



Foresight
group

THE FORESIGHT GUIDE:
TAX

2019/20

Individual Savings Accounts

	2019/20	2018/19
Subscription Limit	£20,000*	£20,000*

*Of which £4,000 can be invested into a Lifetime ISA. You must be over 18 and under 40 to open a Lifetime ISA. The Government will add a 25% bonus to savings. Conditions apply to withdrawals and could result in a 25% penalty.

Tax Relief for Individuals 2019/20 and 2018/19

Enterprise Investment Scheme (EIS)

Relief on investments in certain unquoted trading companies up to £1m p.a.:
Additional £1m for investment into 'knowledge-intensive companies'*.

- Income tax relief at 30%
- Capital gains tax exemption on disposal
- Capital gains tax deferral
- IHT relief after 2 years through BPR
- Loss relief

Venture Capital Trusts (VCT)

Relief on investments in certain qualifying companies up to £200,000 p.a.:

- Income tax relief at 30%
- Capital gains tax exemption on disposal
- Dividends received from VCTs are exempt from income tax

Seed Enterprise Investment Scheme (SEIS)

Relief on investments in certain unquoted trading companies up to £100,000 p.a.:

- Income tax relief at 50%
- Capital gains tax exemption on disposal
- Capital gains from the disposal of other assets may be exempt up to £50,000 p.a. by making a SEIS investment

*Additional £1 million for knowledge intensive companies from 6 April 2018.

Corporation Tax

From 1/4/2020	Year to 31/3/2020	Year to 31/3/2019
MAIN RATE %	MAIN RATE %	MAIN RATE %
17	19	19

Different rates may apply for ring fence companies, unit trusts and open ended investment companies.

Capital Allowances

Plant and Machinery - Annual Investment Allowance (AIA)

The AIA gives a 100% write-off on most types of plant and machinery costs, including integral features and long life assets but not cars, of up to £200,000 p.a. It is available to any 'qualifying person'.

Between the 1 January and 31 December 2019, the AIA has been increased from £200,000 to £1 million for expenditure.

Any costs over the AIA fall into the normal capital allowance pools below. The AIA may need to be shared between certain businesses under common ownership.

Other Plant and Machinery Allowances

The rate applied to expenditure incurred on integral features and on long life assets is 6%. A 100% first year allowance may be available on certain energy efficient plant and cars.

Cars

For expenditure incurred on cars, costs are generally allocated to one of the two plant and machinery pools. Cars with CO² emissions not exceeding 130g/km receive an 18% writing down allowance p.a. Cars with CO² emissions over 130g/km receive an 8% writing down allowance p.a. The emissions figure is reduced to 110g/km for expenditure incurred on or after 1 April 2018.

Pension Allowances

TAX YEAR	ANNUAL ALLOWANCES £	STANDARD LIFETIME ALLOWANCE £
2019/20	40,000*	1,055,000
2018/19	40,000*	1,030,000
2017/18	40,000*	1,000,000
2016/17	40,000*	1,000,000
2015/16	40,000	1,250,000
2014/15	40,000	1,250,000
2013/14	50,000	1,500,000
2012/13	50,000	1,500,000
2011/12	50,000	1,800,000

*If you earn over £150,000 your limit begins to taper by £1 for every £2 earned until it reduces to £10,000 at £210,000.

Pensions Contributions

2019/20 AND 2018/19

Tax relief available for personal contributions: higher of £3,600 (gross) or 100% of relevant earnings (max. £40,000). Any contributions in excess of £40,000, whether personal or by the employer, may be subject to income tax on the individual. The £40,000 limit may be reduced where both 'threshold income' exceeds £110,000 and 'adjusted income' exceeds £150,000.

The limit may be reduced to £10,000 once money purchase pensions are accessed. Where the limit is not fully used it may be possible to carry the unused amount forward for three years.

Employers will obtain tax relief on employer contributions if they are 'wholly and exclusively' for the purposes of the employer's trade.

Value Added Tax

	2019/20	2018/19
Standard Rate	20%	20%
Reduced Rate	5%	5%
Annual Registration Limit	£85,000	£85,000
Annual Deregistration Limit	£83,000	£83,000

Stamp Duty & Stamp Duty Land Tax

Land and buildings in England and N. Ireland

RATE* %	RESIDENTIAL* £	NON-RESIDENTIAL £	RATE %
0	0 - 125,000	0 - 150,000	0
2	125,001 - 250,000	150,001 - 250,000	2
5	250,001 - 925,000	Over 250,000	5
10	925,001 - 1,500,000		
12	Over 1,500,000		

*Rates may be increased by 3% where further residential properties costing £40,000 or over are already owned.

