

# Impact on individuals

## Budget 2018

In his Autumn Budget speech, the Chancellor announced several measures which may affect individual taxpayers. The key messages from the Budget are outlined below.

### **Increases to personal allowances and thresholds**

From 6 April 2019, one year earlier than planned, the personal allowance will increase by £650 to £12,500 and the higher rate threshold will increase from £46,350 to £50,000.

The capital gains tax annual exemption will increase from £11,700 to £12,000, also from 6 April 2019.

### **Entrepreneurs' Relief changes**

Entrepreneur's Relief saw some fairly significant changes, with some widening and some narrowing of the relief:

- The minimum period throughout which the qualifying conditions must be met to qualify for Entrepreneurs' Relief will be increased from one year to two years for disposals on or after 6 April 2019 in most circumstances.
- For disposals of shares on or after 29 October 2018, the claimant will need to have a 5% interest in both the distributable profits and the net assets of the company. The new tests must be met, in addition to the existing 5% tests relating to ordinary share capital and voting rights, throughout the qualifying period in order for relief to be due.
- As previously announced, where a shareholding is diluted below the 5% threshold as a result of a new share issue (which is for cash consideration and for commercial purposes) individuals will, subject to the making of appropriate elections, qualify for Entrepreneurs' Relief on the gain up to the time of the dilution.



### Main residence relief changes

From April 2020, the Government will make two changes to main residence relief. Firstly the “final period” exemption (which effectively deems a property to qualify for relief for a certain period before disposal if it would not otherwise do so) will be reduced from 18 months to 9 months.

Secondly, lettings relief will be reformed so that it applies only in circumstances where the owner of the property is in “shared-occupancy” with a tenant.

### Taxing UK property disposed of by non-UK residents

The government has confirmed plans to extend the scope of capital gains tax and corporation tax from April 2019 so that gains made on direct and indirect disposals of UK property, both residential and commercial, are within the scope of UK tax.

The intention is that for non-residential property, only the gain above the April 2019 value of the property disposed of will be taxable (or the gain over the original cost if this is less). The existing rules on residential property (which broadly tax any gain in value since April 2015) will run alongside these new rules.

### Stamp duty land tax

The government will extend first-time buyers relief to include qualifying shared ownership property purchases where no market value election is made. This change is being backdated to 22 November 2017, so reclaims can be made for any purchases between now and then that may not have qualified when made.

A consultation will also be published in January 2019 on the possibility of introducing an SDLT surcharge of 1% for non-residents buying residential property in England and Northern Ireland.

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