

Mini budget highlights – 23rd September 2022

We try and keep our clients informed of important developments as they happen, so we have compiled some key points raised in today's mini budget. Please contact us if you want to talk about how these updates affect your business. We are here to support you!

- National Insurance contributions (NIC) will be reduced by 1.25% - effective from 6th November 2022. As National Insurance is not cumulative a change will be seen from this date. No refunds back to April 2022 have been announced.
- The planned increase in Corporation tax for next year to 25% has been scrapped
- The basic rate of personal tax will be cut from 20% to 19% in April 2023
- Dividends tax will be reduced by 1.25% to return to their previous rates. This will take effect from 6th April 2023.

Please see below for further information from the governments white paper:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1105989/CCS207_CCS0822746402-001_SECURE_HMT_Autumn_Statement_2022_BOOK_Web_Accessible.pdf

National Insurance

The government announced a reversal to the National Insurance increase and also the cancellation of the Health and Social Care Levy as a separate tax.

The key changes confirmed in the budget today are:

- The National Insurance contribution (NIC) rates will be cut by 1.25% for employees, employers and the self-employed, effectively reversing the uplift introduced in April 2022 for the rest of the tax year. This cut will take effect from 6th November 2022 and it will cover Class 1 (both employee and employer), Class 1A, Class 1B and Class 4 (self-employed) NICs.
- The ring-fenced Health and Social Care Levy of 1.25% due to be introduced from April 2023 will not go ahead.
- As the rates are due to be reduced from 6th November and National Insurance is not cumulative; employees and employers will see the change to their payslip from this date onwards. No refund has been announced for the rate increase from 6th April 2022 to this date.

Personal Taxation

The government will bring forward the 1% cut to the basic rate of income tax to April 2023, 12 months earlier than planned. This will reduce the rate from 20% to 19%

The additional rate of tax for high earners will also be removed from April 2023

Tax on Dividends

The government will reverse the 1.25% increase in dividend tax rates from April 2023.

Business Taxation

The government will support UK businesses by making the temporary £1 million level of the Annual Investment Allowance permanent, instead of letting it fall to £200,000 after 31 March 2023.

The previously announced planned increase in the UK Corporation Tax rate from 19% to 25% that was due to take effect in April 2023 will not go ahead. Companies will continue to pay 19% on their taxable profits.

The government will introduce a modern, digital, VAT-free shopping scheme, with the aim of providing a boost to the high street and creating jobs in the retail and tourism sectors. The delivery will include modernising the scheme that currently operates in Northern Ireland and introducing a new digital scheme in Great Britain – a consultation will gather views on the approach and design of the scheme to be delivered as soon as possible. The new VAT-free shopping scheme for non-UK visitors to Great Britain will enable them to obtain a VAT refund on goods bought in the high street, airports and other departure points and exported from the UK in their personal baggage.

Business Energy Bills

The Energy Bill Relief Scheme (EBRS) is a temporary six-month scheme in Great Britain that will protect businesses and other non-domestic energy users, including charities and public sector organisations, from rising energy bills this winter by providing a discount on wholesale gas and electricity prices. The government will publish a review into the operation of the scheme in three months to inform decisions on future support after March 2023, focusing in particular on identifying the most vulnerable non-domestic customers and how to continue assisting them with energy costs.

Extra support

There is extra support being considered for a number of Geographical locations over the next 10 years. Leicestershire and Nottinghamshire County Council are among the areas that could be classed as an Investment Zone. The support would include

- Employer National Insurance contributions relief – zero-rate Employer NICs on salaries of any new employee working in the tax site for at least 60% of their time, on earnings up to £50,270 per year, with Employer NICs being charged at the usual rate above this level.
- Stamp Duty Land Tax – a full SDLT relief for land and buildings bought for use or development for commercial purposes, and for purchases of land or buildings for new residential development.
- Business rates – 100% relief from business rates on newly occupied business premises, and certain existing businesses where they expand in English Investment Zone tax sites. Councils hosting Investment Zones will receive 100% of the business rates growth in designated sites above an agreed baseline for 25 years.

If you require any further help and guidance, please feel free to give us call.

The Team at Nigel Ricks.

E&OE

Information taken from HM Treasury - The Growth Plan 2022