

UK Budget Report 2020



Wincham Accountants Limited

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Introduction

With a delayed budget from the Autumn and the shadow of the Coronavirus pandemic impacting global economies, the budget statement contained a mixture of short-term reliefs and longer-term infrastructure proposals as well as a political strategy of improving the UK North/South inequality.



Add to that the Bank of England's support in reducing interest rates then it is clear how seriously the Economy is at risk with growth forecast being downgraded and a further issue of uncertainty regarding the Coronavirus and Brexit. It appears the government strategy with the pandemic is to try and alleviate extreme peaks of demand on public services and put in measures to slow the risk of infection.

In addition, we seem to have a return to Keynesian Economics when it comes to large infrastructure projects and the funding strategy reverses the austerity measures of earlier governments and looks like it will be funded by further borrowing.

Whilst there many headline grabbers, the devil is in the detail which will unfold during the coming months – for more detail see

<https://www.gov.uk/government/news/budget-2020-what-you-need-to-know>

The Main Highlights

Coronavirus measures

- Immediate £5bn emergency NHS and public services funding including support for self-isolators and self-employed together with a refund of SSP.
- Small firms will be able to access “business interruption” loans of up to £1.2m
- Business rates in England will be abolished for firms in the retail, leisure and hospitality sectors with a rateable value below £51,000
- £6bn in extra NHS funding over five years to pay for staff recruitment and start of hospital upgrades



Personal taxes

- Increase in tax threshold for NIC to £9,500
- Personal allowances to remain the same
- Tax paid on the pensions of high earners, including NHS consultants, to be recalculated to address pension issues around tapered allowance.
- IR 35 and personal service companies to be reviewed and extended to private sector
- Fuel duty to be frozen
- Duties on spirits, beer, cider and wine to be frozen
- Tobacco taxes will continue to rise by 2% above the rate of retail price inflation
- More ISA allowances for children. The allowance for Junior ISAs (Individual Savings Accounts) and Child Trust Funds will be increased from £4,368 to £9,000 in April.
- Owners of new motorhomes tax to be reviewed
- Home workers who can claim £4 a week off their income tax bill, will be able to claim £6 from April.



- The state pension will go up by 3.9% from £168.60 a week to about £175.20 in April. £134.25 per week. They may also be eligible for Pension Credit top-up
- The gradual process allowing people to pass on property to their descendants **free from some inheritance tax** will enter its final stage of introduction. It will reach its target by 2021



Property taxes



Buyers based overseas will have to pay a 2% stamp duty surcharge on residential property in England and Northern Ireland from April 2021. If the overseas buyers are not intending to live in the property themselves, they will have to pay an additional 3% – totalling 5% above the standard rate

Business taxes

- Corporation tax rates to remain at 19%
- High Street business rates to be reviewed later this year with certain small business with a rateable value of less than £51000 paying no rates in the next tax year (subject to eligibility)
- Firms get £3000 for small business rates relief (dependent on eligibility)
- Entrepreneurs' Relief will be retained, but lifetime allowance will be reduced from £10m to £1m
- Further funding of £5bn to increase broadband coverage
- VAT on digital publications, including newspapers, e-books and academic journals to be scrapped from December
- £28m package and up to 10,000 Start-Up Loans to support entrepreneurs and businesses to start



Environmental and sustainability issues

- Plastic packaging tax to come into force from April 2022, levies on non-recyclable manufactured goods
- Flood relief investment of £320m in emergency relief for English communities
- Total investment in flood defences in England to be doubled to £5.2bn over next five years
- Climate fund used for tree planting £640m "nature for climate fund" to protect natural habitats in England, including 30,000 hectares of new trees
- Funding for roads, rail, broadband and housing by the middle of 2025
- Stamp duty surcharge for foreign buyers of properties in England and Northern Ireland to be levied at 2% from April 2021
- New £1bn fund to remove all unsafe combustible cladding from all public and private housing higher than 18 metres



Whilst this is not a comprehensive review of the detail it nevertheless gives an indication of current Government thinking as outlined in the introduction. The Chancellor has also stated there will be a further budget in the Autumn of 2020.

The list above is not exhaustive and there are several technical issues around Brexit and VAT which are currently in the pipeline

We at Wincham Accountants are more than happy to expand on any of these issues if you feel it affects your circumstances. Contact us for a free initial consultation and further discussion around any of these areas which you feel may affect your circumstances.

Please be also assured if there are any further clarifying details emerging from Government announcements, we will be in touch.

Contact us now to find out more about how this budget will affect you and your business. Let us take advantage of and mitigate its impact to benefit you.



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