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WORKING WITH OUR STRATEGIC PARTNERS TO PROVIDE:

UK AND INTERNATIONAL PLANNING
TRUST AND ESTATE PLANNING SERVICES
COMPANY ADMINISTRATION
UK LEGAL SERVICES

UK BUDGET – MARCH 3RD 2021.

- **SPEND** Now…. **TAX** Later… Stealth Attack.
- Hope of 'Growth Miracle' to repair COVID-19 damage to public finances of £350bn to £400bn
- 'Future Fund' pledge of £375m in Tech start ups to fund 'Growth Miracle'
- Scope for Pension Funds to invest in innovative new ventures.
- Explore freezer strategies to protect future growth to counter frozen allowances.

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FALSE ALARMS

1. **CGT Rate Rise**
2. **Wealth tax**
3. **Pension Tax Relief changes.**

These did not materialise in the Budget.

INSTEAD…

- **Tax Threshold 'Lockdown' … for 5 Years!**
- **Corporation Tax will rise to 25% from 1st April 2023 for companies with profits over £250,000.**

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BUDGET HEADLINES

- **FISCAL DRAG**
  - Freezing thresholds on Income Tax, Inheritance Tax (IHT), Capital Gains Tax and Pension Lifetime Allowance.
  - IHT Nil Rate Band £325,000 since 2009 would now be **£450,000** in real terms.
  - Freezing Income Tax thresholds bring 1million new people into the tax net… another 1 million will start paying the higher rates.
  - Government Revenues – 40% of GDP… A 60 Year High!
  - And a possible sting in the tail with 'TAX DAY' on 23rd March.

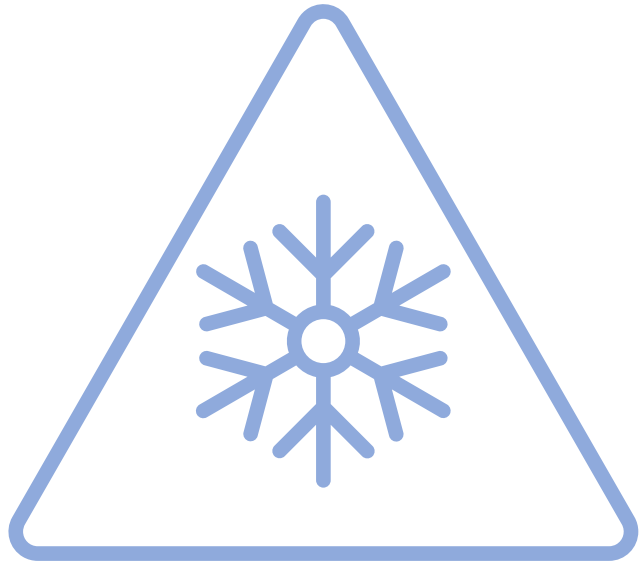
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FISCAL DRAG

PERSONAL TAX & VAT THRESHOLDS FROZEN

The Chancellor announced that the following allowances and thresholds will increase from their current 2019/20 amounts but will remain frozen at the 2020/21 limits until the end of the 2025/26 tax year:

Allowance / Threshold	2019/20	2020/21 - 2025/26
Personal allowance	£12,500	£12,750
Basic Rate Limit	£37,500	£37,700
NIC Upper Limits	£50,000	£50,270



VAT Threshold:

The VAT registration threshold will remain at the current limit of £85,000 until 31st March 2024.

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PROPERTY

- Stamp Duty Holiday Extended to 30th June
  - £500,000 Nil Rate
  - £250,000 Nil Rate to 30th September 2021.
- Mortgage guarantee scheme to Help 'Generation Buy' … 5% Deposit up to £600,000.
- BOMAD replaced by BOGOV
- Expat buyers will suffer 2% SDLT surcharge from 1st April 2021
- ATED – Annual Tax on Enveloped Dwellings – Increased by 0.5% (CPI)

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PROPERTY TAX CHANGES

IF IT DOESN'T MOVE – TAX IT!

1. CGT paid within 30 days of property sale.
2. Annual Tax on Enveloped Dwellings (ATED) from 6 April 2013
3. Increased rates on residential SDLT -15% penal rate on buying a home in a company
4. Non-resident CGT from 6 April 2015
5. Increased rates on commercial SDLT
6. 3% supplement on SDLT and LBTT … 2% to expat buyers from April 2021
7. CGT rates on residential property: kept at 18% and 28% when other CGT rates reduced
8. Interest deductions for individual landlords
9. Freezing of IHT nil rate band: from 2009 to 2026

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MANY TRAPS FOR THE UNWARY!

UK Property Tax Changes Infographic

Available on our website
www.TheRalstanGroup.co.uk



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CORPORATION TAX INCREASE

- Increased benefit of deductions after April 2023.
- Corporation inversion back on agenda for international companies (Dyson) to lower tax environments for Corporation Tax and potential CGT.
- Plan ahead for capital events to utilise Business Asset Disposal Relief (BADR) - CGT at 10% up to £1m.
- Super Deduction to 31st March 2023 on capital investment. 100% Corporation Tax Relief on every £1 and 25p back from the Government.
- **But what's after that?….** Corporate defibrillation to shock business back to life!

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CORPORATION TAX INCREASE

- Extended carry back rules for business losses from one year to three.
- Businesses struggling with COVID-19 implications can reclaim tax paid as a short term boost or carry forward losses to relieve against profits at 25% post April 2023.
- Company Electric Car purchase – Fully Allowable and No Benefit in Kind.
- Incorporation may remain attractive for property businesses for estate planning, CGT purposes and mortgage interest relief.

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This presentation is intended to provide general financial information on matters of interest, and is not intended for use without professional advice.

Every effort has been made to ensure that the content provided is current, correct and clearly expressed. Nonetheless, the applicable laws, rules and regulations may differ due to an individuals circumstances and taxation is an area subject to frequent changes.

As with all accounting, financial and legal matters you must consult a professional advisor before making any important decisions.

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