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November
2022

A simple guide to the Autumn Statement 2022

The headline message from the Chancellor

The Chancellor highlighted that “In the face of unprecedented global headwinds, families, pensioners, businesses, teachers, nurses and many others are worried about the future.” He highlighted he aims to tackle the cost-of-living crisis and rebuild our economy with his headline priorities of stability, growth, and public services.

He concluded his speech stating that “the British people are tough, inventive and resourceful. We have risen to bigger challenges before.....It is a balanced plan for stability, a plan for growth and a plan for public services. It shows that you don’t need to choose either a strong economy or good public services...”

Key measures announced by the Chancellor are summarised within this Guide.

Rates and allowances

Income tax rates: England, Wales & Northern Ireland (non-dividend income)	2023/24	2022/23
0% starting rate for savings only	Up to £5,000	Up to £5,000
20% basic rate tax	£12,571-£50,270	£12,571-£50,270
40% higher rate tax	£50,271-£125,140	£50,271-£150,000
45% additional rate tax	Above £125,140	Above £150,000

Scottish rates of income tax (non-dividend income)		
Scottish taxpayers pay the same tax as the rest of the UK on dividends and savings interest		
19% starting rate	£12,571-£14,732	£12,571-£14,732
20% basic rate tax	£14,733-£25,688	£14,733-£25,688
21% intermediate rate tax	£25,689-£43,662	£25,689-£43,662
41% higher rate tax	£43,663-£150,000	£43,663-£150,000
46% top rate	Above £150,000	Above £150,000

The announcements on income tax do not automatically affect rates in Scotland. The Scottish government, which has responsibility for setting bands and rates of income tax in Scotland, will set out its plans for income tax (and other devolved taxes, including the property tax Land & Buildings Transactions Tax) in its draft budget, expected to be published on 15 December.

The Welsh government retains limited powers in relation to Income tax rates and may choose to change these in their budget on 13 December.

Income tax

The income tax additional rate threshold will reduce from £150,000 to £125,140 from April 2023. Reducing these thresholds will cost £1,243 for an additional rate taxpayer.

Personal tax thresholds – ie personal allowance, basic and higher rate thresholds for income tax – are maintained until April 2028 at a current level of £12,570 and £50,270.

Basic rate of income tax will be maintained at 20%. This was previously announced to be reduced to 19%, which will not go ahead from 2023.

Other income tax allowances

Married Couple's Allowance and Blind Person's Allowance will be uplifted by 10.1%, from 6 April 2023.

National insurance

The national insurance thresholds for all classes will be maintained until April 2028 at the current level. The government will fix the level at which employers start to pay Class 1 Secondary NICs for their employees (the Secondary Threshold) at £9,100 from April 2023 until April 2028.

The employment allowance is set to the current level of £5,000.

The temporary 1.25% increase from 6 April 2022 in national insurance rates has been abandoned from 6 November 2022. The Health and Social Care Levy is no longer going ahead. The introduction of a separate Health and Social Care Levy tax in April 2023 has been cancelled too.

National insurance	2023/24	2022/23
Lower earnings limit, primary class 1 (per week)	£123	£123
Upper earnings limit, primary class 1 (per week)	£967	£967
Apprentice upper secondary threshold (AUST) for under 21s/25s	£967	£967
Primary threshold (per week) From 6 April 2022 to 5 July 2022 From 6 July 2022 to 5 April 2023	£242	£190 £242
Secondary threshold (per week)	£175	£175
Employment allowance (per year/employer)	£5,000	£5,000
Employee's primary class 1 rate between primary threshold and upper earnings limit (note 9) From 6 April 2022 to 5 November 2022 From 6 November 2022 to 5 April 2023	12%	13.25% 12%
Employee's primary class 1 rate above upper earnings limit From 6 April 2022 to 5 November 2022 From 6 November 2022 to 5 April 2023	2%	3.25% 2%
Married woman's reduced rate between primary threshold and upper earnings limit From 6 April 2022 to 5 November 2022 From 6 November 2022 to 5 April 2023	5.85%	7.1% 5.85%
Married woman's rate above upper earnings limit From 6 April 2022 to 5 November 2022 From 6 November 2022 to 5 April 2023	2%	3.25% 2%

Employer's secondary class 1 rate above secondary threshold (note 9) From 6 April 2022 to 5 November 2022 From 6 November 2022 to 5 April 2023	13.8%	15.05% 13.8%
Class 2 rate (per week where profits are above lower profits limit threshold)	£3.45	£3.15
Class 2 small profits threshold (per year)	£6,725	£6,725
Class 3 voluntary rate (per week)	£17.45	£15.85
Class 4 lower profits limit	£12,570	£11,908
Class 4 upper profits limit	£50,270	£50,270
Class 4 rate between lower profits limit and upper profits limit	9.73%	9.73%
Class 4 rate above upper profits limit	2.73%	2.73%
Class 1A/1B NIC	14.53%	14.53%

National Living Wage

From 1 April 2023, the government will increase the National Living Wage (NLW) by 9.7% to £10.42 an hour, for those aged 23 and over.

