MARCH 2020 BUDGET

MAIN TAX ANNOUNCEMENTS

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1. Introduction

On 12 December 2019, the most important issue in the General Election appeared to be Brexit. On New Year's Eve, Rishi Sunak was Chief Secretary to the Treasurer – Chancellor Sajid Javid's second-in-command – and no one had heard of Coronavirus. When Mr Sunak took over as Chancellor on 13 February, with four weeks to prepare a Budget speech, there were only a handful of cases of the illness in the UK. In that short time, Covid-19 has become the starting point of a series of measures that the Office for Budget Responsibility described as the biggest fiscal stimulus since 1992. There seemed to be no end to the giveaways – £30 billion in all – and very little tax raising (even a freeze on alcohol and fuel duties). It seemed very different from the austerity of most of Philip Hammond's Budgets.

The Chancellor began his speech by addressing the economic impact of the Coronavirus outbreak. As well as promising 'whatever the NHS needs' to deal with it, he announced a range of measures, estimated to cost in total £12 bn, to help individuals and businesses to cope with the financial consequences. These include the following:

- Statutory Sick Pay (SSP) to be paid from the first day of absence, not the fourth, where people have the virus or have to self-isolate, or care for such people.
- Support through Universal Credit and Employment and Support Allowance for self-employed people and others not entitled to SSP.
- Full funding of the cost of two weeks' SSP for small and medium-sized employers whose workers have claimed SSP as a result of Covid-19.
- Extension of business rates reliefs: retail, leisure and hospitality businesses with rateable values up to £51,000 will be eligible for 100% relief in 2020/21, and a £5,000 discount (up from £1,000) for pubs with a rateable value below £100,000.
- Small businesses already eligible for 100% business rates relief will receive a grant of £3,000 to help with business costs.
- Businesses and self-employed individuals in financial distress will be able to negotiate 'time to pay' arrangements with HMRC without incurring late payment penalties.

What the Chancellor says in the House is only part of the story. After he sits down, the Government publishes everything on the internet including measures he has not mentioned; the devilish detail of things he only touched on; and the tables of financial estimates that show what makes a big difference to the public finances and what is marginal.

The Coronavirus outbreak has created unprecedented uncertainty and it is impossible to know whether the proposed measures will be enough. The Chancellor mentioned another Budget coming in the Autumn. Presumably we will have a better idea then of how we and the rest of the world have coped, as well as being clearer on the outcome of the Brexit negotiations with the EU.

The more significant tax announcements yesterday include the following:

- £12 bn package of measures to help individuals and businesses cope with Covid-19
- Increase in employee and self-employed NI contribution threshold to £9,500 for 2020/21
- Immediate cut in lifetime gains eligible for Entrepreneurs' Relief from £10m to £1m
- Increase in thresholds for pension relief Annual Allowance tapering to £200,000/£240,000
- Off-payroll working rules extended to private sector employers as previously announced
- Employment Allowance increased for 2020/21 to £4,000 of employer's Class 1 NIChe
- 30-day deadline for reporting and paying CGT on residential property applies from 6 April

The following pages summarise the main tax announcements from the Chancellor's speech and the documents released by HMT and HMRC afterwards.

2. **Income Tax**

2.1 Income Tax Rates and Allowances

It may be unprecedented for a Budget speech not to mention personal income tax. Philip Hammond made big increases in allowances for 2019/20 in his last Budget, and the main ones have been frozen for 2020/21.

Income Tax rates are now extremely complicated. An individual's total tax on any given amount will vary depending on the types of income they receive, for example, salary, profits, rent, interest, dividends, but at least someone on the same income will pay the same tax next year as they did this year.

The level of income at which the personal allowance is withdrawn has been £100,000 since the rule was introduced in April 2010, and inflation means that far more people are now affected. Every £2 of income over that level reduces the allowance by £1. This results in an effective marginal rate of tax of 60% in the band of income up to £125,000 in 2020/21, above which the taxpayer will have no personal allowance.

The Scottish Parliament has set different tax rates and thresholds for general income of Scottish taxpayers (details in Table A). The Welsh Government also has the power to set a different rate of income tax for non-savings, non-dividend income for Welsh taxpayers, but has announced that it will not vary the UK rates

2.2 Company Cars and Fuel

The basis for taxing company cars and fuel provided for private use has been complicated by a change in the way CO_2 emissions are measured: This has led to different rules applying to cars registered before and after 6 April 2020. The taxable benefits will be different for the next two years, after which there will be a single set of rates again.

