

### **Important Tax Changes from 6 April 2020**

- Off payroll working rules more commonly known as IR35 rules will extend to the private sector. Personal service companies (PSC) could have their income subjected to PAYE if caught under these rules. The responsibility for determining the 'deemed employee' status shifts from the PSC to the end client to whom the services are supplied. The fee payer will be responsible for operating PAYE where applicable.

**This has now been delayed to 6 April 2021 as announced in the Budget 2020.**

- From 6 April 2020, entrepreneurs' relief will be renamed to be called 'business asset disposal relief'. For disposals made on or after 11 March 2020, the relief is available on up to £1m of capital gains for each individual over their lifetime; prior to 11 March 2020, the lifetime limit was £10m.
- The restriction on interest relief for landlords over a 4 year period came into effect from 6 April 2017 at 25% and rising to 50%, 75% and ending with 100% on 5 April 2020. Interest relief will now be at basic rate within limits.
- The final 36 months of ownership of the main residence used to qualify for the main residence relief for capital gains tax regardless of actual occupation. Over the years the exempt period was reduced to 18 months. This will be further reduced to 9 months from the 6 April 2020.
- Similarly, where a main residence was rented out at some point in the period of ownership and Lettings relief of £40,000 was available to shelter the gain arising in the letting period. This will no longer automatically apply unless the owner is in shared occupation with the tenant.
- A new capital gains tax return has to be filed (by individuals) and the relevant capital gains tax paid within 30 days of completion on the sale of a UK residential property.
- Non UK resident landlord companies with UK property income will be subject to corporation tax rather than income tax. Depending on the accounting date profits may need to be apportioned to the 5 April 2020 for income tax and corporation tax from 6 April 2020 to the end of the accounting period.
- VAT reverse charge rule for construction industry to come into effect from 1 October 2020.

- Employment allowance for Secondary Class 1 NIC of £3,000 will only be available to employers with total NIC bill of less than £100,000 in the previous year. Claims to be made annually; No carry forward of unused allowance.  
**This has now increased to £4,000 following the recent Budget.**
- No benefit in kind will be due on the private use by employees of a pure electric car provided by employers for the year from 6 April 2020. The benefit will increase to 1% and 2% in subsequent tax years.
- The 4 year phasing in of the Residence Nil Rate Band (RNRB) peaks at £175,000 from 6 April 2020. The RNRB also known as the Family Home Allowance reduces the value of your family home for inheritance tax purposes. This is in addition to the nil rate band of £325,000 available for relief against inheritance tax.  
There would be a total nil rate band of £1 million available to married couples and civil partnerships.  
The RNRB reduces by £1 for every £2 for estates valued over £2 million.