2022 Autumn statement

17 November 2022

Autumn Statement 2022

Energy Price Guarantee and Cost of Living Payments

- This particular Scheme will apply to England, Scotland and Wales.
- A parallel scheme, based on the same criteria and offering comparable support, but recognising the different market fundamentals, will be established in Northern Ireland.
- From 1 April 2023 until 31 March 2024 the typical household will pay the equivalent of £3,000 per year. The present guarantee is capped at £2,500, up to 31st March 2023, as regards a typical household.
- A one-off payment of £900 will be paid to households on means-tested benefits (income-based Jobseeker's Allowance; income-related Employment and Support Allowance; Income Support; Pension Credit; Universal Credit; Child Tax Credit; Working Tax Credit) across the UK in 2023-24.
- Pensioner households (those with people over State Pension age) will receive a one-off payment of £300 Pensioner in 2023-24.
- A one-off Disability Cost of Living Payment of £150 to recipients of extra-costs disability benefits across the UK in 2023-24.

Quick tips

As an individual taxpayer you may want any bonus paid to you before 6th April 2023 if your total income for the 2023/24 tax year is likely to be between £125,140 and £150,000.

With corporation tax rates set to rise to as high as 25% for accounting periods ending after 31st March 2023, companies may wish to delay paying out the bonus until after that date to maximise corporation tax relief.

Income Tax Allowance, National Insurance and Rate bands

- The Personal Tax Allowance, currently set at £12,570, will remain at this level until April 2028.
- The Basic Rate Tax Band, presently set at £37,700, will remain at this level until April 2028.
- The 45% income tax charge presently applies to income in excess of £150,000. From April 2023 it will apply to income in excess of £125,140.
- Once the Individual's Personal Tax allowance has been exceeded the balance will then be taxed as follows:

Rest of UK Income Tax Rates 2023-24

Band	Rate
0 to £37,700	20%
£37,701 to £125,140	40%
Over £125,140	45%

- It is important to note that the setting of tax rates and thresholds of Non-Savings, Non-Dividend income for Scottish and Welsh resident taxpayers has been devolved to the Scottish Parliament and the National Assembly of Wales.
- The National Insurance Thresholds will remain as they are until April 2028.

Published 17/11/2022

Autumn Statement 2022

Quick tips

If your total income is likely to take you into the higher rate (40% or 41% - Scotland) or additional higher rate brackets (45% or 46% - Scotland), next tax year as opposed to this present tax year, you may want to consider, where possible, delaying paying pension contributions or Gift Aid payments until post 5th April 2023 to maximise tax relief.

It is always worth considering if there is any action which can be taken to ensure individual income is below the £100,000 threshold, as the effective tax rate for the £25,140 above this threshold is 60% (61% in Scotland).

If you have more than one employment you may pay too much employees' national insurance. HM Revenue & Customs can request the second employer operate a lower rate to ensure the correct amount is paid. Refunds may be possible if national insurance has been overpaid in earlier years.

Quick tips

Billions of pounds of national insurance contributions, inadvertently, do not get allocated by the Government to an individual's state pension records. It is wise to review your state pension records on a regular basis to ensure that your national insurance records are correct and fully up to date.

At present you can go back to 2006 to top up your state pension requirement. From 6th April 2023 you will only be allowed to go back 6 years to fill the missing gaps in your national insurance records. Each relevant year where the requirement has been met is presently worth an extra £275 state pension on an annual basis.

If you have a child under the age of 12 and register for child benefit you will automatically receive a parent's state pension credit for each year. If you have a family member who helps you with childcare support and has a gap in their own national insurance records, you may be able to elect to transfer your state pension credit to them. You can claim from 2011/12 tax year onwards

Dividends

- The zero rate of tax dividend threshold will fall from £2,000 to £1,000 from 6th April 2023 and then to £500 from 6th April 2024.
- There will be no change to the dividend tax rate

Band	2022/23	2023/24
Dividend ordinary rate	8.75%	8.75%
Dividend upper rate	33.75%	33.75%
Dividend additional rate	39.35%	39.35%

Published 17/11/2022

Autumn Statement 2022

Quick tips

If dividends relate to your own company shares, consider the implications of paying out a dividend prior to 6th April 2023 to maximise the zero rate on the first £2,000.

