

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

October 2022

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!

### A fiscal U-turn without precedent!

Over the last few days, we have seen a gradual dismantling of the mini-budget of Friday 23 September 2022, along with the economic policies that Prime Minister Liz Truss based her leadership campaign on. On Friday 14<sup>th</sup> October, Ms Truss announced a change of Chancellor, from Kwasi Kwarteng to Jeremy Hunt. This was swiftly followed by a series of U-turns culminating in Mr Hunt delivering an 'emergency statement' on Monday 17<sup>th</sup> October. This emergency statement effectively replaces and re-writes the mini-budget.



Designed to ensure the UK's economic stability and provide confidence in the Government's commitment to fiscal discipline, the emergency statement confirmed:

- **Income tax** – the basic rate of income tax will remain at 20% until economic conditions allow for it to be cut. *This had been due to drop to 19% from 6 April 2023.*

It had already been confirmed that the 'additional rates' of income tax for those earning more than £150,000 a year,

including the 45% rate on non-savings income, would remain in 2023/24.

- **Income tax on dividends** – will remain at the current rates of 8.75% in the basic rate band, 33.75% in the higher rate band and 39.35% in the additional rate band. *They had been due to each drop by 1.25 percentage points from 6 April 2023.*
- **Corporation tax** - the increased corporation tax rates, already legislated to come in from 1 April 2023, will go ahead. These will take some companies from a 19% rate of corporation tax to 25% or 26.5%. *It had been proposed that corporation tax would remain at a single 19% rate.*
- **IR35** – the off-payrolling rules, as introduced in 2017 and 2021, will remain into 2023/24 and beyond. This keeps the IR35 compliance burden with medium and large sized employers.
- **Energy Price Guarantee** – the support for households to cap average annual electricity and gas costs at £2,500 will be reviewed in April 2023. *We had been told that households would receive this support until September 2024.*
- **VAT** – a VAT-free shopping scheme for non-UK visitors to Great Britain will no longer be pursued.
- **Alcohol duties** – will not be now frozen from 1 February 2023 and increased duties will apply.

The following mini-budget announcements remain:

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- The 1.25% rise in NICs will still be reversed from 6 November and the government will not go ahead with the planned 1.25% levy to fund health and social care next year.
  - The annual investment allowance will remain at £1 million from 1 April 2023, rather than reverting to £200,000.
  - There are to be more than 40 new “investment zones” in England.
  - The increased thresholds for Stamp Duty Land Tax in England and Northern Ireland, as implemented from 23 September, will remain in place.
  - The Energy Bill Relief Scheme for Business will continue to be subject to a governmental review after 31 March 2023. The Chancellor has now said that any support for businesses will be targeted to those most affected, and that the new approach will better incentivise energy efficiency.

On 31 October, Mr Hunt will present an update on the government’s medium term fiscal plan, complete with Office for Budget Responsibility forecasts. Further changes to fiscal policy are expected to be announced at this time. We are clearly in turbulent political and economic times and faced with such uncertainty you may ask yourself “What actions can I take as a business owner?”. It is a good time to look at your business’s strengths, weaknesses, opportunities and threats and get a clear understanding of its position in the marketplace, the competition, the systems and the way things are done and the improvements that could be made. Focus on what the business is to look like when it is “complete” or running profitably and successfully. Then you can determine priorities – the big issues that need to be focussed on – then you can make a plan. It is also a good idea to plan for a range of scenarios “good and bad” so that you can be

flexible about the direction your business should take.

Please talk to us about your plans, we can assist with cash flow planning and “what if” scenarios.

### **Self Assessment: Be alert to potential scams**

HMRC is urging their Self Assessment customers to be vigilant of fraudsters and scams asking for personal information or bank details.

Self Assessment customers, who are starting to think about their annual tax returns for the 2021 to 2022 tax year, should guard against being targeted by fraudsters, warns HMRC. Fraudsters target customers when they know they are more likely to be in contact with HMRC, which is why businesses should be extra vigilant about this activity. There is a risk they could be taken in by scam texts, emails or calls either offering a refund or demanding unpaid tax, thinking that they are genuine HMRC communications referring to their Self Assessment return.

Some customers who have not done a Self Assessment return previously might be tricked into clicking on links in these emails or texts and revealing personal or financial information to criminals.

Criminals claiming to be from HMRC have targeted individuals by email, text and phone with their communications ranging from offering bogus tax rebates to threatening arrest for tax evasion. Contacts like these should sound alarm bells - HMRC would never call threatening arrest.

Anyone contacted by someone claiming to be from HMRC in a way that arouses suspicion is advised to take their time and check the [scams advice](#) from HMRC.

Customers can report any suspicious activity to HMRC. They can forward suspicious texts claiming to be from HMRC to 60599 and emails to [phishing@hmrc.gov.uk](mailto:phishing@hmrc.gov.uk). Any tax scam phone calls can be reported to HMRC using their [online form](#).

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