



WESTCOTTS

CHARTERED ACCOUNTANTS
& BUSINESS ADVISERS

Autumn Budget 2022

Summary



1. Personal Tax

1.1 Tax Rates

Personal allowances and the higher rate tax threshold had already been fixed until April 2026 and this has now been extended until April 2028.

The personal allowance will remain at £12,570 and the higher rate threshold will remain at £50,270.

1.2 Additional Rates

From the 6 April 2023 the additional rate threshold will be lowered from £150,000 to £125,140.

1.3 Dividend Allowance

The dividend allowance will reduce from £2,000 to £1,000 from April 2023 and to £500 from April 2024.

1.4 Married Couples' and Blind Persons Allowance

The Married Couple's Allowance and Blind Person's Allowance will be increased by the September 2022 CPI figure. The Married Couple's Allowance will be between £4,010 and £10,375 and the Blind Persons allowance will be £2,870.

2 National Insurance Contributions (NIC)

2.1 Thresholds

The lower earnings level will remain at £6,396 for the 2023/24 tax year and the small profits threshold will remain at £6,725.

The primary threshold will remain at £12,570 and the upper earnings and upper profits limit will remain at £50,270.

These thresholds will remain until April 2028.

2.2 Rates

From 6 April 2023 the rate for class 2 NIC will be £3.45 per week and will be £17.45 per week for class 3 NIC.

3 Business Tax

3.1 Online Sales Tax

Following a consultation HMRC have decided not to introduce an online sales tax.

3.2 Business Rates – Overall Package

From 1 April 2023 business rate bills will be updated to reflect property valuation changes since the last revaluation in 2017. A support package will be introduced to help businesses transition to their new bills and to protect businesses from the full impact of inflation over the next five years.

3.3 Business Rates – Multiplier Freeze

The business rates multipliers will be frozen at 49.9p and 51.2p in 2023/24.

3.4 Business Rates – Transitional Relief Scheme

Upwards transitional relief will support properties by capping bill increases caused by changes in rateable value at the 2023 revaluation. There will be £1.6 billion of support. The upwards caps will be 5%, 15% and 30% for small, medium and large properties in 2023/24. Properties that see a fall in the rateable value will benefit from the full reduction in their business rate bill from April 2023.

3.5 Business Rates – Improvement Relief

From April 2024 businesses will not see an increase in their rates for 12 months as a result of making improvements to a property they occupy.

3.6 Business Rates – Hospitality and Leisure Relief

From April 2023 the support for eligible retail, hospitality and leisure businesses is being extended and increased from 50% to 75% up to £110,000 per business.

3.7 Business Rates – Supporting Small Business

From 1 April 2023 bill increases will be capped at £600 for the smallest businesses losing eligibility or seeing reductions in small business support scheme or rural rate relief.

3.8 Research and Development Tax Reliefs

From 1 April 2023 the Research and Development Expenditure Credit on qualifying research and development expenditure will increase from 13% to 20%. The small and medium enterprises additional deduction will decrease from 130% to 86% and the credit rate will decrease from 14.5% to 10%.

3.9 First Year Allowance for Electric Vehicle Charge points

The government will legislate to extend the 100% First Year Allowance for electric vehicle charge points to 31 March 2025 for corporation tax purposes and 5 April 2025 for income tax purposes. This will ensure that the tax system continues to incentivise business investment in charging infrastructure.

3.10 Adjusting super-deduction rules

As the main rate of Corporation Tax will increase, previously proposed technical changes to the related capital allowance super-deduction rules are no longer required.

4 Value Added Taxes (VAT)

4.1 VAT – Registration and Deregistration thresholds

The current registration and deregistration limit will remain at £85,000 for a further two years from 1 April 2024.

5 Stamp Duty Land Tax

5.1 Stamp Duty Land Tax (SDLT) Cuts

On 23 September 2022 the government increased the SDLT nil rate threshold for all purchases of residential property to £250,000 and for first time buyers to £425,000. These measures will be retained until 31 March 2025 only.

6 Inheritance Tax

6.1 Nil Rate Band and Residential Nil Rate Band

The inheritance tax nil rate band and residential nil rate band will remain at £325,000 and £175,000 until April 2028. The residence nil rate band taper will continue to start at £2 million.

7 Capital Gains Tax

7.1 Annual Allowance

The capital gains tax annual allowance will reduce from £12,300 to £6,000 from April 2023 and to £3,000 from April 2024.

7.2 Preventing Capital Gains Tax Avoidance

The government will legislate in Spring Finance Bill 2023 so that shares and securities in a non-UK company acquired in exchange for securities in a UK close company will be deemed to be located in the UK. This will have effect where an individual has a material interest in both the UK and the non-UK company and where the share exchange is carried out on or after 17 November 2022

8 Employment Taxes

8.1 National Insurance Contributions – Secondary Threshold

From April 2023 the level at which employers will pay Class 1 secondary NIC will be £9,100 and will remain in force until April 2028.

8.2 Company Car Tax Rates

Company car tax rates will continue to incentivise the take up of electric vehicles.

Appropriate percentages for electric and ultra-low emission cars emitting less than 75g of CO₂ per kilometre will increase by 1 percentage point in 2025-26, a further 1% in 2026-27 and a further 1% in 2027-28 up to a maximum appropriate percentage of 5% for electric cars and 21% for ultra-low emission cars.

Rates for all other vehicles bands will be increased by 1 percentage point for 2025-26 up to a maximum appropriate percentage of 37% and will then be fixed in 2026-27 and 2027-28

8.3 Van Benefit Charge and Car & Van Fuel Benefit Charge

From 6 April 2023, Car and Van Fuel Benefit Charges and van benefit charge will increase in line with CPI. The government will legislate by way of Regulations in December 2022.

9 Other Taxes

9.1 Additional Compliance Resource for HMRC

The government is investing a further £79 million over the next 5 years to enable HMRC to allocate additional staff to tackle more cases of serious tax fraud and address tax compliance risks among wealthy taxpayers.

9.2 Electricity Generator Levy

The government is introducing the Electricity Generator Levy, a temporary 45% tax that will be levied on extraordinary returns from low-carbon UK electricity generation. For the purposes of the tax, extraordinary returns will be defined as the aggregate revenue that generators make in a period from in-scope generation at an average output price above £75/MWh. The tax will

be limited to generators whose in-scope generation output exceeds 100GWh across a period and will only then apply to extraordinary returns exceeding £10 million. The tax will apply to extraordinary returns arising from 1 January 2023 and will be legislated for in Spring Finance Bill 2023.

9.3 Enveloped Dwellings (ATED)

The annual chargeable amounts for the ATED will be uplifted by the September CPI figure of 10.1% for the 2023-24 ATED charging period. This uplift is a routine change as set out in existing primary legislation.

9.4 Increasing the rate of Diverted Profits Tax

From April 2023, the rate of Diverted Profits Tax will increase from 25% to 31%, in order to retain a 6 percentage points differential above the main rate of Corporation Tax, and therefore ensure that it remains an effective deterrent against diverting profits out of the UK.