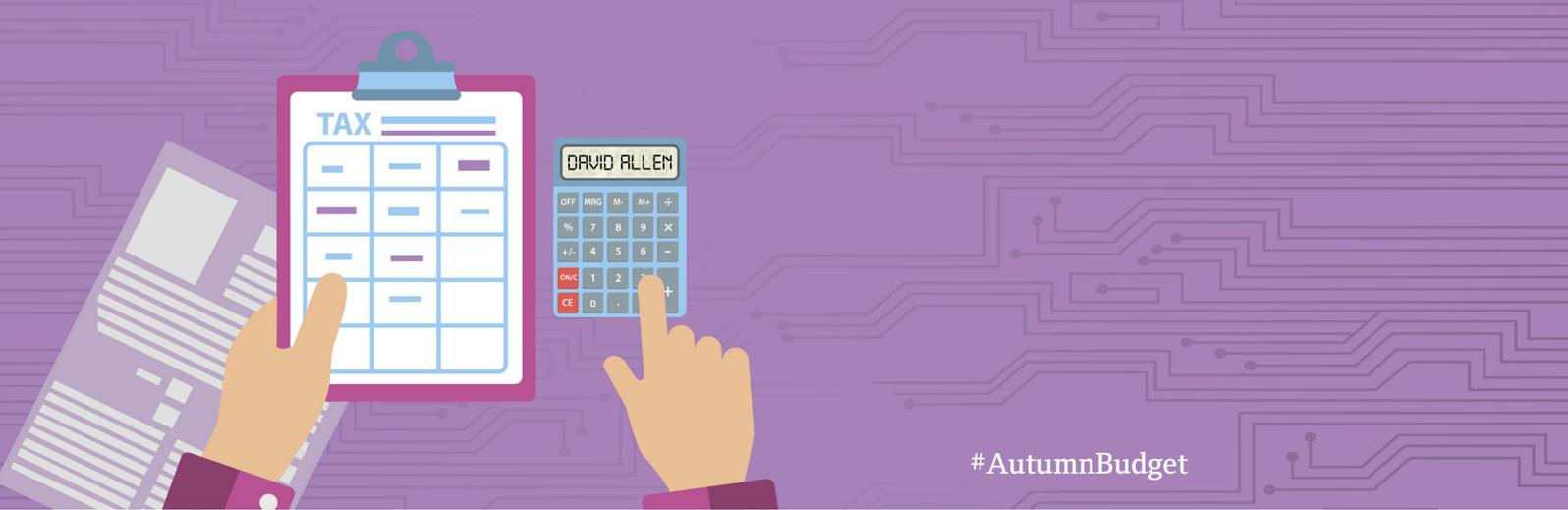
The qualifying period in which an individual must meet certain conditions to qualify for Entrepreneurs Relief will be increased from 1 year to 2 years for disposals on or after 6 April 2019.



There were no changes announced to the rates of CGT.



Planning should be undertaken before disposing of any assets to ensure that the annual exemption and any other available reliefs are taken advantage of. Please contact a member of our Tax team on 01228 711888 if you have any queries or are thinking of making a disposal.



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## Inheritance Tax (IHT)



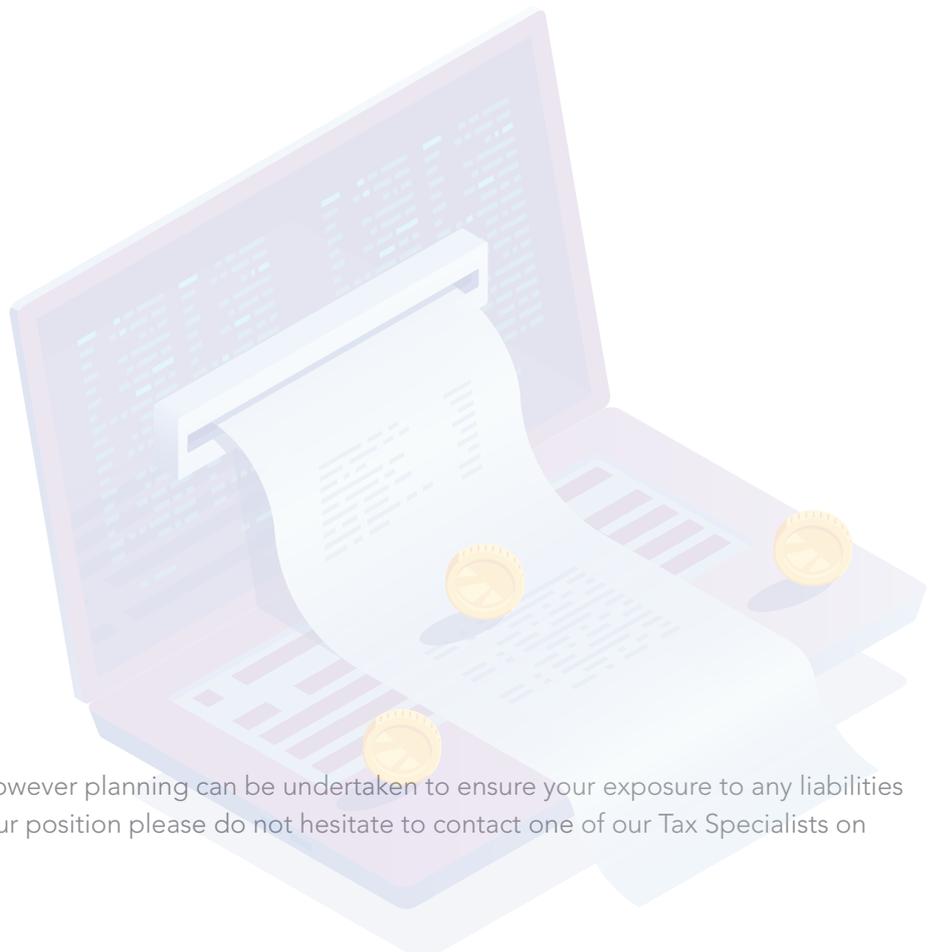
No restrictions or changes to the IHT reliefs available.