Fully electric cars will give rise to no tax charge in 2020/21, increasing to tax on just 2% of their list price by 2022/23.

There have been other changes to the taxable figures for vans with private use, including removing the charge on electric vans with effect from 6 April 2021.

2.3 'Off Payroll' Working

HMRC has been concerned about individuals working through personal service companies (PSCs) for two decades. They regard this as a way of avoiding PAYE and Class 1 NIC where 'in reality', in HMRC's view, the individual is acting as an employee.

The ‘IR35’ rules required PSCs to pay PAYE and NIC on income from engagements that were effectively employments.

From 6 April 2017, where the individual behind the PSC works in the public sector, the responsibility for paying this tax was transferred to the person paying the PSC, and the responsibility for deciding ‘what is effectively employment’ was imposed on the public sector engager.

HMRC is convinced that this has reduced non-compliance and, as announced in 2018, will extend the same rules to large and medium-sized employers in the private sector from April 2020.

This is a very significant and potentially contentious change for all those who work through PSCs and those who use them. It will be important to understand the decisions that have to be made and who has the responsibility for taking them, and what to do if the parties to a contract do not agree about its status.

2.4 ISA Limits

The ISA investment limit for 2020/21 remains £20,000 for a standard ISA. The limit for Junior ISAs and Child Trust Funds rises from £4,368 to £9,000.

The first Child Trust Funds were opened for children born in September 2002; they will mature in September 2020 when the child turns 18. The balance can be transferred to an adult ISA without affecting the annual ISA investment limit for that person.

2.5 Pension Contributions

There has been speculation that the Chancellor might reduce pension tax relief, which costs the Exchequer a great deal. However, the most significant change has been to reduce the impact of tapering of the maximum contribution to a pension scheme - the ‘Annual Allowance’ (AA).

People with salaries over £110,000 and total income (including pension contributions) over £150,000 currently suffer a reduction in the normal AA of £40,000 down to a minimum of £10,000. The charge on contributions or increases in pension benefits above the reduced AA can create an effective tax rate of more than 100% for someone at that level who takes on extra work. Senior doctors have protested that it is not worth them carrying out operations, and the Government considered special measures to address that particular problem.

The Chancellor has changed the rules for everyone, raising the thresholds from April 2020 by £90,000 to £200,000 and £240,000. For someone above those higher levels, the AA of £40,000 will now be tapered down to a minimum of £4,000. The Government estimates that 250,000 people are affected by the AA charge, and the increases in the taper threshold will exempt many of them.

The Lifetime Allowance (LA) is the maximum amount that a person can save in tax-advantaged pension schemes. The value of benefits is measured against the LA when benefits are first taken from a pension, and also on some other occasions, including the individual's 75th birthday. The LA will increase in line with inflation from £1,055,000 to £1,073,100 from 6 April 2020.

2.6 Income Tax Allowances, Rates and Reliefs

Income Tax Rates and Allowances (Table A)

Main allowances	**2020/21**	**2019/20**
Personal Allowance (PA)*†	£12,500	£12,500
Blind Person's Allowance	2,500	2,4500
Rent a room relief §	7,500	7,500
Trading income §	1,000	1,000
Property income §	1,000	1,000

*PA will be withdrawn at £1 for every £2 by which 'adjusted income' exceeds £100,000. There will therefore be no allowance given if adjusted income is £125,000 or more.

†£1,250 of the PA can be transferred to a spouse or civil partner who is no more than a basic rate taxpayer, where both spouses were born after 5 April 1935.

§ If gross income exceeds it, the limit may be deducted instead of actual expenses.

Rate Bands	**2020/21**	**2019/20**
Basic Rate Band (BRB)	£37,500	£37,500
Higher Rate Band (HRB)	37,501-150,000	37,501-150,000
Additional rate	over 150,000	over 150,000
Personal Savings Allowance (PSA)		
– Basic rate taxpayer	1,000	1,000
– Higher rate taxpayer	500	500
Dividend Allowance (DA)	2,000	2,000

BRB and additional rate threshold are increased by personal pension contributions (up to permitted limit) and Gift Aid donations.

Tax Rates **2020/21 and 2019/20**

Rates differ for General, Savings and Dividend income within each band:

	G	**S**	**D**
Basic	20%	20%	7.5%
Higher	40%	40%	32.5%
Additional	45%	45%	38.1%

General income (salary, pensions, business profits, rent) usually uses personal allowance, basic rate and higher rate bands before savings income (interest). To the extent that savings income falls in the first £5,000 of the basic rate band, it is taxed at nil rather than 20%.

