



# R. M. Rahim & Co.

## Chartered Accountants & Business Advisers

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### March 2020 Budget Outline & Covid-19 Government Aid for Businesses

Dear Clients,

We hope that this reaches you all in good health. The global community is going through an extremely tough time right now with the Covid-19 pandemic and we wish all of you and your families good health, safety and the resilience to see this through.

With that in mind the budget announced earlier this month was of paramount importance so the government could try and assist businesses and individuals as best as they can. Please see below our summary of the budget announced earlier this month including an outline of some of the aid available for businesses. Further guidance to access and apply for this aid is available on the government website however if you would like us to assist you to apply for the aid available please do drop us an email at [staff@rmrahim.com](mailto:staff@rmrahim.com) and we can work with you to see what you are eligible for and help you through the process.

#### **Personal Tax**

##### ***Rates and allowances for 2020/21:***

- As already legislated for, the personal allowance remains at £12,500 and the basic rate limit at £37,500.
- The capital gains tax annual exempt amount is increased from £12,000 to £12,300.
- The NIC Class 1 primary threshold is increased to £183 per week, equivalent to £9,500 per year. The Class 4 lower profits limit is similarly increased to £9,500.
- The NICs employment allowance for employers is increased from £3,000 to £4,000 per year.
- Inheritance tax thresholds and rates are unchanged, except that (as already planned) the residence nil rate band increases from £150,000 to £175,000 for 2020/21.
- As regards pensions tax, the lifetime allowance is increased in line with inflation to £1,073,100 for 2020/21.

#### **Car and van benefits**

- The amount to which the appropriate percentage is applied in determining the taxable benefit of company car fuel is being increased.
- The Government also plans to reduce the van benefit charge to zero from 6 April 2021 for vans that produce zero carbon emissions.

#### **Statutory sick pay**

- New legislation will temporarily allow statutory sick pay (SSP) to be paid from the first day of sickness absence, rather than the fourth day, for people who have coronavirus or who have to self-isolate in accordance with Government guidelines. The Government will also temporarily extend SSP to cover individuals who are unable to work because they have been advised to self-isolate, and people caring for those within the same household who display coronavirus symptoms and have been told to self-isolate.
- Employers with fewer than 250 employees as of 28 February 2020 will be eligible for a refund of eligible SSP costs relating to coronavirus. This will be limited to two weeks per employee.

#### **Tax deduction for homeworking**

- From 6 April 2020 the maximum flat rate income tax deduction available to employees to cover additional household expenses will increase from £4 to £6 per week where they work at home under homeworking arrangements.

*Continued...*

## **Businesses Tax**

### **Entrepreneurs' relief**

- As widely anticipated, the Chancellor announced changes to Entrepreneurs' relief, which allows company founders to pay capital gains tax at 10% when they sell their business, rather than 20%. He stopped short of abolishing the relief entirely but instead reduced the lifetime relief on gains eligible for relief to £1 million (from the pre-existing £10 million) applying for all disposals on or after 11 March 2020.

### **Capital allowances**

- The Structures and Buildings Allowance (SBA) allowance is to be increased from 2% to 3% from 1 April 2020. The SBA was introduced last year for non-residential structures and buildings and provides relief on eligible expenditure on a straight-line basis.
- Expenditure on low CO2 emission cars, zero-emission goods vehicles and equipment for gas refuelling stations is to continue to qualify for 100% first year capital allowances for another four years. Note though that the threshold at which low emission cars are eligible for the FYA will reduce to 0g/km (previously 50g/km) from April 2021.

### **Corporation Tax Rates**

- As expected, the Chancellor confirmed that the corporation tax rate will remain at 19% from 1 April 2020. Legislation will also be introduced to maintain this rate from 1 April 2021.
- Corporate capital loss restriction.
- From 1 April 2020, corporate capital losses are to be brought in line with the 2017 restrictions that apply to other corporate income losses.

### **VAT and Indirect Tax**

#### **VAT on e-publications**

- It was announced that the zero-rate of VAT which currently applies to physical publications (books, magazines, etc.) is to be extended to include e-publications with effect from 1 December 2020.

### **Covid-19 Related Aid and Support**

- Business Rates in England will be abolished for all businesses in the Retail, Leisure and Hospitality sectors.
- SSP to cover payment to workers from day one as well as employer refunds for SSP costs for Coronavirus for the first two weeks.
- Self-employed workers not eligible to claim statutory sick pay this year will be able to claim Employment Support Allowance.
- HMRC Time To Pay service to arrange payment plans for anyone who has been affected and has difficulty in making any tax payments on time. Please refrain from paying HMRC from any reserves you may have for business survival. Please utilise your funds wisely to pay vital suppliers, staff wages and business support services. HMRC can and will allow time to pay if genuinely affected.
- Increasing the proposed £3,000 cash grant to 700,000 small businesses (those eligible for Small Business Rate Relief) to a £10,000 cash grant. This will also apply for those eligible for rural rates relief.
- Delay in implementation of IR35 Off Payroll Working legislation until 5 April 2021.

#### **Coronavirus Business Interruption Loan Scheme:**

- Larger businesses will have access to a new lending facility via Bank of England.
- Smaller firms will be able to access business interruption loans of up to 5m with no interest for 6 months.
- The government will provide lenders with a guarantee of 80% on each loan (subject to a per-lender cap on claims) to give lenders further confidence in continuing to provide finance to SMEs.
- Businesses can access the first 6 months of that finance interest free, as the government will cover the first 6 months of interest payments.

**If you would like to discuss any of the above points and see how they may apply to you please do get in touch with us by way of an email to [staff@rmrahim.com](mailto:staff@rmrahim.com). We are aware the government are frequently making announcements and changes due to the current situation and we will be doing our best to update our clients via our Facebook page and emails over the coming weeks (current information as at 19/03/2020).**

**Stay safe and well!**

**Don't forget to ask us about our referral scheme where you can get up to 20% discount on your fees!**