The residence nil-rate band will increase as planned from 6 April 2019 up to £150,000.



The nil-rate band has remained frozen at £325,000 - the same rate since 2009.



Inheritance Tax can be a complex matter, however planning can be undertaken to ensure your exposure to any liabilities is minimised. If you would like to review your position please do not hesitate to contact one of our Tax Specialists on 01228 711888.



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## National Insurance (NIC)



From April 2019 the National Living Wage rates are:

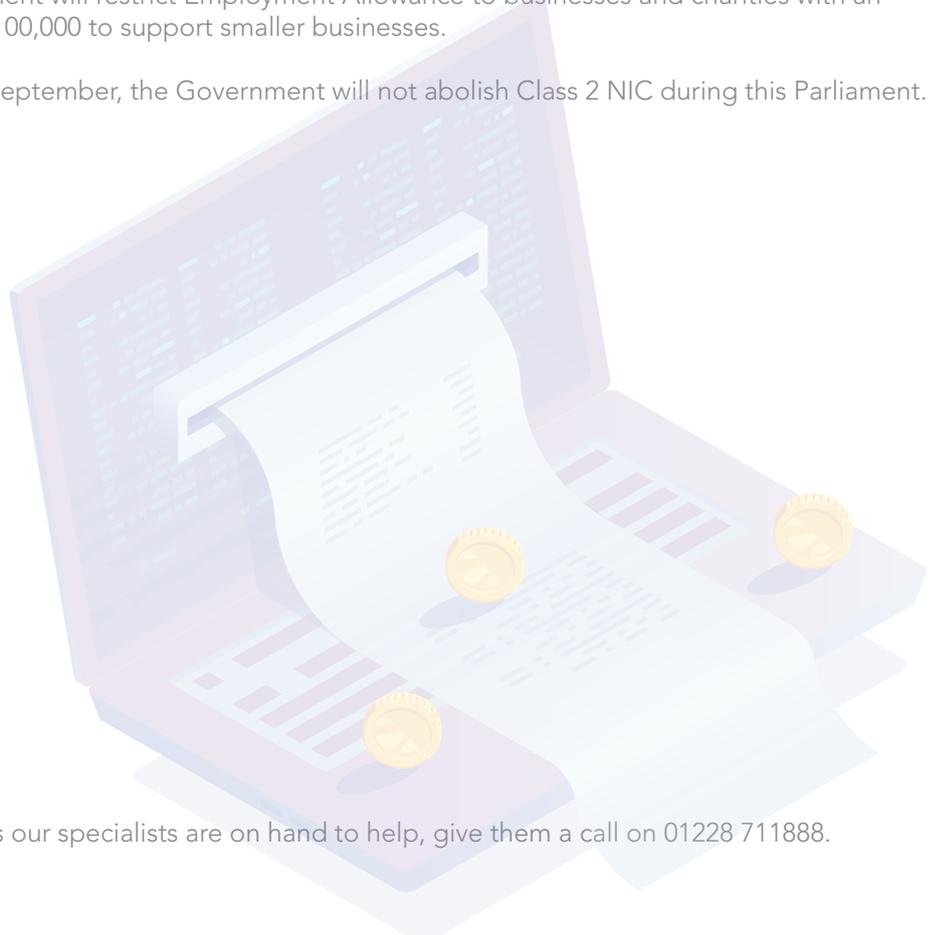
- employees aged 25 and over: £8.21
- employees aged between 21-24: £7.70
- employees aged between 18-20: £6.15
- employees aged between 16-17: £4.35
- apprentices up to age 19 or in their first year of apprenticeship: £3.90

For a full time worker aged 25 and over, the increase to £8.21 from April 2019 equates to being approximately £690.00 better off each year.



