

Autumn Budget

29 October 2018



Individuals

- From 6 April 2019, the personal allowance will increase to £12,500 (currently £11,850). The allowance will remain the same for 2020/21 after which it will increase annually by CPI.
- From 6 April 2019, the higher rate threshold will increase to £50,000. The threshold will remain the same for 2020/21 after which it will increase annually by CPI.
- From 6 April 2019, the capital gains tax annual exempt amount will increase to £12,000 (currently £11,700).
- Qualifying conditions for Entrepreneurs' Relief need to be met for 24 months rather than 12 months from 6 April 2019. For disposals from 29 October 2018 shareholders must be entitled to at least 5% of the distributable profits and assets on a winding up of a company as well as 5% of the ordinary share capital and votes.
- The lifetime allowance for pension savings will increase in line with CPI for 2019/20 to £1,055,000.
- The ISA annual subscription limit for 2019/20 will remain at £20,000. The annual subscription limited for Junior ISAs for 2019/20 will be increased in line with CPI to £4,368.
- Child Trust Funds – Government will publish a consultation in 2019 on draft regulations for maturing Child Trust Fund accounts. The annual subscription for Child Trust Funds for 2019/20 will be increased in line with CPI to £4,368.



Property

- Businesses owning retail properties with a rateable value below £51,000 will have rates bills cut by a third for 2 years from April 2019.
- The government has confirmed plans to extend the scope of capital gains tax and corporation tax from April 2019 so that gains made on direct and indirect disposals of UK property, both residential and commercial, are within the scope of non-resident capital gains tax.
- SDLT first time buyer's relief will be extended to shared ownership purchases without a market value election from 29 October 2018, and also backdated to cover transactions since 22 November 2017.
- Private Residence Relief has been amended to restrict lettings relief so that it only applies where the owner of the property is in shared occupancy with the tenant, and the final period exemption will also be reduced from 18 months to 9 months.





Businesses

- Between January 2019 and 31 December 2020, the Annual Investment Allowance will be increased from £200,000 to £1m for qualifying investment in plant & machinery.
- From April 2020, IR35 is to be reformed in the private sector in line with recent changes for the public sector. Small organisations will be exempt from the changes, with implementation support provided to medium and large organisations.
- New non-residential structures and buildings will be eligible for a 2% capital allowance where all the contracts for the physical construction works are entered into on or after 29 October 2018.
- Capital allowances special rate reduced from 8% to 6% from April 2019.
- A digital services tax will be implemented from April 2020 as a 2% tax on the revenues of certain digital business to ensure that the amount of tax paid in the UK is reflective of the value derived from UK users. This will potentially be replaced by any G20 or OECD global tax reform on digital services in due course.
- Treatment of corporate capital losses will be brought in line with treatment of income losses. From April 2020, the amount of capital gains that can be relieved by brought-forward capital losses will be restricted to 50%, subject to an unrestricted use of £5 million of capital or income losses each year.
- The Government plans to introduce a targeted relief for the cost of goodwill in the acquisition of businesses with qualifying eligible intellectual property from April 2019. With effect from 7 November 2018, de-grouping charges which apply when a group sells a company that owns intangibles acquired from another group member will be reformed so that they more closely align with equivalent rules for capital gains.
- The Government will introduce new rules for the taxation of hybrid capital instruments to be more in line with the economic substance of the instruments.
- As announced at Autumn Budget 2017, the government is introducing legislation in Finance Bill 2018-19 to tax income from intangible property held in low-tax jurisdictions to the extent that it is referable to UK sales. This measure will come into effect from April 2019.
- From 1 April 2020, the repayable R&D credit will be limited in a qualifying loss-making company to 3 times the company's total PAYE and NICs liability for that year.
- Company cars – from 6 April 2019 – fuel benefit charges will increase in line with RPI and van benefit charge in line with CPI.

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