Consider whether it may be beneficial transferring some of your shares into your spouse's/civil partner's name so that they may also benefit from the zero-dividend tax rate as well. In some circumstances they may even be taxed a lower rate on any dividend exceeding the zero-rate band.

Employment Allowance

The Employment Allowance, which can be set off against the employer's National Insurance liability, will remain at £5,000 from April 2023.

Inheritance Tax

- The tax rates and nil rate band for Inheritance Tax purposes will remain the same until April 2028.
- The nil rate at £325,000 and the residence nil rate band (RNRB) at £175,000 (the commencement of the tapering off of the RNRB will remain at £2 million).

Quick tips

If dividends relate to your own company shares,

Do you know the value of your Estate for Inheritance Tax purposes? Remember the tax on death, after taking account of reliefs and exemptions, is 40%. With planning you can potentially mitigate that liability and pass more of your assets over to your loved ones rather than HMRC. Please contact us for an Inheritance Tax review.

It is possible to reduce the Inheritance Tax charge from 40% down to 36% if, on death, you gift 10% of some or all of your assets to charity. In some cases this can result in both the charity and your remaining beneficiaries receiving more of your assets.

You should review your will whenever there is a change of circumstances in your life to ensure that it reflects your current wishes. That could be marriage, divorce, children or grandkids and inheritance etc. Are you confident that your current will takes account of the many tax legislation changes over the years and is therefore tax efficient?

Published 17/11/2022

Autumn Statement 2022

VAT

- The taxable turnover threshold for determining whether a person must register for VAT will remain at £85,000 and the point at which a person can apply to deregister will also remain at £83,000 until 31st March 2026.

Quick tips

Have you considered whether or not you are eligible for any of the available VAT schemes which may mitigate your overall VAT position?

Capital Gains Tax

- The current Capital Gains Tax (CGT) annual exempt amount (AEA) is currently set at £12,300 for individuals and personal representatives and £6,150 for most trustees.
- For 2023-24, the AEA will be £6,000 for individuals and personal representatives and £3,000 for most trustees.
- For 2024-25 and beyond, the AEA will be permanently fixed at £3,000 for individuals and personal representatives and £1,500 for most trustees.
- From April 2023 CGT proceeds exceeding £50,000 will have to be reported irrespective of whether there is a taxable gain.

Quick tips

Consider disposing of assets pregnant with gain before 6th April 2023 to maximise the present annual exemption limit of £12,300.

If you are going through a separation from your spouse or civil partner, unless this is the tax year you separated, you may, from a tax perspective, want to delay transferring assets between yourselves until after 5th April 2023.

If you are selling a residential property, which is not your main residence, you may have to report the disposal to HM Revenue & Customs within 60 days of the completion date and pay any capital gains tax due at the same time. Speak to us before you sell as there may be legitimate ways to mitigate the tax liability.

Autumn Statement 2022

Research & Development (R&D) and Patent Box

- From April 2023 the relief that can be claimed by businesses through the research and development expenditure credit (RDEC) and the research and development tax relief for small and medium-sized enterprises (SME) will change.
- The new rates will be 20% for RDEC, 86% additional deduction for SME, and 10% for SME payable credit if loss making.
- The 10% Corporate Patent Box relief in respect of profits arising from a patent you hold or where you have an exclusive licence over it has been left untouched.

Quick tips

If you sub-contract R&D work overseas then you may want to be billed for the work pre 1st April 2023 as from that date you may not be able to obtain R&D relief as regards this expenditure.

In light of the increase in corporation tax rates for accounting periods ending after 31st March 2023, you may want to consider delaying R&D expenditure until after that date to maximise the tax relief.

