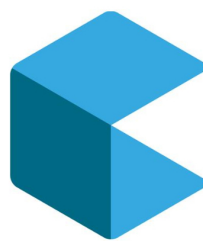


# INSIDER

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**Corrigan**  
A fresh perspective

## COVID-19 POSTPONES OFF-PAYROLL EXTENSION TO THE PRIVATE SECTOR

**The Government has delayed extending the off-payroll working rules to the private sector, as the UK fights to contain the coronavirus pandemic.**

Hot on the heels of announcing a £350 billion support package for struggling businesses, the Treasury pulled the plug on the extension less than three weeks before it was due to kick in.

Last month, the Treasury confirmed plans to press on with the extension which would see medium and large private-sector firms responsible for setting the tax status of any contractor they use from April.

The rules will now apply from 6 April 2021.

The rollout of the reforms was deferred in response to the ongoing spread of COVID-19, in an attempt to help businesses and individuals.

The 12-month delay was announced in the House of Commons by chief secretary to the Treasury, Stephen Barclay.

“This is a deferral not a cancellation and the Government remains committed to reintroducing this policy,” he said.

Michael Steed, co-chair of the Association of Taxation Technicians’ technical steering group, said:

“This is a pragmatic and sensible decision given the highly uncertain times and unprecedented challenges which both businesses and HMRC face because of COVID-19.

“We hope this will, once the situation with COVID-19 improves, allow HMRC more time to address concerns over these rules.”

[📧 Speak to us about the off-payroll rules.](#)

## CORONAVIRUS PANDEMIC PROMPTS ONE-YEAR BUSINESS RATES HOLIDAY

**Most small businesses in England will pay no business rates in 2020/21 in the wake of the coronavirus outbreak in the UK.**

Chancellor Rishi Sunak announced in last month’s Spring Budget that almost half of small firms will have a one-year business rates holiday.

As part of financial measures announced to limit the economic impacts of COVID-19, the holiday extends to all businesses in the retail, leisure and hospitality sectors.

Firms that qualify for the retail discount can access cash grants of up to £25,000, while all small businesses eligible for small business rates relief can obtain grants of up to £10,000.

The Chancellor said:

“Every shop, pub, theatre, music venue, restaurant – and any other business in the retail, hospitality or leisure sector, irrespective of their rateable value – will pay no business rates whatsoever for 12 months, and if they have a rateable value of less than £51,000, they can now get a cash grant as well.”

Helen Dickinson, chief executive at the British Retail Consortium, said:

“The business rates holiday, together with a loan package, represent a vital shot in the arm for a sector facing enormous uncertainty.”

The Chancellor confirmed another manifesto pledge – to launch a fundamental review of business rates, with a report due ahead of the Autumn Budget.

[📧 Get in touch for advice on managing costs.](#)

## CHANCELLOR UPS ANNUAL PENSION ALLOWANCE THRESHOLDS BY £90,000

**The point at which tapering of the annual pension allowance kicks in increases by £90,000 for both threshold income and adjusted income in 2020/21.**

The move, which was announced in last month's Spring Budget, means the taper will not affect anyone with income of less than £200,000.

It brings to an end a long-running rift between the Government and senior clinicians, many of whom either retired early, left the NHS pension scheme or rejected overtime shifts to avoid being clobbered by unexpectedly tax bills.

Chancellor Rishi Sunak said this "will take around 98% of consultants and 96% of GPs out of the taper altogether", although critics argue the taper should have been abolished.

Sunak also announced a reduction to the minimum annual allowance to £4,000 for those with incomes which breach both the threshold income and adjusted income limits.

Steve Cameron, pensions director at Aegon, said:

"The tapered annual allowance has seen some senior NHS professionals facing tax bills running to six figures.

"Removing the taper would have been too costly but instead, the threshold when it kicks was raised.

"This may reduce the number of higher-paid individuals who face a tax penalty, but many will still fear being caught out.

"The Government's priority right now must focus on health matters with the coronavirus.

"Longer term, the overall system of pension reliefs and allowances needs a thorough overhaul to make sure it is fit for purpose and not just for the NHS."

The £40,000 annual pension allowance – which remains in place for 2020/21 – is tapered for those on high incomes.

That meant for every £2 of adjusted income above £150,000 a year in 2019/20, where the threshold income of £110,000 was also breached, £1 of the annual pension allowance was lost.

From 6 April 2020, the adjusted income figure increases to £240,000 and the threshold income increase to £200,000.

Anyone with income of more than £300,000 in 2020/21 will have their minimum reduced tapered allowance decreased to £4,000.

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## ENTREPRENEURS' RELIEF LIFETIME LIMIT SLASHED FROM £10M TO £1M

**The amount of capital gains tax small business owners can potentially save when they sell their business has been cut by 90% for 2020/21.**

Entrepreneurs' relief allows people to pay a reduced 10% flat rate of capital gains tax on any gain made from selling a business, instead of the typical 20% or 28% rate.

A report from the Institute for Fiscal Studies prior to last month's Spring Budget suggested around three-quarters of the cost of the relief benefits just 5,000 individuals with an average tax saving of £350,000.

In addition, the Federation of Small Businesses (FSB) claimed that of around 43,000 small business owners who claim the tax break each year, 38,000 have gains of less than £1 million.

Armed with those statistics, the Government has reduced the lifetime limit with immediate effect so entrepreneurs' relief applies to gains of £1m, down from £10m in 2019/20.

The move is expected to net the Treasury an extra £6 billion over the next five years, while capital gains tax receipts are being tipped to soar to around £15.7bn by 2023/24.

Mike Cherry, national chairman at the FSB, said:

"The vast majority of those who claim entrepreneurs' relief do so on sums of less than £1m, with an average saving of around £15,000 per sale.

"For many entrepreneurs approaching retirement, their business is their pension.

"Entrepreneurs' relief saves tens of thousands of business owners each year from having their businesses plundered by the taxman at the point of sale – businesses that have paid taxes year after year.

"Reforming the relief to target it at just the first £1m of a business sale while scaling it back at the top end could mark a way forward."

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