

## 2019/20 Tax Year beginning 6th April 2019 TAX CHANGES 2019/20

Here is a summary of some of the changes to personal tax which come into effect from 6th April 2019.

These include: -

- Increase to the personal allowance
- Up goes the higher rate threshold
- Changes to residential inheritance tax
- Changes to UK capital gains tax for non-UK residents

### Personal allowance and higher rate threshold

The personal allowance increases on 6 April 2019 to £12,500 from £11,850. This will lead to a reduction in tax of £130 a year for most people. The threshold for paying the higher rate of income tax (which is 40%) will increase to £50,000 from £46,350.

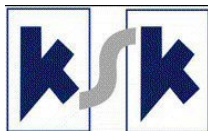
### Income tax rates

UK and Northern Ireland		
Rate	%	Range
Basic	20	£1 - £37,500
Higher	40	£37,501 – £150,000
Additional	45	Over £150,000

Scotland – Scottish rate of income tax (SRIT)		
Rate	%	Range
Starter	19	£1 - £2,049
Basic	20	£2,050 - £12,444
Intermediate	21	£12,445 – £30,930
Higher	41	£30,931 - £150,000
Top	46	Over £150,000

Wales		
Rate	%	Range
Basic	20	£1 - £37,500
Higher	40	£37,501 – £150,000
Additional	45	Over £150,000

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## Other allowances

Income tax allowances	2019/20	2018/19
Married/civil partners allowance *	£8,915	£8,695
Minimum married/civil partners allowance	£3,450	£3,360
Married/civil partners transferable allowance	£1,250	£1,190
Income limit for married/civil partners allowance	£29,600	£28,900
Blind persons allowance	£2,450	£2,390
<i>*Available to persons born before 6 April 1935. Relief limited to 10%. Reduced to minimum allowance by £1 for every £2 over income limit. Minimum allowance reduced by £1 for every £2 income over £100,000 after applying personal allowance reduction.</i>		

## Inheritance tax

	2019/20	2018/19
Nil-rate band	£325,000	£325,000
Residence nil-rate band	£150,000	£125,000
Rate of tax on excess	40%	40%
Chargeable lifetime transfers	20%	20%

## Disguised remuneration loan charge

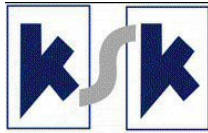
The deadline for settling loan charges with HMRC is 5 April 2019. In April 2019, all outstanding loans from disguised remuneration schemes will become subject to an income tax and national insurance contributions (NICs) charge under Income Tax (Earnings and Pensions) Act 2003 ITEPA 2003, Pt 7A. The loan charge is an anti-avoidance measure which targets the payment of remuneration in a form (in this case, as a loan) that avoids tax and NIC.

The new loan charge was introduced by Finance (No. 2) Act 2017 on all disguised remuneration loans. This includes: - loans made via company employee benefit trusts (EBTs) or EBT sub-trusts, or similar via employer-financed retirement benefits scheme (EFRBS) made on or after 6 April 1999 and still outstanding at 5 April 2019.

## Pensions, loans and savings

### Student loans

The Department for Education has confirmed that from 6 April 2019 the Plan 1 threshold increases to £18,935 from £18,330 and the Plan 2 threshold to £25,725 from £25,000 but the rate of deduction for both remains 9%.



## Individual savings accounts (ISAs)

From 1 April there will be a small adjustment to the annual Child Trust Fund and Junior ISA savings limit with a £108 rise from £4,260 to £4,368 from 6 April 2019, equivalent to 2.5%. The interest and gains received on money saved in a CTF and Junior ISA is tax free as per standard ISA rules.

It is estimated that nearly 1 million Junior ISAs were paid into during 2017-18 tax year.

<b>Limits</b>	<b>2019/20</b>	<b>2018/19</b>
Annual limit	£20,000	£20,000
Junior ISA annual limit	£4,368	£4,260
Lifetime ISA annual limit	£4,000	£4,000
Help to Buy ISA monthly limit	£200	£200

The Help to Buy ISA is only available to 30 November 2019.

## Personal pensions

The tax-free amount you can pay into a personal pension remains at £40,000 per tax year. The lifetime allowance for pension savings increases from 6 April 2019 to £1,055,000 (from £1,030,000)

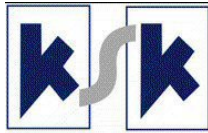
## Workplace pensions

The minimum amount you need to pay into your employee's auto-enrolment workplace pension increases from 6 April 2019. This means the total amount of employer and employee contributions must be a minimum of 8% of your employee's qualifying earnings.

<b>Date effective</b>	<b>Total minimum contribution</b>	<b>Employer minimum contribution</b>	<b>Staff contribute the remainder</b>
Current	5%	2%	Up to 3%
6 April 2019	8%	3%	Up to 5%

## Capital gains tax

The capital gains tax (CGT) annual exempt amount for individuals increases to £12,000 from £11,700.