The PSA will tax interest at nil, where it would otherwise be taxable at 20% or 40%.

Dividends are normally taxed as the 'top slice' of income. The DA taxes the first £2,000 of dividend income at nil, rather than the rate that would otherwise apply.

High Income Child Benefit Charge (HICBC)

1% of child benefit for each £100 of adjusted net income between £50,000 and £60,000.

Remittance basis charge	**2020/21**	**2019/20**
For non-UK domiciled individuals who have been UK resident in at least:		
7 of the preceding 9 tax years	£30,000	£30,000
12 of the preceding 14 tax years	£60,000	£60,000
15 of the preceding 20 tax years	Deemed to be UK domiciled for tax purposes	

Registered Pensions (Table B)

	2020/21	**2019/20**
Lifetime allowance (LA)	£1,073,100	£1,055,000
Annual allowance (AA)	40,000	40,000

Annual relievable pension inputs are the higher of earnings (capped at AA) or £3,600.

The AA is usually reduced by £1 for every £2 by which relevant income exceeds £240,000 (2019/20: £150,000), down to a minimum AA of £4,000 (2019/20: £10,000). The AA can also be reduced to £4,000 where certain pension drawings have been made.

Car and Fuel Benefits (Table C)

Cars

Taxable benefit: List price multiplied by chargeable percentage.

		2020/21 percentage for petrol cars first registered	
CO2 emissions g/km	**Electric range Miles**	**Pre 06.04.2020 %**	**Post 05.04.2020 %**
0	N/A	0	0
1-50	>130	2	0
1-50	70 - 129	5	3
1-50	40 - 69	8	6

		2020/21 percentage for petrol cars first registered	
CO2 emissions g/km	**Electric range Miles**	**Pre 06.04.2020 %**	**Post 05.04.2020 %**
1-50	30 - 39	12	10
1-50	<30	14	12
51-54	N/A	15	13

Then a further 1% for each 5g/km CO2 emissions, up to a maximum of 37%. Diesel cars that are not RDE2 standard suffer a 4% supplement on the above figures but are still capped at 37%.

Car Fuel

Where employer provides fuel for private motoring in an employer-owned car, CO2-based percentage from above table multiplied by £24,500 (2019/20 £24,100).

Employee contributions for fuel do not reduce taxable figure unless all private fuel is paid for by the employee (in which case there is no benefit charge).

3. **Capital Taxes**

3.1 Capital Gains Tax

The annual exempt amount rises from £12,000 to £12,300 for 2020/21.

The rates of tax are unchanged at 10% (total income and gains within the taxpayer's basic rate limit) or 20% (gains above the basic rate limit) on assets in general, but 18% or 28% on residential property that is not eligible for the main residence exemption, and also on 'carried interest' of investment fund managers.

Most trusts will continue enjoy half the annual exempt amount (£6,000) and pay tax at 20% or 28% on chargeable gains.

As previously announced, the generous exemption of gains on a taxpayer's only or main residence will have two additional restrictions from 6 April 2020. First, the 'final period exemption', which allows exemption to continue after a person has moved out, will be cut from 18 months to 9 months. The final 36 months remain exempt where the owner is disabled or living in a care home. Second, 'letting relief', which can exempt an additional gain of up to £40,000 where a property has been let, will be restricted to periods during which an owner was in 'shared occupancy' with a tenant. Up to now, this relief has been very favourable for someone who moves and lets out the former main residence.

Also as previously announced, new rules apply from 6 April 2020 to disposals of UK residential property where a CGT liability arises. A return must be made to HMRC and a payment made of the estimated tax liability within 30 days of completion of the sale.

This is a considerable advance on the normal CGT payment and filing deadline of 31 January following the end of the tax year. Similar rules have applied to foreign resident sellers of UK property for several years, but they now apply to UK residents as well. There is no obligation to report disposals on which no CGT is payable.

Entrepreneurs' Relief (ER) reduces the tax on disposals of qualifying assets to 10%. It has been criticised as being excessively generous to people who are already rich, and as ineffective in incentivising entrepreneurs to start businesses. The Chancellor decided against abolishing it altogether, but reduced the lifetime amount of eligible chargeable gains from £10 m to £1 m with effect from 11 March 2020. The effect will be to increase the tax on a £10 million gain from £1 m to £1.9 m.

