

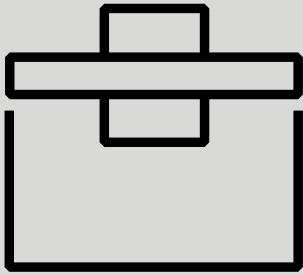


SPRING BUDGET 2020

BROOKSON
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1. INTRODUCTION

This document summarises the key changes to tax rates relevant to contractors, freelancers & self-employed professionals to come out of the Government's Budget which was delivered on 11 March 2020.

This summary is published by Brookson, a leading provider of accountancy, tax advice and support services to freelance contractors, interims, locums and small businesses.



2. COMPANY & BUSINESS TAX

2.1 Corporation Tax Rate

It was previously announced that the Corporation Tax rate will be reduced to 17% effective from April 2020, however, in today's Budget, it was confirmed that the Corporation Tax rate will continue to be applied at 19%.

2.2 VAT Measures

The Chancellor previously confirmed that the VAT registration threshold will remain at £85,000 for a further 2 years, until April 2022, similarly the VAT deregistration threshold will remain at £83,000.

2.3 Entrepreneurs Relief

It was today announced that the lifetime allowance for entrepreneur's relief, which was £10 million, will be reduced to £1 million effective from today.



3. PERSONAL TAX

3.1 Income Tax

The Chancellor announced in the 2020 Spring Budget that there would be no further increases to personal allowances and the higher rate threshold:

- The personal allowance will remain at £12,500 from April 2020
- The basic rate tax band will remain at £37,500 from April 2020
- The additional tax rate threshold remains unchanged at £150,000

As in previous years, for every £2 over £100,000 that you earn your tax-free personal allowance will be reduced by £1.

3.2 National Insurance

The lower earnings limit (the amount which you need to earn to qualify for certain state benefits) will increase from £118 to £120 per week from 6 April 2020. The Class 1 primary threshold (over which you need to pay employees National Insurance at a rate of 12%) will increase from £166 to £183 and the Class 1 secondary threshold (over which you need to pay employers National Insurance at a rate of 13.8%) will increase from £166 to £169 per week from 6 April 2020.

3.3 Avoidance, evasion and non-compliance

Since 2010 the government has secured a significant amount of tax that would have otherwise gone unpaid. The 2020 budget builds on this and announces further action to tackle tax avoidance, evasion and other forms of non-compliance that will raise additional revenue for HMRC.

3.4 IR35 Changes

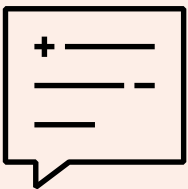
The Chancellor announced that the off-payroll (IR35) changes will go ahead as expected on the 6th April 2020.

With Brookson's ongoing commitment to enable contractors to work flexibly, Brookson has launched Flex. Flex is a solution that allows contractors to move between limited and Umbrella working if they are temporarily impacted by IR35 or need a long-term solution for multiple assignments with different IR35 status outcomes.

What is Flex

Flex gives contractors the ability to work through our Umbrella solution for any assignments that are inside/captured by IR35 whilst keeping their Limited Company open for future assignments that are outside/not captured by IR35. This service simplifies the legislative change for contractors that are finding themselves with a status of captured and reassures them that they can continue to work regardless of their Status Determination Statement (SDS) provided by their hirer.

Speak to a member of the Brookson team to take advantage of Flex today.



FURTHER INFORMATION

If you require further information or assistance regarding the 2020 Spring Budget, please feel free to contact our New Business Team on **0800 230 0213** or email newbusiness@brookson.co.uk.