The R&D criteria is quite wide, and many eligible companies are missing out on it. From 1st April 2023, you will only have 6 months from the end of the accounting period in which R&D activity has occurred to make a claim, unless you have made a similar claim in the previous 3 years. If in doubt, ask for a free R&D check to see if a legitimate claim can be made.

Certain expenditure which has historically been excluded when claiming R&D will come into play from 1st April 2023, such as licence payments and cloud computing costs which are directly involved in R&D. Is it worth delaying incurring the expense until post 31st March 2023?

Published 17/11/2022

Autumn Statement 2022

National Minimum Wage (NMW)

Age Group/Status	2022/23 rate per hour	2023/24 rate per hour
Worker 23 years+	£9.50	£10.42
Worker 21 -22	£9.18	£10.18
Worker 18 - 20	£6.83	£7.49
Worker under 18	£4.81	£5.28
Apprentice	£4.81	£5.28

- The accommodation offset rate will increase to £9.10 an hour.

Quick tips

Businesses needs to be careful that they do not fall foul of the NMW complex legislation as penalties can be exceedingly high. One should carry out a NMW review to ensure that the business is NMW compliant. Please do not hesitate to contact us if you require assistance.

Stamp Duty Land Tax (SDLT)

- The SDLT residential rates and thresholds will remain as they are until 31st March 2025 inclusive.
- From 1st April 2025 the residential nil-rate threshold will return to £125,000 from £250,000 and the First Time Buyers' Relief nil-rate threshold will return to £300,000 from £425,000. The maximum amount that an individual can pay while remaining eligible for First Time Buyers' Relief will return to £500,000 from £625,000.
- The power to set land taxes in Scotland and Wales has been devolved down to the Scottish and Welsh governments.

Quick tips

If you are buying two or more residential properties in a single or linked transactions, consider whether or not claiming multiple dwellings relief could mitigate the overall land taxes liability.

If you are buying six or more residential properties in a single or linked transaction check to see if it is more advantageous to apply the commercial land taxes rate to the acquisition rather than the residential rate.

Autumn Statement 2022

Company Car Tax (CCT), Car Fuel and Van Benefits

- The CCT percentages will increase by 1 percentage point each year for Electric Vehicles (EVs) and the Ultra-Low Emissions vehicles (less than 75g CO_2 emissions) from the 2025/26 to 2027/28 tax years inclusive.
- All other bands will be increased by +1% up to a maximum Appropriate Percentage of 37%.
- The car fuel benefit rate for 2023/24 will grow in line with the September consumer price index (CPI).
- The van benefit charge for 2023/24 will grow in line with the September CPI.

Quick tips

Before purchasing or leasing a car, consider whether it is beneficial to do so through the company or personally. We can carry out a company car review to look at the impact on both the company and the individual. Please do not hesitate to contact us if you are interested.

Electric Vehicle Chargepoints

- The Enhanced Capital Allowance for the purchase and installation of electric vehicle chargepoints will be extended to 31 March 2025 for Corporation Tax purposes and to 5 April 2025 for income tax purposes.

Vehicle Excise Duty (VED) – Electric Cars

- From April 2025 electric cars owners will have to pay VED.

Energy Profits Levy

- This is aimed at the taxable profits from oil and gas exploration and production companies operating in the UK or on the UK Continental Shelf.
- The rate of the Energy Profits Levy will increase from 25% to 35% from 1st January 2023.
- The levy will now extend from 31 December 2025 to March 2028.
- The Chancellor will also reduce the investment allowance from 80% to 29% and introduce a new decarbonisation allowance, set at 80% for upstream decarbonisation expenditure. This measure will also be effective from 1 January 2023.

Electric Generator Levy

- This Levy will be a new 45% tax on extraordinary revenues above a pre-crisis price baseline (of £75 per MWh) made by certain renewable, nuclear and biomass electricity generators.
- This will cover the period from 1st January 2023 to 2028.
- The measure will exclude generation that falls under the Contracts for Difference (CfD) regime and will also include a small de minimis to exclude small generators from the Levy.

