

## **Key changes happening in the new tax year**

A number of key changes are coming into effect during 2019, which may have an impact on your business and personal finance.

### **Increase in compulsory employer pension contributions**

The pensions auto-enrolment legislation currently requires employers to contribute at least 2% on the qualifying pensionable earnings for eligible jobholders. From 6<sup>th</sup> April this will rise to 3%

### **Gift Aid Small Donations Scheme**

The Gift Aid Small Donations Scheme (GASDS) applies to small charitable donations where it is impractical to obtain a Gift Aid declaration. The GASDS currently applies to donations of £20 or less made by individuals in cash or contactless payments. The limit increases to £30 from 6<sup>th</sup> April this year.

### **Gift Aid – donor benefits**

The donor benefits rules that apply to charities who claim Gift Aid tax relief on donations are simplified from 6<sup>th</sup> April this year. The benefit threshold for the first £100 of the donation remains at 25% of that amount. For gifts exceeding £100, charities can offer benefits up to the sum of £25 and 5% of the amount of the donation that exceeds £100. The total value of the benefit that a donor can receive remains at £2,500.

The new limits replace the current mix of monetary and percentage thresholds that charities have to consider when determining the value of benefit they can give their donors without losing the entitlement to claim Gift Aid tax relief on the donations given to them.

### **Rising Residence Nil-Rate Band**

The inheritance tax Residence Nil-Rate Band (RNRB), introduced in April 2017, will rise from £125,000 in 2018/19 to £150,000 for the 2019/20 tax year. The RNRB is designed to enable a 'family home' to be passed wholly or partially tax-free on death to direct descendants such as children or grandchildren. It will increase to £175,000 in 2020/21. Thereafter it will rise in line with the Consumer Price Index.

### **Employer-provided cars**

The scale of charges for working out the taxable benefit for an employee who has use of an employer-provided car are normally announced well in advance. Most cars are taxed by reference to bands of CO<sup>2</sup> 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%.

If you have any concerns or questions regarding these announcements please speak to your accountant for advice.

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