

NEF CALLS FOR PERSONAL ALLOWANCE TO BE REPLACED WITH 'WEEKLY NATIONAL ALLOWANCE'

Think tank the New Economics Foundation (NEF) has called for the income tax personal allowance (PA) to be replaced with a new 'weekly national allowance'.

In April 2019, the PA will rise from £11,850 to £12,500. In a new report, the NEF stated that the expansion of the PA is 'one of the most expensive and regressive public spending projects of the 21st century'.

It is urging the government to introduce a new weekly national allowance of £48.08 for individuals resident in England, Wales and Northern Ireland, and an allowance of £45.68 for those in Scotland. The NEF said that the new allowance would be equal to the value of tax that would otherwise be paid on the full £12,500 of PA.

It also stated that, under its plans, eligibility for the allowance would be extended to everyone

over the age of 18 with a national insurance number. According to the think tank, payments would be administered by HMRC, and would be tax-free. The basic rate of income tax (starter rate in Scotland) would be 'applied to the first £1 of most forms of income'.

'The persistent increases to the PA of income seen over the past decade represent one of the most expensive and regressive public spending initiatives of the 21st century so far,' said Alfie Stirling, Head of Economics at the NEF.

'With Brexit among a number of recessionary threats on the horizon, the weekly national allowance would not only help to shield families from the worst effects of recession, but would also aid future recovery by maintaining a minimum level of income and spending in the economy.'

For more information on this, talk to a member of our team, call 01753 888211 or email info@nhllp.com

New tax year ushers in key business and tax changes

As the beginning of the 2019/20 tax year approaches, a handful of significant changes to tax and business legislation are set to take effect. Here, we review some of the key measures that could affect your business or personal finances.

Rising National Living Wage (NLW) and National Minimum Wage (NMW) rates

From 1 April 2019, the NLW for employees aged 25 and over will increase to £8.21 per hour. Meanwhile, the NMW will increase to £7.70 for workers aged 21-24, and to £6.15 for workers aged 18-20. For employees who are aged 16-17, the NMW will rise to £4.35 per hour, and for apprentices, the rate will rise to £3.90 an hour. An apprentice is an individual who is aged under 19, or 19 and over in the first year of their apprenticeship.

Changes to income tax

In 2019/20, the income tax basic rate band will rise to £37,500. The threshold at which the 40% band applies is £50,000 for taxpayers who are entitled to the full personal allowance (PA). Individuals pay tax at 45% on their income over £150,000. From April, the PA will rise from £11,850 to £12,500.

The tax on income for taxpayers resident in Scotland is different to income tax paid elsewhere in the UK. In 2019/20, there are five income tax rates, which range between 19% and 46%. The two higher rates are 41% and 46%, as opposed to the 40% and 45% rates that apply to such income for other UK residents. For 2019/20, the threshold at which the 41% band applies is £43,430 for those who are entitled to the full PA.

Meanwhile, from April 2019, the Welsh government has the power to vary the rates of income tax payable by Welsh taxpayers. The Welsh rate of income tax has been set at 10p by the Welsh government: this will be added to the reduced rates. As a result, the tax payable by Welsh taxpayers continues to be the same as that payable by English and Northern Irish taxpayers.

Alterations to employer-provided cars

Most cars are taxed by reference to bands of CO₂ emissions, multiplied by the original list price of the vehicle. The maximum charge is capped at 37% of the list price of the car. For 2018/19 there was generally a 2% increase in the percentage applied by each band. For 2019/20 the rates will increase by a further 3%.

Increase in compulsory employer pension contributions

As part of the pensions auto-enrolment scheme, employers are currently required to contribute at least 2% on the qualifying pensionable earnings for eligible jobholders. From 6 April 2019, this figure will increase to 3%.

For more information on the key changes to take effect from April 2019 contact use on **01753 888211** or email **info@nhllp.com**

ESSENTIAL TAX DATES FOR APRIL

1 April

Making Tax Digital for VAT set to take effect.

5 April

Last day of 2018/19 tax year.

Deadline for 2018/19 ISA investments and pension contributions.

Last day to make disposals using the 2018/19 CGT exemption.

14 April

Due date for income tax for the CT61 period to 31 March 2019.

19 April

Automatic interest is charged where PAYE tax, Student loan deductions, Class 1 NI or CIS deductions for 2018/19

are not paid by today.

Penalties may also apply if any payments have been made late throughout the tax year.

PAYE quarterly payments are due for small employers for the pay periods 6 January 2019 to 5 April 2019.

PAYE, Student loan and CIS deductions are due for the month to 5 April 2019.

Deadline for employers' final PAYE return to be submitted online for 2018/19.

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