

2019/20 Tax Year beginning from April 2019 TAX CHANGES FOR BUSINESSES 2019/20

Here is a summary of some of the business and corporate tax changes that will come into effect from April 2019.

Business and corporate

Business rates

As announced in the Budget on 29th October 2018, there will be a business rates retail discount scheme for occupied retail properties with a rateable value of less than £51,000. The value of the discount will be one third of the bill. The new rules come into effect from 1st April 2019 and are planned to run throughout 2019/20 and 2020/21.

Capital allowances

● **Writing down allowances for special rate expenditure:** For chargeable periods beginning on or after 1st April 2019 (for corporation tax purposes) and 6th April 2019 (for income tax period), the reduced rate at which writing-down allowances are available in respect of special rate expenditure falls from 8% to 6%. For businesses with chargeable periods straddling 1st April through to 6th April 2019 a hybrid rate will apply.

● **First-year allowances for electric vehicle charge points extended:** The availability of 100% first-year allowances (FYAs) in respect of capital expenditure incurred on electric charge point equipment has been extended to 2023. (This allowance had previously been due to expire in March)

Charities: exemptions for profits of small-scale trades

Many charities carry on trades in addition to their primary function; where the trading activity exceeds certain limits, charities need to set up separate trading entities. The trading exemption limits have increased from April 2019.

Annual charity income	Maximum non-primary purpose trading
Under £32,000	£5,000
£20,000 - £200,000	25% of the charity's total annual turnover
Over £200,000	£50,000

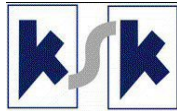
Corporation tax instalment payments for very large companies

Companies that are "large" that is with annual taxable profits in excess of £1.5m are required to pay their corporation tax in advance instalments.

For accounting periods that begin on or after 1 April 2019, very large companies, that is companies with taxable profits of more than £20 million, will be required to pay corporation tax instalments earlier than large companies.

The thresholds are divided by the total number of related 51% subsidiaries within a corporate structure. Instalments payments are only due where a company's corporation tax liability exceeds £10,000.

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The advanced instalment dates are:

1. Two months and 13 days from the first day of the accounting period;
2. Three months after the first instalment;
3. Three months after the second instalment; and
4. Three months after the third instalment.

Corporation tax relief for goodwill and certain other intangible fixed assets

a fixed rate writing down allowance for goodwill and other intangibles created or acquired by companies on or after 1st April 2019 where they are acquired alongside qualifying intellectual property (IP) assets.

The relief will be:

- Available where the asset is acquired as part of the acquisition of a business and 'qualifying IP assets' are also acquired.
- Capped at six times the expenditure incurred on qualifying IP assets.

Goodwill acquired prior to 1st April 2019 will continue to be subject to the tax treatment prevailing at the time it was acquired.

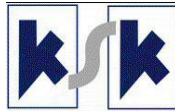
Non-UK resident companies: UK land gains

Since 6th April 2015, non-UK resident companies making a disposal of residential UK property have been subject to capital gains tax, subject to certain exemptions. From 6th April 2019, such gains will become subject to corporation tax instead of capital gains tax. In addition, some existing exemptions will be abolished.

From 6th April 2019, non-UK resident companies will also become subject to corporation tax on gains made on the disposal of non-residential UK property, and on the disposal of interests in certain companies (and similar entities) that derive at least 75% of their value from UK land. 'ATED-related capital gains tax' will be abolished from 6th April 2019.

Offshore receipts in respect of intangible property

New 'offshore receipts in respect of intangible property' rules will have effect from 6th April 2019. The measure provides for a 20% self-assessed UK income tax charge on the income realised by an entity resident in certain low-taxed jurisdictions, in respect of intangible property used to enable, facilitate or promote UK sales. Various detailed exemptions and de minimis thresholds apply. The scope of measure is expected to be clarified through the publication of draft guidance and secondary legislation in 2019.



Employment

Expenses: scale rates

From April 2019, employers will no longer have to check receipts when reimbursing employees for subsistence using benchmark scale rates (including overseas scale rates) – although you will still need to be able to prove that the employee’s claim to scale rates relates to qualifying business travel. Where bespoke scale rate payments or industry-wide rates are paid, it is still necessary to check receipts.

We offer a wide range of compliance and advisory services to individuals and businesses. If you do not already have a contact within KSK you can in the first instance, contact Paul Southward director of tax services. Initial consultations are without charge or obligation. You really do have nothing to lose and potentially lots to gain from contacting Paul or one of his colleagues.

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