

UK 2020 Budget Summary

Chancellor Rishi Sunak delivered his 2020 budget speech to the House of Commons today on Wednesday 11th March 2020.

The main points discussed have been summarised below:-

Businesses

- Increased the rate of Research and Development expenditure tax credit from 12% to 13%;
- Plans to increase R & D investment to £22 million per year by 2024/25;
- Entrepreneurs' Relief will remain, but lifetime allowance will be reduced from £10 million to £1 million;
- Increase in the structures and buildings allowance rate from 2% to 3%;
- Employment Allowance increased from £3,000 to £4,000;
- Corporation tax rate remains at 19%;
- The announcement regarding the abolition of business rates for small businesses with a rateable value below £51,000 currently only applies to England, but it is hoped the Northern Ireland executive will follow suit and introduce a similar relief in Northern Ireland.

Coronavirus Response

- Companies with fewer than 250 staff will be 100% refunded by the government for the cost of providing statutory sick pay for up to two weeks per employee;
- £5 billion emergency response fund to support the NHS and other public services during the outbreak;
- Statutory sick pay will be made available from the first day of self-isolation, even if no symptoms are present;
- Universal Credits minimum income floor is to be temporarily abolished to support those who lose income as a result of coronavirus.

Personal and Employment Taxation

- National Insurance Contributions tax threshold to rise to £9,500 from £8,632. This is saving employees just over £100 a year in tax.
- The National Living Wage is to increase to £10.50 per hour by 2024.

Universal Credits

- Universal Credits minimum income floor abolished for the year
- The Government will cut the time individuals have to wait for their first Universal Credit payments from 5 to 2 weeks

Other

- Pensions: The taper threshold has been increased by £90,000 therefore the income threshold at which tax relief on pension contributions starts to shrink will rise from £110,000 to £200,000 from April 2020. This will take around 98% consultants and 96% of GPs out of the taper altogether.
- However, the minimum floor which the annual allowance could apply to for higher earners will fall from £10,000 to £4,000
- Fuel duty will remain frozen for one further year
- Duty on spirits, beer, cider and wine will remain frozen
- Red diesel duty reliefs have been abolished for a majority of sectors within the UK. This change will not impact agriculture as they will still be able to avail of the reliefs in full.
- Tax on ladies sanitary products will be scrapped from 1 January 2021 when the UK's transition period for leaving the EU has ended.
- Tax on plastic packaging containing less than 30% recycled content will come into force in April 2022, and will be set at £200 a tonne