SDLT is charged at 15% on interests in residential dwellings costing more than £500,000 purchased by certain non-natural persons.

First time buyers

From 22 November 2017 first time buyers may be entitled to exemption from SDLT for residential purchases up to £300,000 and for the first £300,000 of residential purchases up to £500,000.

Land and Buildings Transaction Tax

Land and buildings in Scotland

RATE* %	RESIDENTIAL* £	NON-RESIDENTIAL £	RATE %
0	0 - 145,000	0 - 150,000	0
2	145,001 - 250,000	150,001 - 350,000	3
5	250,001 - 325,000	Over 350,000	4.5
10	325,001 - 750,000		
12	Over 750,000		

*Rates may be increased by 3% where further residential properties costing £40,000 or over are already owned.

SDLT is charged at 15% on interests in residential dwellings costing more than £500,000 purchased by certain non-natural persons.

First time buyers

From 22 November 2017 first time buyers may be entitled to exemption from SDLT for residential purchases up to £300,000 and for the first £300,000 of residential purchases up to £500,000.

Land Transaction Tax (effective 1 April 2018)

Land and buildings in Wales

RATE* %	RESIDENTIAL* £	NON-RESIDENTIAL £	RATE %
0	0 - 180,000	0 - 150,000	0
3.5	180,001 - 250,000	150,001 - 250,000	1
5	250,001 - 400,000	250,001 - 1,000,000	5
7.5	400,001 - 750,000	over 1,000,000	6
10	750,001 - 1,500,000		
12	over 1,500,000		

The rates apply to the portion of the total value which falls within each band.

*Rates may be increased by 3% where further residential properties costing £40,000 or over are already owned.

Income Tax Allowances

	2019/20	2018/19
Personal allowance	£12,500*	£11,850*
(Reduce personal allowance by £1 for every £2 of adjusted net income over £100,000)		
*£1,250 may be transferable between certain spouses where neither pay tax above the basic rate.		
Personal savings allowance (basic rate taxpayers)	£1,000	£1,000
Personal savings allowance (higher rate taxpayers)	£500	£500
Dividend allowance	£2,000	£5,000
Married couple's allowance (relief at 10%)**	£8,915	£8,695
(Elder aged 83 or over on 6 April 2018)		
- minimum amount	£3,450	£3,360
- age allowance income limit	£29,600	£28,900
(Reduce age allowance by £1 for every £2 of adjusted net income over £28,900)		
Blind person's allowance	£2,450	£2,390

** Reduces by £1 for every £2 of income over £27,700, subject to a minimum allowance of £3,360 (2017/18: £3,260)

Income Tax Rates

Income Tax Rates for England, Wales and Northern Ireland

2019/20 (2018/19)

BAND	INCOME %	DIVIDENDS %
Up to £37,500 up to £34,500	20	7.5
£37,501 - £150,000 £34,501 - £150,000	40	32.5
Over £150,000 over £150,000	45	38.1

* 0% starting rate applies to the first £5,000 of savings income. For many taxpayers this is not relevant as the starting rate does not apply if their taxable non-savings income exceeds the starting rate limit.

+Subject to Personal Allowance.

Income Tax Rates (continued)

Income Tax Rates for Scotland

2019/20* proposed rates and bands

BAND	RATE %
Over £12,500 - £14,549	19
Over £14,549 - £24,944	20
Over £24,944 - £43,430	21
Over £43,430 - £150,000	41
Above £150,000	46

2018/19*

BAND	RATE %
£11,851 - £13,850	19
£13,851 - £24,000	20
£24,001 - £43,430	21
£43,431 - £150,000	41
Over £150,000	46

*Assumes individuals are in receipt of the Standard UK Personal Allowance.

Dividend income taxed the same in Scotland as the rest of the UK (see Income Tax Rates for England, Wales and Northern Ireland table).

National Insurance

2019/20 Class 1 (employed) rates

Employee

Earnings per week	%
Up to £166	Nil*
£166 - £962	12
Over £962	2

Employer

Earnings per week	%
Up to £166	Nil*
Over £166	13.8

*0% rate also applies for employees under 21 and apprentices under 25 on earnings up to £962 per week.