## **Non-UK resident CGT**

Non-UK residents will be pulled into the capital gains tax CGT regime for the first time on 6 April if they dispose of UK land and property.

Currently, non-UK residents are only taxed on disposals of residential property, but from 6 April 2019, all UK land (including commercial property) will come within the scope of UK taxation.

In addition, non-UK residents will also be subject to UK tax on the disposal of assets that derive at least 75% of its value from UK land, so called 'property-rich' companies.

With the new CGT regime, a new compliance system is being introduced, which non-UK residents will have to follow in reporting disposals of UK land and paying the associated tax.

Non-UK residents disposing of UK land (or assets that derive at least 75% of its value from UK land) must file a return within 30 days following the completion of the disposal, and a payment on account must be made at the same time.

The amount of tax to be paid is calculated under the normal rules, including using any allowable losses at the date of disposal.

## **Property tax**

### **Interest relief for buy to let finances**

Since April 2017, the government has phased in the restriction of relief for buy to let landlords. The restriction will be fully in place from 6 April 2020, and effectively restricts the relief to the basic rate of tax only.

All finance costs associated with buy to let residential properties will be restricted including interest on mortgages and loans and associated finance charges.

<b>Tax Year</b>	<b>%'age of finance cost deductible from rental income</b>	<b>%'age of finance costs given as a basic rate reduction</b>
2019/20	25%	75%
2020/21	0%	100%



## Stamp Duty Land Tax (SDLT) – UK and Northern Ireland

Residential			Non - residential	
Band	Rate	Higher rate *	Band	Rate
£0 -£125,000	0%	3%	£0 - £150,000	0%
£125,001 - £250,000	2%	5%	£150,001 - £250,000	2%
£250,000 - £925,000	5%	8%	Over £250,000	5%
£925,001 - £1.5m	10%	13%		
Over £1.5m	12%	15%		

*\*From 1 April 2016 (for contracts exchanged after 25 November 2015) a higher rate applies broadly to purchases of additional residential property by individuals, and to purchases of residential property by companies and trusts other than bare trusts and interest in possession trusts. It does not apply to purchases of property under £40,000 or to purchases of caravans, mobile homes and houseboats. If there is a period of overlap in ownership of a main residence, a refund of the higher rate can be obtained if the previous main residence is sold within 36 months following the purchase of the new. Relief is available in certain circumstances when someone gets divorced, exchanges a property with a spouse, adds to an existing interest in their main residence or is a child whose affairs are subject to the Court of Protection.*

### SDLT: - first-time buyers

With effect from 22 November 2017, residential property purchases by first-time buyers attract a nil rate of SDLT for purchase consideration up to £300,000. Purchase consideration over £300,000 up to and including £500,000 attracts 5% SDLT. Where the purchase consideration is in excess of £500,000, no relief is due and standard rates above apply.

*[Rates apply to the amount of net property value in the slice and not the whole value]*

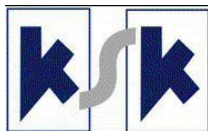
### Scotland – Land and Building Transaction Tax (LBTT)

LBTT rates and bands for residential and non-residential property transactions

Residential transactions		Non-residential transactions	
Purchase price	LBTT rate	Purchase price	LBTT rate
Up to £145,000	0%	Up to £150,000	0%
£145,001 - £250,000	2%	£150,000 - £250,000	1%
£250,001 - £325,000	5%	Over £250,000	5%
£325,001 - £750,000	10%		
Over £750,000	12%		

Non-residential lease	
Net present value of rent payable	LBTT rate
Up to £150,000	0%
Over £150,000	1%

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## Wales – Land Transaction Tax (LTT)

[From 6th April 2018]

Price threshold	LTT rate
£0 - £180,000	0%
£180,001 - £250,000	3.5%
£250,001 - £400,000	5%
£400,001 - £750,000	7.5%
£750,001 - £1.5m	10%
Over £1.5m	12%

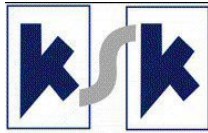
## Cars

### Company cars

From 6 April 2019, benefit in kind (BiK) tax rates are increasing for company cars. The percentage applied to the list price of the car will increase based on the CO2 emissions published by the Vehicle Certification Agency.

2019/20		
Co2 emissions	% 'age of list price	
g/km	Petrol	Diesel
0 – 50	16	20
51 – 75	19	23
76 – 94	22	26
95 – 99	23	27
100 – 104	24	28
105 – 109	25	29
110 – 114	26	30
115 – 119	27	31
120 – 124	23	32
125 – 129	29	33
130 – 134	30	34
135 – 139	31	35
140 – 144	32	36
145 – 149	33	37
150 – 154	34	37
155 – 159	35	37
160 – 164	36	37
165 or more	37	37

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## Tax-free mileage allowances

Vehicle	First 10,000 miles	Over 10,000 miles
Car / Van	45p	25p
Motorcycle	24p	24p
Bicycle	20p	20p

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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