

RESEARCH AND DEVELOPMENT (R&D)

Revenue expenditure – SMEs	230%
Capital expenditure – all companies	100%
SME company R&D payable credit	14.5%
Large company R&D expenditure credit (RDEC)	13%

TAX-EFFICIENT INVESTMENTS

Annual investment limit	2020/21	2019/20
ISA	£20,000	£20,000
Lifetime ISA*	£4,000	£4,000
Help-to-buy ISA (existing savers only)	Up to £200 a month	
Junior ISA and child trust fund	£9,000	£4,368
Venture capital trust at 30%	£200,000	£200,000
Enterprise investment scheme at 30%**	£1m	£1m
Seed EIS (SEIS) at 50%	£100,000	£100,000
SEIS capital gains tax reinvestment relief	50%	50%
Social investment tax relief at 30%	£1m	£1m

* Reduces ISA limit by amount invested in Lifetime ISA.

** Up to £2m in a knowledge-intensive company.

REGISTERED PENSIONS

	2020/21	2019/20
Lifetime allowance limit	£1,073,100	£1,055,000
Money purchase annual allowance	£4,000	£4,000
Annual allowance limit*	£40,000	£40,000
Minimum age for accessing benefits	55	55
Maximum tax-free pension lump sum	25% of pension fund value	

* Tapered at a rate of 50% of income down to £4,000 (2019/20, £10,000) if threshold income over £200,000 (2019/20, £110,000) and adjusted income over £240,000 (2019/20, £150,000). Restrictions can apply based on net-relevant earnings.

Subject to certain conditions, the unused amount of the annual allowance can be carried forward up to three years and used once the current year annual allowance has been fully utilised.

NATIONAL INSURANCE

Class 1			
Weekly earnings	Employee rate	Weekly earnings	Employer rate
Up to £183	Nil*	Up to £169	Nil
Over £183 – £962	12%	Over £169 – £962	13.8%**
Over £962	2%	Over £962	13.8%
Over state pension age	0%	Over state pension age	13.8%

* Entitlement to contribution-based benefits are retained for earnings between £120 and £183 a week.

** 0% for staff under 21 and apprentices under 25 on earnings up to £962 a week.

Class 1A	
On relevant benefits, including car and fuel benefits	13.8%

Class 2	
Self-employed above small profits threshold	£3.05 a week
Small profits threshold	£6,475 a year

Class 3	
Voluntary	£15.30 a week

Class 4*	
Self-employed on profits above £9,500 – £50,000	9%
Over £50,000	2%

* Exemption applies if the state retirement age is reached by 6 April 2020.

Employment allowance

Per employer, per year (excludes one-person companies)*	£4,000
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* One claim only for companies in a group or under common control. Not available where the director is the only employee paid earnings above the secondary threshold for class 1 NICs. From April 2020, this will be limited to employers with an employer NICs bill below £100,000 in the previous tax year.

Apprenticeship levy

A levy of 0.5% applies where the pay bill exceeds £3m. There is an allowance of £15,000. Further conditions apply, so please consult with us.

IMPORTANT NOTICE

These rates and allowances are based on Spring Budget 2020 announcements made by the UK and Northern Ireland, Scottish and Welsh Governments and are for information only.

All information is subject to change before 6 April 2020 and confirmation by the respective governments. The above must not be considered advice and no warranty is given for the accuracy or completeness of the details. Professional advice should be sought before making any decisions.

Rates apply to the UK and Northern Ireland unless stated otherwise.

STAMP DUTY

Consideration on shares over £1,000	0.5%
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PROPERTY TAXES

The incremental rate of tax is only payable on the part of the property price within each band. An additional 3% rate (4% in Scotland) applies to the purchase of an additional residential property above £40,000 and all corporate residential properties.

England and Northern Ireland: Stamp duty land tax

On the transfer of residential property*		On the transfer of non-residential property	
£0 – £125,000	0%	£0 – £150,000	0%
Over £125,000 – £250,000	2%	Over £150,000 – £250,000	2%
Over £250,000 – £925,000	5%	Above £250,000	5%
Over £925,000 – £1.5m	10%		
Above £1.5m	12%		

* First-time buyers pay nothing on the first £300,000 for properties up to £500,000. A rate of 5% applies between £300,000 and £500,000.