2018/19 Class 1 (employed) rates

Employee

Earnings per week	%
Up to £162	Nil*
£162.01 - £892	12
Over £892	2

Employer

Earnings per week	%
Up to £162	Nil*
Over £162	13.8

*0% rate also applies for employees under 21 and apprentices under 25 on earnings up to £892 per week.

National Insurance (continued)

Class 1A (employers)	13.8% on employee taxable benefits
Class 1B (employers)	13.8% on PAYE settlement agreements
Class 2 (self-employed)	Flat rate per week £2.95 small profits threshold £6,205 p.a. (2017/18: £2.85 per week small profits threshold £6,025 p.a.)
Class 3 (voluntary)	Flat rate per week £15.00 (2018/19: £14.65)
Class 4 (self-employed)	9% on profits between £8,424 and £46,350* plus 2% on profits over £46,350* (2017/18: 9% on profits between £8,164 and £45,000 plus 2% on profits over £50,000)

*2018/19

Statutory Pay Rates

	2019/20	2018/19
WEEKLY BENEFIT		
Basic Retirement Pension - single person	£129.20	£125.95
- married couple	£206.65	£201.45
NEW STATE PENSION	£168.60	£164.35
STATUTORY PAY RATES - average weekly earnings £116 (£113) or over		
Statutory Sick Pay	£94.25	£92.05
Statutory Maternity or Adoption Pay		
first six weeks	90% of weekly earnings	
next 33 weeks	£148.68*	£145.18*
Statutory Paternity Pay		
two weeks	£148.68*	£145.18*

*Or 90% of weekly earnings if lower.

Capital Gains Tax

INDIVIDUALS

	2019/20**	2018/19**
Annual exemption	£12,000	£11,700
Standard rate	10%	10%
Higher rate*	20%	20%

TRUSTS

Annual exemption	£6,000	£5,850
Rate	20%	20%

*For higher and additional rate taxpayers.

**Higher rates (18/28%) may apply to the disposal of certain residential property and carried interest. Where an investor dies with unrealised capital gains, the associated CGT will be dissolved.

ENTREPRENEURS' RELIEF

Qualifying gains are taxed at the lower rate of 10%, subject to the lifetime limit of £10m. Gains in excess of the limit are charged at the appropriate rates above.

INVESTORS' RELIEF

For investments held for at least three years from 6 April 2016, qualifying gains are taxed at the lower rate of 10%, subject to the lifetime limit of £10m. Gains in excess of the limit are charged at the appropriate rates above. The £10m lifetime limit for Investors' Relief is in addition to the £10m lifetime limit for Entrepreneurs' Relief.

Inheritance Tax

Chargeable transfers 2019/20 and 2018/19	Death rate	Lifetime rate
0 - £325,000 (nil rate band)	Nil	Nil
Over £325,000	40%	20%

*A reduced rate of 36% may apply if 10% of the net chargeable estate is left to charity. Nil rate bands of surviving spouses/civil partners may be increased by unused nil rate bands of deceased spouses/civil partners.

	2019/20	2018/19
Main residence nil rate band*	£150,000	£100,000

*For estates with a net value of more than £2m, this will be reduced by £1 for every £2 over the threshold.

RELIEFS	Annual exemption:	£3,000	GIFTS FOR A MARRIAGE	Parent:	£5,000
	Small gifts:	£250		Grandparent:	£2,500
				Other:	£1,000

Reduced charge on gifts within seven years of death when in excess of NRB (nil-rate band)

Years before death	0-3	3-4	4-5	5-6	6-7
% of death charge	100	80	60	40	20

Other Guides from Foresight:

- [Foresight Guide to BPR](#)
- [Foresight Guide to EIS](#)
- [Foresight Guide to IHT](#)
- [Foresight Guide to VCTs](#)
- [Foresight Guide to Claiming Tax Relief](#)

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Important notice

Investments designed to manage tax liabilities will place investors' capital at risk and you may not get back the full amount invested. The tax scenarios shown are indicative and are subject to change. Please note that the availability of the various tax reliefs is dependent on each investor's individual circumstances. Tax reliefs are subject to change, investments may also rely on the company or investment opportunity in question meeting additional qualifying criteria. Foresight does not provide investment or tax advice, and therefore potential investors should seek specialist independent tax and financial advice before investing. Past performance should not be taken as a reliable indicator of future results and forecasted returns are not guaranteed. The associated investments to tax reliefs are long term and you may not be able to get your money back out before the end of the investment term. Please see the offer document for full details. This is a financial promotion which is issued by Foresight Group LLP which is authorised and regulated by the FCA (FRN: 198020).