Where a contract was signed before 11 March but the transaction had not been completed, a claim for the higher amount of ER will have to be justified by the taxpayer on the basis that the disposal was not made to obtain tax relief.

There is no change to the £10 m limit for the similar 'Investors' Relief' which is for external investors in qualifying trading businesses.

3.2 Inheritance Tax

Rates of tax remain unchanged at 40% on death transfers and 20% on lifetime chargeable transfers.

As previously announced, the nil rate band remains frozen at £325,000 until the end of 2020/21.

The ‘residential nil rate band (RNRB) enhancement’ on death transfers applies where a taxpayer’s residence (or assets representing one following a sale) is left to direct descendants. It has been phased in over four years, and the full value of £175,000 applies from 6 April 2020.

A married couple will be able to leave £1 million free of IHT to their descendants (£325,000 plus £175,000 from each parent), but the rules are complicated. The Budget contained nothing new on IHT.

4 **Business Tax**

4.1 Corporation Tax Rates

The Corporation Tax rate was previously set to fall to 17% from 1 April 2020. However, the Government decided to keep the rate unchanged at 19% for at least the two years from 1 April 2020 in order to make funds available for the NHS.

4.2 Capital Allowances on Plant

The Annual Investment Allowance, on which a business can claim 100% relief on the cost of purchasing plant and machinery, was increased to £1 million for two years from 1 January 2019. It will fall back to the previous limit of £200,000 on 1 January 2021.

There are complex rules where a period of account straddles the change, so anyone planning to spend more than £200,000 per year on plant should take advice to avoid the pitfalls.

At present, there are 100% first year allowances for cars with CO_2 emissions of up to 50g/km. This was to run until 31 March 2021, then to be replaced by the normal rules for cars, which only enjoy writing down allowances (WDAs).

The Budget provides that 100% allowances will continue to apply to wholly electric cars and goods vehicles (no emissions) until April 2025. From April 2021, cars with emissions up to 50g/km will be eligible for 18% WDAs (currently up to 110g/km); cars above that level will only qualify for 6% WDAs.

4.3 Capital Allowances on Buildings

The Structures and Buildings Allowance was introduced for expenditure on construction of new non-residential structures and buildings (not land) on or after 29 October 2018. The allowance was initially set at a flat rate of 2%. There is no balancing adjustment on a sale – the purchaser takes over the remainder of the allowances and the writing down period.

The rate will increase from 2% to 3% on 1 April 2020. Where a chargeable accounting period straddles this date, the allowance will be time-apportioned (e.g. 2.5% for a 12 month period to 30 September 2020).

4.4 Capital Losses

As previously announced, from April 2020 the offset of companies' brought forward capital losses will be restricted. Only 50% of gains will be eligible to be relieved by brought forward losses, but there will be unrestricted use of the first £5m of total losses brought forward (capital and income losses combined), which means that 99% of companies will not be affected.

4.5 Intangible Assets

A new way of giving tax relief to companies for intangible assets such as patent rights was introduced in 2002. At that time, a distinction was made between assets that had been created before and after the change of rules. Where a company acquired 'pre-2002' intangible assets from a related party, the relief did not apply.

This distinction will be removed for acquisitions of intangible property from related parties on or after 1 July 2020. There are transitional provisions to deal with transactions between 11 March and 30 June 2020.

4.6 Research & Development Expenditure

Large companies carrying out qualifying R&D are eligible to claim 'Research & Development Expenditure Credit' (RDEC), a percentage of qualifying expenditure that can be set against taxable profits. The rate of RDEC will increase from 12% to 13% for expenditure incurred on or after 1 April 2020.

The Government had intended to introduce a measure to prevent what is regarded as 'abuse of the R&D relief for small and medium enterprises' by restricting the payable tax credit to the amount of the company's PAYE liability for the period.

Following representations from industry, this has been deferred until 1 April 2021 and will be subject to further consultation.

The Chancellor also announced a consultation on whether expenditure on data and cloud computing should qualify for R&D tax credits.

4.7 Digital Service Tax

As previously announced, the Government will legislate in the 2020 Finance Bill to introduce the Digital Services Tax (DST).with effect from 1 April 2020, at a rate of 2% on the revenues of search engines, social media services and online marketplaces which derive value from UK users

Businesses will be liable to the DST when the group's worldwide revenues from these digital activities are more than £500m and more than £25m of these revenues are derived from UK users. If the group's revenues exceed these thresholds, its revenues derived from UK users will be taxed at a rate of 2%. There is an allowance of £25m, which means a group's first £25m of revenues derived from UK users will not be subject to DST.

