



## AUTUMN BUDGET 2018 – Key Points

### Effective before April 2019

- CGT and changes to Entrepreneurs Relief - from 29 October 2018 to qualify you must have a 5% interest in the distributable profits and net assets of the company: and [from 6 April 2019] the minimum ownership period is being increased to two years.
- From 1 January 2019 the annual investment allowance (for purchase of capital items) is increased to £1 million (up from £200,000) until 31 December 2020.
- VAT for contractors: This change, to extend the reverse charge process to the building and construction industry is due to come into effect from 1 October 2019. This will place the onus for dealing with the VAT charge due on subcontractors' bills to the main contractor. HMRC's aim is to stop subcontractors adding VAT to their bills and then disappearing without remitting the VAT to HMRC.

### From April 2019

- Personal Allowance increased to £12,500 (for two years); basic rate band increased to £37,500; higher rate band 37,501 – 150,000, additional rate applies over £150,000.
- No change to the tax rates on dividend income.
- No change to corporation tax rates, which stay at 19%.
- Company loss relief loop-holes to be closed: - various changes will be made to definitions of relevant profits, deductions of allowances in group situations, calculation of terminal relief and profit caps, to prevent excess loss relief being given on losses carried forward.
- No change to the VAT registration (£85,000) and deregistration (£83,000) limits, which will continue to apply until March 2022.
- Car & fuel benefit charges will increase in line with the RPI.
- Small retailers with rateable values below £51,000 will benefit from a one-third cut in their business rates bill for two years.
- First year allowances for electric charge points will be extended until 2022-23.
- Writing down allowances (special rate) are being reduced from 8% to 6%.

### From April 2020

- For employers to qualify for the £3,000 NIC employment allowance, their employer NIC liabilities must have been less than £100,000 in the previous tax year.
- Repayments for R&D tax credit claims will be restricted to three times the company's total PAYE & NIC payments for the period. Unused losses can be carried forward.
- Changes to the IR35 regulations and off-payroll working rules will be rolled out across the private sector for medium and large organisations; small firms remain exempt (for the time being).
- Payments due to HMRC for PAYE & NIC for employees in a winding up situation of an employer, will be treated as a preferential creditor.