



Budget 2020

Impact on individuals

In his first Budget speech, the Chancellor, Rishi Sunak announced and confirmed a number of measures which will have an impact on individual taxpayers. Here we have outlined the most pertinent announcements in this years Budget.

Entrepreneurs' relief

Following much speculation and calls for the reduced capital gains tax rate of 10% for Entrepreneurs who meet certain conditions to be abolished, the previously generous lifetime threshold of £10 million has been curtailed dramatically to its 2008 introductory level of £1 million.

Increases to personal allowances and thresholds

The personal allowance will remain frozen at £12,500 and there are no changes to personal income tax rates or bands. In line with the government's commitment to align the level at which both Income Tax and National Insurance Contributions (NIC) are paid, the NIC threshold will increase from £8,632 to £9,500 from 6 April 2020.

The capital gains tax annual exemption will also increase from £12,000 to £12,300, also from 6 April 2020.

Pensions

As expected, there were changes to pensions tax relief. Following an increase in the threshold income and adjusted income, those individuals with an income of between £110,000 and £200,000 and adjusted income between £150,000 and £240,000 will no longer be impacted by the tapered annual allowance, effective from 6 April 2020. This was widely anticipated as the NHS has been under pressure with higher paid medical staff restricting their working hours to avoid the pensions tax charge. The minimum level that the tapered annual allowance can be reduced to from 6 April 2020 is reduced from £10,000 to £4,000.

Stamp Duty Land Tax

From 1 April 2021, the government will introduce a 2% Stamp Duty Land Tax (SDLT) surcharge on non-UK residents purchasing residential property in Northern Ireland and England.



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