



HM Revenue  
& Customs

# Employer Bulletin

Budget Special

March 2020

## Welcome

### Welcome to the Budget edition of the Employer Bulletin

This week the Chancellor of the Exchequer, the Rt Hon Rishi Sunak MP, delivered the government's Budget.

Budget 2020 contained a number of measures that relate to the work of HMRC and employers, including the latest update to support public services, individuals and businesses that may be affected by COVID-19.

We have summarised some of these measures in this Budget edition of the Employer Bulletin.

You can find out more information about these and other HMRC measures by visiting [GOV.UK](https://www.gov.uk), and there will be further information in next month's April Employer Bulletin. To make sure you don't miss any future updates, please sign up to receive one of our [email alerts](#). You can also follow us on twitter [@HMRC.gov.uk](https://twitter.com/HMRC.gov.uk)

Thank you

*Scott*

Scott Milne  
Editor

## HMRC Budget 2020 measures which support businesses and employers on COVID-19:

The Chancellor set out a plan to support public services, individuals and businesses that may be affected by COVID-19. These include:

- For businesses with fewer than 250 employees, the cost of providing 2 weeks of COVID-19 related statutory sick pay per employee will be refunded by the government in full. This will provide 2 million employers with up to £2 billion to cover the costs of large-scale sick leave. HMRC will provide further details in due course on how employers can access the rebate. More information about this and regular updates can be found on [GOV.UK](https://www.gov.uk).
- A dedicated helpline has been set up to help businesses and self-employed individuals in financial distress and with outstanding tax liabilities receive support with their tax affairs. Through this, businesses may be able to agree a bespoke Time to Pay arrangement. If you are concerned about being able to pay your tax due to COVID-19, call HMRC's dedicated helpline on 0800 0159 559.

For further details on other COVID-19 measures can be found on [GOV.UK](https://www.gov.uk).

## HMRC measures with immediate effect from 11 March 2020:

### Change to the Entrepreneurs' Relief lifetime limit for Capital Gains Tax:

The Entrepreneurs' Relief lifetime limit has been reduced from £10 million to £1 million. This will apply to qualifying disposals made on or after 11 March 2020 and to certain disposals made before 11 March 2020.

### Increase in Structures and Buildings allowance for capital allowances:

This measure confirms the new rate of Structures and Buildings Allowance from April 2020 and introduces a number of technical changes to the legislation, some with retrospective effect and others effective from 11 March 2020.

## Further HMRC related Budget 2020 measures:

### National Insurance contribution thresholds to rise to £9,500 per year:

A typical employee will save around £104 in 2020 TO 2021, while self-employed people, who pay a lower rate, will have £78 cut from their bill.

### Employment Allowance increases for National Insurance from April 2020:

This measure increases the maximum Employment Allowance by £1,000 to £4,000 from April 2020. This means eligible businesses and charities will be able to claim a greater reduction on their Secondary Class 1 National Insurance contributions liability. Separate to this Budget measure, HMRC has also previously announced that from 6 April 2020, eligibility rules for claiming the Employment Allowance will change – the £4,000 will count towards de minimis State aid ceilings. For more information on this please visit [GOV.UK](https://www.gov.uk).

### Implementation of recommendations from the independent review of the Loan Charge:

This introduces legislation that will implement the recommendations from the independent review of the Loan Charge. This will apply retrospectively from 5 April 2019. The changes will also benefit those that have made, or are due to make, certain voluntary payments to HMRC under a final settlement agreement.

### Off-payroll Working – Extension of reform to private sector in 2020 to 2021:

The off-payroll working rules ensure that individuals who work through an intermediary (usually a personal service company) and would have been an employee had they provided their services directly, pay broadly the same Income Tax and National Insurance Contributions as other employees. The government seeks to address non-compliance with the off-payroll working rules by extending similar reform to medium and large-sized organisations across all sectors from April 2020.