For residential purchases by 'non-natural persons' over £500,000 a rate of 15% applies, subject to certain exclusions.

Scotland: Land and buildings transaction tax

On the transfer of residential property*		On the transfer of non-residential property	
£0 – £145,000	0%	£0 – £150,000	0%
Over £145,000 – £250,000	2%	Over £150,000 – £250,000	1%
Over £250,000 – £325,000	5%	Above £250,000	5%
Over £325,000 – £750,000	10%		
Above £750,000	12%		

* First-time buyers pay nothing on the first £175,000.

Wales: Land transaction tax

On the transfer of residential property		On the transfer of non-residential property	
£0 – £180,000	0%	£0 – £150,000	0%
Over £180,000 – £250,000	3.5%	Over £150,000 – £250,000	1%
Over £250,000 – £400,000	5%	Over £250,000 – £1m	5%
Over £400,000 – £750,000	7.5%	Above £1m	6%
Over £750,000 – £1.5m	10%		
Above £1.5m	12%		

Tax Card 2020/21



CRANE & JOHNSTON

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INCOME TAX ALLOWANCES

	2020/21	2019/20
Personal allowance*	£12,500	£12,500
Personal savings allowance		
– Basic-rate taxpayer	£1,000	£1,000
– Higher-rate taxpayer	£500	£500
– Additional-rate taxpayer	£0	£0
Dividend allowance at 0%	£2,000	£2,000
Marriage/civil partner transferable allowance**	£1,250	£1,250
Trading/property allowance***	£1,000	£1,000
Rent-a-room allowance	£7,500	£7,500
Blind person's allowance	£2,500	£2,450

* The personal allowance is reduced by £1 for each £2 of income from £100,000 to £125,000 (2019/20, £125,000).

** Any unused personal allowance may be transferred to a spouse or civil partner, where the recipient is not liable to higher or additional-rate tax.

*** Note that landlords and traders with gross income from each of these sources in excess of £1,000 can deduct the allowance from their gross income as an alternative to claiming expenses.

INCOME TAX BANDS AND RATES

	2020/21	2019/20
Starting rate of savings up to*:	£5,000	£5,000
Basic-rate band	£37,500	£37,500
Higher-rate band	£37,501 to £150,000	£37,501 to £150,000
Additional-rate band	Above £150,000	Above £150,000
Basic-rate	20%	20%
Higher-rate	40%	40%
Additional-rate	45%	45%
Dividend basic-rate	7.5%	7.5%
Dividend higher-rate	32.5%	32.5%
Dividend additional-rate	38.1%	38.1%

* The starting rate does not apply if taxable income exceeds the starting rate limit.

Income tax in Scotland

Band	2020/21		2019/20	
	Taxable income	Rate	Taxable income	Rate
Starter	£12,501 – £14,585	19%	£12,501 – £14,549	19%
Basic	£14,586 – £25,158	20%	£14,550 – £24,944	20%
Intermediate	£25,159 – £43,430	21%	£24,945 – £43,430	21%
Higher	£43,431 – £150,000	41%	£43,431 – £150,000	41%
Top	Above £150,000	46%	Above £150,000	46%

VEHICLE AND FUEL BENEFITS-IN-KIND

The taxable benefit-in-kind is calculated as a percentage of the car's UK list price. The percentage depends on the car's CO₂ emissions in grams per kilometre (g/km).

CO ₂ emissions (g/km)	Electric range (miles)	Cars registered before 6 April*	Cars reg'd on/after 6 April*
0	n/a	0%	0%
1 – 50	130 and over	2%	0%
1 – 50	70 – 129	5%	3%
1 – 50	40 – 69	8%	6%
1 – 50	30 – 39	12%	10%
1 – 50	Under 30	14%	12%
51 – 54	n/a	15%	13%
Over 54	n/a	+1% every 5g/km up to 37%	+1% every 5g/km up to 37%

* Diesel vehicles not meeting the RDE2 standard will be liable to a 4% surcharge.

The list price is on the day before first registration, including most accessories and is reduced by any employee's capital contribution (max £5,000) when the car is first made available. Where the cost of all fuel for private use is borne by the employee, the fuel benefit is nil. Otherwise, the fuel benefit is calculated by applying the car benefit percentage to the car fuel benefit multiplier (below).

