BUSINESS NEWSLETTER

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We hope you enjoy reading this newsletter and find it useful. Please contact us if you would like to discuss any matters further.

September 2022

Business News Mini Budget Special

Welcome to our round-up of the latest business news for our clients. Please contact us if you want to talk about how these updates affect your business. We are here to support you!

New approach for a new era?

Last week, the Bank of England (BOE) raised interest rates to 2.25%, the highest level since 2008. They believe the UK economy has shrunk by 0.1% between July and September and, for the seventh time in a row, has made the increase to interest rates in an attempt to halt soaring prices. Inflation is at its highest since the 1980s and prices are expected to rise further in October, with inflation peaking at just under 11%.

We will have more insight in November when the BOE will work out the effect of the government's recent interventions to bring down inflation and ease the cost-of-living crisis, albeit with vastly increased borrowing.

Mini-Budget Summary

On Friday the Chancellor Kwasi Kwarteng announced a series of "growth" measures that the government thinks will help businesses and households get through this winter and beyond.

The chancellor announced:

- The 1.25% percentage point rise in National Insurance contributions will be reversed from 6 November 2022 and the government will not go ahead with the planned April 2023 levy to fund health and social care.
- The planned increase in corporation tax from 1 April 2023 will not happen and it will remain at 19%, irrespective of the level of company profits.
- The basic rate of income tax will be cut from 20% to 19% from April 2023.
- Dividend tax rates will reduce by 1.25 percentage points from April 2023.
- The 45% and 39.35% 'additional rates' of income tax that apply to income over £150,000 will be abolished from 6 April 2023.
- The annual investment allowance, allowing 100% tax relief on certain capital expenditure including computer equipment and vans, will remain at £1million beyond April 2023, when a reduction had been planned.
- From April 2023, we will be back to the IR35 rules largely as they were introduced from 6 April 2000. The off-payroll working variants for the public sector (from 6 April 2017) and for large private sector organizations (from 6 April 2021) will be scrapped.
    - To be clear, the IR35 provisions will still exist. However, it will be up to the directors of intermediary companies to decide whether there would be an employment relationship between the worker and the engager, if all the intermediaries in the chain were ignored.

  - This is a surprising move as the off-payroll rules were introduced in 2017 and 2021 because HMRC was unable to adequately police the original version of IR35, and the cost of non-compliance was estimated to be £1.2bn per year. The chancellor said compliance will be kept under review, but the costings provided in table 4.2 of his Growth Plan 2022 indicate that the revenue lost per year from this change will be £1.1 bn in 2023/24 rising to £2bn in 2026/27.
  - From April 2023, workers providing services via an intermediary will once again be responsible for determining their employment status and paying the correct amount of tax and National Insurance contributions under the IR35 rules. The complex 'off-payroll' working rules for larger employers will be repealed.
- New 'Investment Zones' are to be established across England, with the Government currently in discussions with 38 local authorities. Within each Zone there will be targeted and time limited tax cuts for businesses on offer. The 38 local authorities taking part in discussions can be viewed here.
- A possible future extension to the tax-advantaged Enterprise Investment Scheme (EIS) and Venture Capital Trusts (VCT). In relation to the Seed Enterprise Investment Scheme (SEIS), there will be a widening of the criteria, allowing companies to raise £250,000 under the scheme, 66% more funding than previously.
- Enhancements to the tax advantaged Company Share Option Plan (CSOP) scheme. The maximum employee share option limit will be increased from £30,000 to £60,000 for any new options granted from 6 April 2023. There will also be increased flexibility for share options granted from 6 April 2023 due to a removal of conditions around the class of shares used.
- Modifications will be made to the Universal Credit regime, to support claimants to secure more or better paid work.
- Stamp Duty Land Tax (SDLT) in England and Northern Ireland has been permanently cut from 23 September 2022. The cut is delivered by an increase in the threshold before SDLT is payable from £125,000 to £250,000. First time buyers currently pay no stamp duty on the first £300,000 and that will be raised to £425,000. The revised rates table can be viewed here.
- VAT-free shopping for overseas visitors is to be introduced as soon as possible.
- A package of measures to help households and businesses with energy bills.

UK Government outlines plans to help households and businesses with energy bills

For households

To provide immediate support for households, an **Energy Price Guarantee (EPG)** will cap the unit price that consumers pay for electricity and gas. This will mean the average household will pay no more than £2,500 per year for a period of two years from October 2022, and is expected to save at least £1,000 a year, although savings for individual households will vary according to their energy use. The discount is automatic and there is no need to apply or contact energy suppliers.

The EPG is in addition to the £400 support all households will receive from the Energy Bills Support Scheme (EBSS) over the coming winter.

The government will also provide an additional payment of £100 to compensate for the rising costs of alternative heating fuels for UK households not able to receive support for heating costs through the EPG, for example if they are living in an area of the UK that is not served by the gas grid.

See: [Energy Bills Support Factsheet - GOV.UK (www.gov.uk)]

For businesses

Through a new **Energy Bill Relief Scheme (EBRS)**, the government will provide a discount on wholesale gas and electricity prices for all non-domestic customers (including UK businesses, voluntary sector organisations like charities and public sector organisations such as schools and hospitals) whose current gas and electricity prices have been significantly inflated in light of global energy prices. This support will be equivalent to the EPG put in place for households.

It will apply to fixed price contracts agreed on or after 1 April 2022, as well as to deemed, variable and flexible tariffs and contracts. It will initially apply to energy usage from 1 October 2022 to 31 March 2023, before a review is undertaken to inform decisions on future support. The savings will be first seen in October bills, which are typically received in November.

As with the EPG for households, customers do not need to take action or apply to the scheme to access the support. Discounts will automatically be applied to bills.

See: [Energy Bill Relief Scheme: help for businesses and other non-domestic customers - GOV.UK (www.gov.uk)]

UK intellectual property protection abroad

To protect your intellectual property outside of the UK, you usually need to apply in each country you want protection in.

Intellectual property (IP) rights are territorial. They only give protection in the countries where they are granted or registered. If you only have UK protection, others may be allowed to use your IP abroad without infringing your rights.

If you are thinking about trading abroad then you should consider registering your IP rights abroad.

Some countries may allow you to extend your UK protection, and accept it as protected in that country after completing certain local formalities.

See: [Protecting your UK intellectual property abroad - GOV.UK (www.gov.uk)]