### Pensions Tax Changes to income thresholds for calculating the tapered annual allowance from 6 April 2020:

This measure announces an increase to the two income thresholds used in calculating the tapered annual allowance and decreases the minimum tapered annual allowance.

### **Pensions 'net pay' and 'relief at source:**

The government has announced that it will publish a “call for evidence” later in the Spring on how the two methods of tax relief on pension contributions, ‘net pay’ and ‘relief at source’, can provide different outcomes for lower earners.

### **Pensions lifetime allowance increase:**

The Chancellor announced an increase in lifetime allowance for 2020 to 2021, in line with the consumer price index. From 6 April 2020 the pensions lifetime allowance will be £1,073,100.

### **Collective money purchase pension schemes:**

The government announced that it will change tax legislation so that collective money purchase pension schemes (also known as collective defined contribution pension schemes or CDCs) introduced by the Pension Schemes Bill 2019-20, can operate as registered pension schemes.

### **National Insurance Contributions holiday for employers of veterans:**

The government will introduce a National Insurance holiday for employers that hire former members of the UK regular armed forces. The holiday will exempt employers for any NICs liability on veteran’s salary up to the Upper Earnings Limit in their first year of civilian employment. A full digital service will be available to employers from April 2022; however, transitional arrangements will be in place in the 2021 to 2022 tax year which will effectively enable employers of veterans to claim this holiday from April 2021. The government will consult on the design of this relief. More information on this will be available soon on GOV.UK.

### **Tax agents – consultation on raising standards:**

The government will publish a call for evidence about raising standards in the market for tax advice on 19 March 2020. We will keep you up to date on this in the coming weeks.

### **Income Tax automation challenges:**

This measure gives certainty that notices to file a return and notices to impose a penalty for late filing issued through automated processes have a strong legal position.

### **Research & Development Expenditure Credit:**

There will be an increase to the Research & Development Expenditure Credit from 12% to 13%.

### **Plastic Packaging Tax:**

The government announced key decisions on the design of the Plastic Packaging Tax ahead of its commencement in April 2022. We have launched a consultation on these areas and would like to hear from all interested parties. For more information please visit [GOV.UK](https://www.gov.uk).

### **Taxation of company cars using carbon dioxide emissions:**

This measure confirms that all new cars provided to employees and available for private use that are first registered from 6 April 2020 will be taxed according to the CO<sub>2</sub> emissions figure, measured under the Worldwide Harmonised Light Vehicle Test Procedure system.

### **Increasing the flat rate tax deduction for homeworking:**

The government will increase the maximum flat rate tax deduction available where employees incur additional household costs where they work at home under homeworking arrangements, from £4 per week to £6 per week. This will take effect from April 2020.

### **Introduction of postponed VAT accounting:**

From 1 January 2021, postponed accounting for VAT will apply to all imports of goods, including from the EU. This will allow businesses to account for VAT on imports through their periodic VAT return as opposed to having to pay that VAT at the UK border.

### **The future of Making Tax Digital:**

The HMT Budget 2020 [document](#) published on 11 March 2020 stated that: “The government will publish an evaluation of the introduction of Making Tax Digital for VAT, along with related research”.

**Red diesel:**

The Budget announced the government's intention to remove entitlement to use red diesel and rebated biofuels from April 2022, except for agriculture, rail and non-commercial heating. The government will consult on whether the entitlement to use red diesel and rebated biofuels is justified for any other users.

**Digital services tax:**

From 1 April 2020 the Digital Services Tax will impose a tax on the revenue groups receive from providing social media services, search engines and online marketplaces to UK users.

**E-publications:**

The government will apply a zero rate of VAT to e-publications, which will make it clear that e-books, e-newspapers, e-magazines and academic e-journals are entitled to the same VAT treatment as their physical counterparts. This will take effect from 1 December 2020.

**Notification of uncertain tax treatment by large businesses**

The government intends to require large businesses to notify HMRC where they have adopted an uncertain tax treatment. It is proposed that only uncertain tax treatments involving more than £1m will need to be notified.