Published 17/11/2022

Autumn Statement 2022

Tax Avoidance - Share for Share Exchange

- This anti-avoidance measure relates to securities in a non-UK company acquired in exchange for securities in a UK company which will be deemed to be located in the UK for the purpose of Capital Gains Tax (CGT).
- Individuals will pay tax on gains or dividend and distribution income received in respect of those securities deemed to be located in the UK in the same way as they would if the securities were in a UK company.
- This comes into effect for share exchanges or schemes of reconstruction carried out on or after 17 November 2022.

Annual Tax on Enveloped Dwellings (ATED)

- The property values remain as they are, starting at £500,000, but the ATED charges for 2023/24 will increase in line with September CPI.

Quick tips

If you are a company which holds an interest in a residential dwelling it is important to double check that you are not required to complete an ATED annual return. This may be required even if you are not liable to an ATED charge. Failure to do so could result in a penalty arising of up to £1,600 per annual return.

Business Rates (England)

- The business rates multiplier will be frozen for 12 months from April 2023.
- This will maintain the small business multiplier at 49.9p and the standard multiplier at 51.2p rather than uprating them to 52.9p and 54.2p respectively.
- 75% business rates discount to businesses occupying eligible retail, hospitality and leisure properties in England up to a cash cap of £110,000 per business. This discount will apply for 12 months from 1 April 2023.
- There will be a three-year transitional relief measure to cap bill increases for properties at a set percentage each year as a result of increasing rateable values at the 2023 business rates revaluation. This will take effect from 1 April 2023 and run until 31 March 2026.
- In the first year, these increases will be capped at 5% for small, 15% for medium and 30% for large properties; these caps will increase in later years of the scheme.
- There will also be a three year supporting measure which will cap bill increases at £600 per year for businesses losing eligibility for or seeing reductions in Small Business Rate Relief (SBRR) or Rural Rate Relief (RRR) as a result of the 2023 business rates revaluation.
- At the Autumn Budget 2021, the government announced the Improvement Relief, which provides 12 months of 100% business rates relief on qualifying improvements to existing properties from 1 April 2023 until 31 March 2028. The Chancellor of Exchequer has now changed the start date for this relief to 1 April 2024.

Autumn Statement 2022

Council Tax (England)

- The Council Tax referendum limits for 2023-24 to 2027-28. These limits will comprise a core referendum principle of 3% for all local authorities, and an additional 2% Adult Social Care (ASC) precept for local authorities with responsibility for social care.

Quick tips

If you are a business intending to help lower paid employees deal with the cost of living crises consider providing them with non-cash vouchers rather than a cash payment as the former will not impact upon the employees' Universal tax credit position.

Further announcements

- The state pension will increase by 10.1% in line with the rate of CPI as at September 2022.
- State benefits will increase by 10.1% in line with the rate of CPI as at September 2022.
- Pension Credit will be uprated in April 2023 by CPI inflation.
- To support mortgage borrowers with rising interest rates, from Spring 2023, the government will allow those on Universal Credit to apply for a loan to help with interest repayments after three months, instead of nine.
- For 2023/24 only, the Government will increase social housing rents by 7% instead of increasing by CPI +1%.

Quick tips

Companies who invest in new plant and machinery (P&M) which ordinarily qualifies for the 18% main rate of writing down allowance (WDA) for capital allowance purposes may, in some cases, potentially claim an enhanced temporary 130% first year allowance. An enhanced first year allowance of 50% is available on investment into new plant and machinery which would ordinarily qualify for 6% WDA. These temporary allowances however remain in place only until 31st March 2023.

It is worth having an annual pension review, to ensure you maximise the use of all the pension allowances which may be available to you and to do so in the most tax efficient way. Also it is important to check that you have not breached the very onerous lifetime allowance pension limit nor the pension tax charge. We are happy to carry out this review for you

If you wish to discuss the Autumn Statement or other issues please do contact us.

Published 17/11/2022