4.8 Business Rates

The Government had already announced the Business Rates retail discount will be increased to 50% in 2020-21. To support small businesses affected by COVID-19 the Chancellor announced that the discount would be increased to 100% for 2020-21. The relief will also be expanded to the leisure and hospitality sectors.

These temporary measures, taken together with existing Small Business Rates Relief, mean that around 900,000 properties, or 45% of all properties in England, will receive 100% business rates relief in 2020-21.

The government had also already announced the introduction of a £1,000 Business Rates discount for pubs with a rateable value below £100,000 in England for one year from 1 April 2020. To support pubs in response to COVID-19 the discount will be increased to £5,000. Local authorities will be fully compensated for these Business Rates measures.

4.9 Property

A restriction on income tax relief for finance costs against rental income on residential property has been phased in over the last four years since 2017/18

For 2020/21, finance costs will no longer be allowed as a deductible expense but rather as a reduction in tax liability on rental income at 20%. The rules are complicated and can produce unpredictable results.

The annual tax charges on residential properties worth more than £500,000 that are owned through companies and other ‘envelope’ arrangements will go up for 2020/21 by a little over 1.6% on average. The charge on a property worth between £500,000 and £1 m rises from £3,650 to £3,700, and the maximum charge on a property worth more than £20 m rises from £232,350 to £236,250.

As announced in past Budgets, and following consultation, foreign resident companies with income from UK rental properties become liable for corporation tax rather than income tax from 6 April 2020.

The Budget included technical changes to allow such companies relief for financing costs that might otherwise fall in a gap between the income tax and corporation tax rules.

5 Stamp Duty Land Tax

With effect from 1 April 2021, foreign resident purchasers of residential property in the UK and Northern Ireland will be subject to a 2% surcharge on the Stamp Duty Land Tax they would otherwise pay. This is intended to reduce house price inflation and make property available for first-time buyers.

6 **National Insurance Contributions**

6.1 Introduction

For 2019/20, the National Insurance Contributions (NIC) thresholds for employers and employees were the same at £166 per week (£8,632 per year). The employee threshold is increased for 2020/21 to £9,500, which represents a reduction in contributions of £104 for most employees; it is now significantly higher than the threshold for employer contributions (£169pw in 2020/21).

The upper limits and rates for employee contributions remain unchanged (12% on earnings up to £962pw/£50,000pa, 2% above that). The limits for Class 4 self-employed NIC are likewise £9,500 and £50,000 for 2020/21.

The Employment Allowance is a relief from Class 1 employer's NI contributions for employers who have at least two employees who are both paid above the threshold at which those contributions become payable, and whose total liability for employer's NIC did not exceed £100,000 in the previous year. For tax year 2020/21, EA is increased from £3,000 to £4,000.

6.2 National Insurance Contributions (Table D)

Class 1 (Employees)	Employee	Employer
Main NIC rate	12%	13.8%
No NIC on first	£183pw	£169pw
Main rate* charged up to	£962pw	no limit
2% rate on earnings above	£962pw	N/A
Employment allowance per qualifying business	N/A	£4,000

*Nil rate of employer NIC for employees under the age of 21 and apprentices under 25, up to £962pw.

Employer contributions (at 13.8%) are also due on most taxable benefits (Class 1A) and on tax paid on an employee's behalf under a PAYE settlement agreement (Class 1B).

Class 2 (Self-employed)

Flat rate per week	£3.05
Small profits threshold	£6,475

Class 3 (Voluntary)

Flat rate per week	£15.30

Class 4 (Self-employed)

On profits £9,500 – £50,000	9.0%
On profits over £50,000	2.0%

7 **Value Added Tax**

7.1 Registration and Deregistration Thresholds and Rates

As previously announced, the VAT registration/deregistration thresholds will remain frozen at £85,000/£83,000 until 5 April 2022.

7.2 International Trade

There were some references to Brexit in the Budget, but few details on its consequences for businesses trading internationally. Those remain to be settled by ongoing negotiations.

The one important announcement is a change to 'postponed accounting' of VAT on imports from 1 January 2021. VAT on imports, which will on that date include goods arriving from the 27 EU Member States as well as the rest of the world, will be accounted for on the importer's next VAT return, rather than being due either at the point of entry or through the duty deferment scheme. Import duties will still be chargeable on entry.