From April 2020 the Government will restrict Employment Allowance to businesses and charities with an employer NIC bill of under £100,000 to support smaller businesses.

As previously announced in September, the Government will not abolish Class 2 NIC during this Parliament.



If you have any questions on payroll matters our specialists are on hand to help, give them a call on 01228 711888.



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## Personal Income Tax



Personal allowance increases to £12,500 for the 2019/2020 tax year.



Higher rate threshold increases to £37,500 from April 2019.

Today's Budget saw no significant changes to any of the Income Tax rates and rules in place, but the Chancellor brought forward the Government's target of a £50,000 higher rate personal Income Tax threshold to 2019.



If you have any Income Tax queries, please contact one of our Tax Specialists on 01228 711888.



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## Savings and investments

-  The lifetime allowance for pension savings will continue to increase in line with the Consumer Price Index (CPI), rising to £1,055,000 for the 2019/2020 tax year.
-  The annual allowance for personal pension inputs will remain the same at £40,000 per annum. For pensions investors already in flexible access drawdown, the money purchase annual allowance remains at £4,000.
-  A small increase in the Junior Individual Savings Account (ISA) and Child Trust Fund limits to £4,368 for 2019/2020.
-  No change to the existing legislation on State Pensions. The triple lock kicks in, meaning a further increase in State Pension income for pensioners from April 2019.
-  No increase in the annual ISA allowance which is frozen at £20,000 for 2019/2020.
-  The band of savings income that is subject to the 0% starting rate will remain at its current level of £5,000 for 2019/2020.
-  The 2019/2020 ISA annual subscription limit will remain unchanged at £20,000.

David Allen Financial Services, as independent financial advisers, can help you make the most of your savings and investments and ensure your retirement planning makes the most of the tax advantages available. We can also help you plan for a home purchase or remortgage via our Mortgage and Protection Advice Team.

For an initial discussion to see how we can help, please contact one of our team on 01228 711 881.

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## Tax credits and benefits (Universal Credits)



It was announced that the work allowance for Universal Credit (UC) claimants will increase by £1,000 from April 2019.

Further support is to be offered for new claimants of UC:

- From July 2020 – the additional payments provided to Housing Benefit claimants to provide support for the first 2 weeks in UC will be extended to include claimants of the income-related element of Jobseeker's and Employment and Support Allowance and Income Support.
- From July 2019 – the 12-month grace period for self-employed people will be extended to all gainfully self-employed people, giving them time to grow their businesses to a successful level.
- From October 2019 – the maximum rate which deductions can be made from UC awards will reduce from 40% to 30% of the standard allowance.
- From October 2021 – the period over which advances can be recovered will increase from 12 to 16 months.

If you have any queries regarding your Tax Credit or Universal Credit claim please contact one of our Tax Specialists on 01228 711888.

## VAT and duties



Duty on beer, spirits and most ciders will be frozen.

Fuel duty will be frozen for a ninth successive year.

Stamp Duty Land Tax (SDLT) was abolished on the first £300,000 for first time house buyers purchasing properties worth up to £500,000 in the 2017 Autumn Budget. The Government have announced they will extend the first-time buyers relief in England and Northern Ireland so that all qualifying shared ownership property purchasers can benefit. The change will apply to relevant transactions with an effective date on or after 29 October 2018 and will also be backdated to 22 November 2017.



The VAT registration threshold will remain at £85,000 for two years with no annual increase until April 2022. The government will look again at the possibility of introducing a smoothing mechanism once the terms of the EU exit are clear.



Tobacco duty rates on all tobacco will continue to rise by 2% above Retail Price Index (RPI). This will come into effect from 6pm on 29 October 2018.



Duty on hand-rolling tobacco will increase by 3%. This will come into effect from 6pm on 29 October 2018.



Duty on most wine and higher strength sparkling cider will rise in line with RPI from 1 February 2019.



From 1 April 2019 Vehicle Excise Duty rates for cars, vans and motorcycles will increase in line with RPI. A consultation will be launched into charging an extra 1% Stamp Duty Land Tax on non-residents who buy residential property in England and Northern Ireland.

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## Our Summary 2019/2020

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