

BUDGET 2020

The Budget has finally been announced and...there aren't too many surprises or changes, but we've highlighted the points we think are most important to small businesses:



Wages

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The National Insurance Contribution thresholds will increase from £8,632 to £9,500 for employees, saving a typical employee around £104 a year, and from £8,632 to £8,788 for employers – saving a typical business £21.53 per employee, from April 2020.

Even better, the Employment Allowance for Employers' NI for non-"director-only" companies and businesses, will increase from £3,000 to £4,000 from 6 April 2020

However, the National Living Wage will increase from £8.21 to £8.72 from 6 April – an average increased cost for businesses of £20.40 per week for qualifying employees on 40 hours a week.

Working from home (Home as Office) allowance for employees increases from £4 per week to £6 per week, where they work at home under homeworking arrangements – potentially applying to those under Coronavirus self-quarantine...

One of the bigger announcements, with immediate effect for Capital Gains Tax: A 90% reduction in the Entrepreneurs' Relief lifetime limit. From 11 March 2020, the lifetime limit on gains eligible for Entrepreneurs' Relief (which offers a reduced 10% rate of Capital Gains Tax on qualifying disposals of business assets) will be reduced from £10 million to £1 million, for disposals after this date.

For innovative companies working with grant organisations, the small increase to the RDEC R&D relief rate (for large companies and those receiving grants) from 12% to 13% will be welcomed.

Retail, hospitality businesses, leisure and music venues will be happy to note that business rates for such businesses should be 100% relieved in 2020-21 under a rates holiday, a great ease off the minds of smaller retailers. See our Covid-19 blog for details on small grants and other funding measures.

On the point of Coronavirus and knock on effects, HMRC HMRC has announced a mixture of measures to help business cashflows. "Time to pay" arrangements for particularly hard-hit businesses can be arranged for PAYE and Corporation Tax. Other measures apply to VAT and personal tax for the self-employed, for which we recommend you see our dedicated Coronavirus blog for more details.

Taxes



02

Company Vehicles

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From 6 April 2020, fuel benefit charges and the van benefit charge will increase in line with inflation. Additionally, for those thinking of buying a high-end electric vehicle for the company, there is now an exemption of zero-emission cars from the Vehicle Excise Duty (VED) 'expensive car supplement' (for cars over £40,000), which may tempt Tesla-philes.

If you're not already aware, zero-emissions cars or hybrids with emissions up to 50g/km with an electric range of 130 miles will have a car benefit rate of 0% in 2020/21- so if you're looking into a new company vehicle, a fully electric car may be something to consider. Rates may increase but likely still remain far better than the normal fuel-car levels. Please call us if you would like more details.

If you're planning for the future, zero-emissions company vans registered from April 2021 should be subject to 0% annual benefit charge.

VAT on Imports

VAT on imports will be payable via the VAT return, rather than on import, as a useful cashflow benefit for goods importers, for imports from 1 January 2021.



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Tax Exempt Benefits

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With a final focus point on the stresses of work and value of mindfulness, the government has now included Tax Free counselling services to employees as a new exempt benefit, so companies can support their employees further and ultimately benefit themselves from a happier, healthier workforce.

In a major U-turn, changes to the IR35 rules for the private sector have been delayed from 6 April 2020 to 6 April 2021. Unfortunate timing for those who've already been affected by blanket bans on contractors (imposed by some of the big corporates), but a welcome postponement nevertheless.

IR35



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