7.3 Domestic Reverse Charge

In a 'missing trader fraud', a supplier collects VAT from a customer, who claims it back from HMRC, but disappears without paying it to the authorities. To reduce the risk of this, a 'reverse charge' makes the customer liable to pay the VAT due on purchases. If a supplier cannot charge VAT, a fraudulent one cannot steal it. 'Domestic reverse charges' (DRC) already exist in relation to substantial transactions in mobile phones and some other types of supply.

To counter missing trader fraud in the construction industry, HMRC planned to introduce a DRC on 1 October 2019 for supplies of 'construction services'. In the middle of arguments about Brexit, there was a risk that the construction industry could not cope with such a radical change, so the Government decided to defer it for a year. It has been confirmed that it will be brought in on 1 October 2020.

The rules and guidance available last year were criticised for lack of clarity and the likelihood that many of those affected would not be ready to comply. Anyone who buys or sells construction services should consider as a matter of urgency how they will be affected.

7.4 Sanitary Products

Following a long-running public campaign, the Chancellor announced that VAT on women's sanitary products (charged to 5% VAT since 2001) will be abolished from 1 January 2021.

7.5 Digital Publications

The Chancellor announced an extension of zero-rating to the digital versions of books, newspapers, magazines and academic journals, in line with their physical counterparts, with effect from 1 December 2020.

In a recent tax case, the Upper Tax Tribunal held that digital newspapers should be zero-rated under present law, but HMRC has appealed the judgment. Other businesses have put in claims for back tax on the strength of the decision. That case will not be affected by the change in the Budget, which will only apply going forward.

7.6 Call-Off Stock

Although the UK has now left the EU, in the transitional period we are still supposed to apply EU VAT law and also to benefit from it when dealing with other countries.

The Budget includes a simplification in relation to ‘call-off stock’ being stock that is physically held in another country to be available at short notice for a particular customer. If a UK trader holds its own stock in another country, it is normally necessary to register for VAT there. However, Member States are allowed to ignore call-off stock holdings for registration purposes in certain circumstances. The EU revised the rule in 2018 to take effect in January 2020; because the UK was, contrary to expectations, still a Member State at that time, we are enacting it.

It will continue to apply to foreign businesses holding call-off stock in the UK, and UK businesses holding call-off stock in the EU, at least until December 2020.

The situation after that will depend on whatever deal is negotiated, but it is likely that UK businesses will not then enjoy any simplifications, and will have to register for VAT and appoint a fiscal representative if they hold stock in an EU country.

8 Tax Administration

8.1 Loan Charge

The Budget confirmed that the Government will implement the recommendations of Sir Amyas Morse’s review of the ‘disguised remuneration loan charge’. This was intended to negate the benefit of tax avoidance arrangements going back to 1999.

The effect on some individuals was severe, and many argued that it was unfair to tax twenty years’ worth of income in one year when HMRC had known about the scheme for years without challenging it. The charge will only apply to loans made from 9 December 2010 to 5 April 2019, and a number of other concessions will help those affected to settle their bills. Anyone who is concerned that the rules might apply to them should take advice on what ought to be a better outcome.

8.2 Insolvency

In 2018 the Government announced an intention to move HMRC up the order of preference when a business enters insolvency. This is intended to make sure that taxes that a business has deducted from someone else, including PAYE, NIC and student loan deductions from employees and VAT from customers, are used to pay for public services rather than going to other creditors.

This measure will now be introduced (and will be extended to include Northern Ireland) but will be delayed to 1 December 2020.

8.3 Computers and 'Officers' of HMRC

Tax law often refers to a decision being made 'by an officer'. Some taxpayers have challenged notices that have been issued automatically by HMRC's computer on the basis that no human decision was involved.

The law will be changed, with retrospective effect, to make sure that all notices issued by computer have their intended legal effect.

9 Tax Avoidance and Evasion

No Budget would be complete without an announcement of a crackdown on tax avoidance and evasion. This time, there seemed to be no specific schemes for the Chancellor to close but instead, he announced a range of measures to make life difficult for people who promote and 'enable' artificial tax avoidance schemes.

There is also extra funding for HMRC to pursue tax avoidance.

ROBINSON RUSHEN
12 March 2020

Note

This summary has been prepared from the Chancellor's speech and documents made available by HMT and HMRC. The proposals are subject to amendment before the Finance Act is passed.
You are recommended to seek professional advice before taking or refraining from any action on the basis of the contents of this publication.
If you would like further details on the Budget provisions, please contact Keith Rushen on 0044 (0)207 486 2378.