Company car fuel	2020/21	2019/20
Car fuel benefit multiplier	£24,500	£24,100
Company vans*		
Van benefit charge	£3,490	£3,430
Van fuel benefit multiplier	£666	£655

* Applies where private use is more than home-to-work travel. Payments by employees for private use may reduce these benefits-in-kind. Zero-emission vans have a benefit value of £2,792 (2019/20, £2,058).

TAX-FREE MILEAGE ALLOWANCES

Cars and vans, inc. electric vehicles	First 10,000 business miles	45p
	Thereafter	25p
Motorcycles	24p	
Bicycles	20p	
Business passenger	5p	

The tax-free business mileage allowance rates apply for qualifying business journeys incurred by employees using their own vehicles over the course of the tax year.

For national insurance purposes, a 45p rate may apply for all business miles incurred by cars and vans.

CAPITAL GAINS TAX

	2020/21	2019/20	
Main rates	Individual basic-rate	10%	10%
	Individual over basic-rate	20%	20%
	Trusts and estates	20%	20%
Surcharge – for gains on chargeable residential property	8%	8%	
Annual exemption	Individuals	£12,300	£12,000
	Trusts	£6,150	£6,000
Entrepreneurs' relief	Applicable rate	10%	10%
	Lifetime limit (from 11.3.20)	£1m	£10m
Investors' relief	Applicable rate	10%	10%
	Lifetime limit	£10m	£10m

INHERITANCE TAX

	2020/21	2019/20
Nil-rate band threshold*	£325,000	£325,000
Main residence nil-rate band**	£175,000	£150,000
Combined threshold limit for married couples and civil partners, including main residence nil-rate band	£1m	£950,000
Business property relief and agricultural property relief	50% or 100%	50% or 100%

* Up to 100% of any unused part of a deceased person's nil-rate band can be claimed by the surviving spouse/civil partner on their death. This also applies to the main residence nil-rate band, albeit the main residence nil-rate is subject to the taper withdrawal below.

** For estates in excess of £2m, a 50% taper withdrawal applies to the excess.

Tax rates

	2020/21	2019/20
Main rate	40%	40%
Chargeable on lifetime transfers	20%	20%
Transfers on or within seven years of death*	40%	40%
Reduced rate**	36%	36%

* All lifetime transfers not covered by exemptions and made within seven years of death will be added back into the estate for the purposes of calculating the tax payable. This may then be reduced as shown in the table below.

** Applies if 10% or more of net chargeable estate is left to certain registered charities.

Years before death	0 – 3	3 – 4	4 – 5	5 – 6	6 – 7
Tax reduced by	0%	20%	40%	60%	80%

UK COMPANY TAXATION

Financial year from 1 April	2020	2019
Corporation tax main rate	19%	19%
Loans to participators	32.5%	32.5%
Diverted profits tax	25%	25%

MAIN CAPITAL ALLOWANCES

Initial allowances

Annual investment allowance: on first £1m (excludes cars)*	100%
First-year allowance: including new and unused low CO ₂ emission cars (up to 50g/km) and zero-emission vehicles	100%

* Applies from 1 January 2019 to 31 December 2020, reverting to £200,000 from 1 January 2021. Transitional rules may apply for chargeable periods spanning these dates.

Writing-down allowances

Plant and machinery main-rate expenditure	18%	
Plant and machinery special-rate expenditure	6%	
Cars	51g/km – 110g/km	18%
	Over 110g/km	6%
Structures and buildings allowance – straight-line relief	3%	

VAT

From 1 April	2020	2019
Standard rate	20%	20%
VAT fraction	1/6	1/6
Reduced rate	5%	5%
VAT fraction	1/21	1/21
Zero-rate	0%	0%
Exempt	N/A	N/A

Taxable turnover limits

From 1 April	2020	2019
Registration (last 12 months or next 30 days) over	£85,000	£85,000
Deregistration (next year) under	£83,000	£83,000
Annual and cash accounting schemes turnover limit	£1.35m	£1.35m
Flat-rate scheme turnover limit	£150,000	£150,000