



## BUDGET 2018

The final Budget before the UK leaves the EU has been delivered by Philip Hammond, his third as Chancellor. We have set out below a brief summary of some of the main personal tax points:-

- The basic personal allowance will be increased to £12,500 in 2019/20 (£11,850 in 2018/19).
- The higher rate threshold will be increased to £50,000 in 2019/20 (£46,350 in 2018/19).
- The annual Capital Gains Tax (CGT) exemption for 2019/20 will be increased to £12,000 for individuals and personal representatives (£6,000 for trustees).
- Individual ISA subscriptions will remain at £20,000 for 2019/20; the Junior ISA subscription rises from £4,260 to £4,368 from 6 April 2019.
- The lifetime allowance for pensions rises to £1,055,000 from 6 April 2019, from the current level of £1,030,000.
- The CGT Principal Private Residence Relief (PPR) rules are to be amended from 6 April 2020 so that the 18 month final period exemption, applicable where a property had at one time been occupied as a PPR, will be shortened to 9 months.
- Furthermore, Lettings Relief, which can in some circumstances augment PPR relief, is to be restricted from 6 April 2020, so that it only applies in circumstances where the owner of the property is in shared occupancy with the tenant(s).
- Still on the subject of CGT, from 6 April 2019, the minimum holding period for the purposes of Entrepreneurs' Relief will be increased from 12 to 24 months. Furthermore, in addition to existing requirements, from 29 October 2018 shareholders must be entitled to at least 5% of the distributable profits of a company, and 5% of the net assets on a winding up, to claim the relief.
- Further details have been published regarding the extension, with effect from April 2019, of the scope of CGT for gains accruing to non-UK residents, to include gains on disposals of interests in non-residential UK property. The new rules will also seek to tax non-UK residents on interests in UK property-rich entities.



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- A new Structures and Buildings Allowance will be available for new non-residential structures and buildings. Relief will be provided on eligible construction costs incurred on or after 29 October 2018, at an annual rate of 2% on a “straight-line” basis over a 50 year period.
- From 1 January 2019 to 31 December 2020 there will be a temporary increase in the Annual Investment Allowance to £1 million (currently £200,000).
- As previously announced, the time limit for assessing under-declared tax arising from offshore matters, or offshore transfers, is to be extended to 12 years, but where deliberate behaviour is involved this is still 20 years.
- In line with public-sector bodies and agencies, the IR35 rules governing off-payroll working will be applied in the private sector from April 2020.
- First-time Buyers Relief from Stamp Duty Land Tax, in England and Northern Ireland, is to be extended so that all qualifying shared ownership property purchasers can benefit.

The above list is, of course, far from exhaustive and is based on the information so far available. As ever, further details on most topics will only emerge over the coming weeks as the Finance (and Brexit!) Bills pass through Parliament, but we hope that this is a useful starting point.

We will continue to provide updates as and when appropriate, but in the meantime please do not hesitate to contact us if there is any particular issue you would like to discuss.

**30 October 2018**



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