

Contacts



David Parsons

Partner, Tax

+44 (0) 1624 681000

davidparsons@kpmg.co.im



Robert Rotherham

Director, Tax

+44 (0) 1624 681000

rrotherham@kpmg.co.im

kpmg.co.im/tax



Businesses



- From April 2021 large businesses will have to notify HMRC of tax treatments relying on an uncertain legal interpretation which HMRC is likely to challenge;
- Confirmation that the two percent Digital Services Tax will be introduced from April 2020;
- Rate of the Research and Development Expenditure Credit (RDEC) will increase to 13 percent from April 2020;
- Annual rate of relief for Structures and Buildings Allowance will increase to three percent from April 2020;
- Tax relief will be available for acquisitions from July 2020 of pre-April 2002 intellectual property from overseas companies;
- Plastics Packaging Tax of £200 per tonne to apply from April 2022; and
- Temporary measures will be introduced from April 2020 to extend business rates relief, primarily applying to smaller businesses.

Employers



- Employment Allowance for NICs increased to £4,000;
- 2024 target for the National Living Wage set at two thirds of median earnings, equivalent to a rate today of £10.50 per hour;
- Small and Medium Enterprises (SMEs) will be able to reclaim 100 percent of Statutory Sick Pay paid for 14 days per employee from the Government due to the coronavirus crisis;
- Expansion of the availability of the “Time to Pay” tax deferral arrangements for businesses impacted by the coronavirus crisis; and
- Measures to prevent non compliant businesses from using the Construction Industry Scheme to claim refunds.

Individuals



- Entrepreneurs Relief lifetime allowance reduced to £1million from £10 million immediately;
- Despite speculation, no other major changes to Inheritance Tax or Capital Gains Tax were announced;
- The taper threshold for pensions tax relief raised by £90,000 - this should now only impact individuals earning in excess of £200,000 per annum;
- Stamp Duty Land Tax (SDLT) surcharge of two percent introduced for non residents buying UK residential property;
- National Insurance threshold for employees and the self employed increased to £9,500;
- Freeze on fuel and alcohol duties; and
- Reduction of Value-Added Tax (VAT) rate to zero percent on digital publications and female sanitary products.

Key Rates

- Corporation Tax Rate maintained at 19 percent from April 2020
- Employer and Employee NIC rates unchanged
- Income Tax, Dividend Tax, Capital Gains Tax rates unchanged
- Personal Allowance £12,500, 40 percent tax threshold £50,000
- National Living Wage increases to £8.72 from April 2020
- No change in VAT rates or thresholds
- Pension Lifetime Allowance increases to £1.073 million. Annual Allowance remains at £40,000