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Introduction

With the 2019 general election fast approaching, the Conservatives, Labour and Liberal Democrats have announced widely different approaches to tax.

The table below provides an overview of the three main political parties' key proposals for taxing individuals and businesses.

	CONSERVATIVE	LABOUR	LIBERAL DEMOCRATS
CORPORATION TAX	• Maintain the Corporation Tax rate at 19% (i.e. removing the planned cut to 17%). • Increase Research & Development Tax Credits for large corporations to 13% and review the definition of "Research & Development".	• Gradually increase Corporation Tax rates to 21% (small profits rate for firms with profits under £300,000 a year) and 26% (main rate). • "Unitary taxation of multinationals" – treating corporate groups under common ownership as unitary enterprises so that profits are declared where economic activity occurs and where value is created. • Phase-out Research & Development tax credits for large corporations and abolish the Patent Box. • Reverse Bank Levy cuts.	• Raise the Corporation Tax rate to 20%.
INCOME TAX	• Promise not to raise Income Tax rates.	• Increase Income Tax rates: - 45% payable from £80,000 - 50% payable from £125,000. • Tax dividend income at Income Tax rates and remove the £2,000 zero-rate band (but introduce a separate *de minimis* threshold). • Abolish the Marriage Allowance.	• Increase Income Tax rates by 1%. • Abolish the Marriage Allowance.
CAPITAL GAINS TAX	• Review & reform Entrepreneurs' Relief.	• Tax gains at Income Tax rates and remove the annual exempt amount for gains (but introduce a "rate-of-return" allowance set at contemporary 10-year bond rates to allow gains below this rate to be earned tax-free). • Abolish Entrepreneurs' Relief.	• Abolish the annual exempt amount; taxing capital gains and salaries through a single allowance.

STAMP TAXES & PROPERTY TAX	• Introduce a Stamp Duty Land Tax surcharge for non-resident purchasers.	• Extend Stamp Duty Reserve Tax to forex spot and derivative trades, interest rate derivatives, and commodities spot and derivatives trades at 50% of transaction costs (a discount of one-third will apply to financial firms and an exemption will apply to interest rate derivatives under 3 months maturity and for the first £1,000 of foreign exchange transactions daily per market participant). • Introduce a second homes tax: an annual levy on second homes that are used as holiday homes equivalent to 200% of the current council tax bill for the property.	• Give local authorities the ability to increase Council Tax by up to 500% where homes are being bought as second homes. • Introduce a Stamp Duty Land Tax surcharge on overseas residents purchasing second homes.
VAT	• Promise not to raise VAT rates. • Remove VAT from female sanitary products.	• Impose VAT on private school fees.	• Remove VAT from female sanitary products.
NATIONAL INSURANCE CONTRIBUTIONS	• Raise the National Insurance threshold to £9,500 in April 2020 with the ultimate ambition to raise it to £12,500. • Increase the employment allowance to £4,000. • Introduce a one year employer National Insurance Contribution holiday for employers that hire people up to one year after they have left the armed forces.		• Review the tax and National Insurance status of employees, dependent contractors and freelancers.
BUSINESS RATES	• Introduce a one year boost to the Business Rates retail discount and extend the discount to music venues and cinemas and pubs.		• Replace Business Rates with a Commercial Landowner Levy based solely on the land value of commercial sites rather than their entire capital value
STRUCTURES AND BUILDING ALLOWANCE	• Increase Structures & Buildings Allowance to 3%.		

INHERITANCE TAX		• Reverse the Conservative Government's changes to Inheritance Tax.	
ANTI - AVOIDANCE	• Introduce a new "anti-tax avoidance and evasion law" expected to yield £200 million by 2023-24. • Double the maximum prison term to 14 years for individuals convicted of the most egregious examples of tax fraud. • Create a single, beefed-up Anti-Tax Evasion unit in HMRC. • Implement the Digital Services Tax.	• Introduce a "Fair Tax Programme" expected to yield £6.2 billion by 2023-24. • Introduce an "Excessive Pay Levy".	• Increase Digital Services Tax to 6%. • Introduce a "General Anti-Avoidance Rule", setting a target for HMRC to reduce the tax gap. • Reform the place of establishment rules to stop multinationals unfairly shifting profits out of the UK.

Conclusion

If you would like any further information, please do not hesitate to contact a member of our Tax team.