Dividend allowance

Dividend allowance is reduced from £2,000 to £1,000 from April 2023 and to £500 from April 2024. The threshold of £2,000 has been in place since April 2018.

Dividends above the dividend allowance were taxed at 7.5% (basic rate), 32.5% (higher rate), and 38.1% (additional rate). From 6 April 2022, dividends are taxed at 8.75% (basic rate), 33.75% (higher rate), and 39.35% (additional rate)

Inheritance tax

Inheritance tax nil-rate band and residence nil-rate band – thresholds are maintained at the current level until April 2028.

The inheritance tax nil rate bands are already set at current levels until April 2026 and will stay fixed at these levels for a further two years until April 2028. The nil-rate band will continue at £325,000, while the residence nil-rate band will continue at £175,000, and the residence nil-rate band taper will continue to start at £2m.

Qualifying estates can continue to pass on up to £500,000 and the qualifying estate of a surviving spouse or civil partner can continue to pass on up to £1m without an inheritance tax liability.

Capital gains tax: reduce the annual exempt amount

The annual exemption amount for capital gains tax for individuals will change, from £12,300 to £6,000 from April 2023 then £3,000 from April 2024.

SDLT

Stamp Duty Land Tax (SDLT) cuts for England and Northern Ireland will remain in place until 31 March 2025. On 23 September 2022, the government increased the nil-rate threshold of SDLT from £125,000 to £250,000 for all purchasers of residential property in England and Northern Ireland and increased the nil-rate threshold paid by first-time buyers from £300,000 to £425,000.

The maximum purchase price for which First Time Buyers' Relief can be claimed was increased from £500,000 to £625,000. This will now be a temporary SDLT reduction which will remain in place only until 31 March 2025.

Corporation tax

From April 2023, the planned increase in the corporation tax rate to 25% for companies with over £250,000 in profits will go ahead. Small companies with profits up to £50,000 will continue to pay corporation tax at 19%.

Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate.

Annual Investment Allowances

Annual Investment Allowance has been confirmed at a permanent rate of £1 million from 1 April 2023.

Research & Development

For expenditure incurred on or after 1 April 2023, Research and Development (R&D) tax reliefs will be changed as follows:

- the small and medium-sized enterprises (SME) additional deduction will decrease from 130% to 86%
- the SME credit rate will decrease from 14.5% to 10% and
- R&D expenditure credit rises from 13% to 20%.

Car tax

The chancellor has announced electric vehicles will no longer be exempt from Vehicle Excise Duty from April 2025.

Company car taxes are under review and are going to be set up until April 2028 to provide long term certainty for taxpayers and industry in Autumn Finance Bill 2022. 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.

VAT

The VAT registration and deregistration thresholds at £85,000 will not change for a further period of two years from 1 April 2024.

Annual Tax on Enveloped Dwellings

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.

Online Sales Tax (OST)

The government has clearly stated that it has decided not to introduce an OST, an idea put forward by certain stakeholders in the context of business rates reform. The government's decision reflects concerns raised about an OST's complexity and the risk of creating unintended distortion or unfair outcomes between different business models.

This does bring a degree of certainty in future planning for many online retailers and – along with the rates reforms announced – clarity for those with fixed retail premises.

Help for energy costs

The current Energy Price Guarantee provides support for household and business energy bills until 31 March 2023. Support for households will continue from April 2023 though support will be less generous and based on a higher average usage price cap of £3000 (up from £2,500) per annum, with additional targeted support for vulnerable households.

Further detail about eligibility for support for businesses can be found [here](#). ACCA members have helpfully provided feedback to shape the detailed delivery of the business support scheme and today's announcement suggested the final details would be published before the end of the year.

Business Rates

The Chancellor confirmed that the planned revaluation for England will proceed in April 2023. At revaluation, property values used to calculate non-domestic rates are updated to reflect the property market (in this case to reflect values as at 1 April 2021). Current values have been in effect since April 2017, and are based on market values as at April 2015.

The Chancellor also confirmed that a transitional rates relief scheme, which phases in changes associated with new values, will be in place for 3 years following the revaluation.

The business rates multiplier will be frozen in 2023-24, while relief for 230,000 businesses in retail, hospitality and leisure sectors was also increased from 50% to 75% next year;

Revaluations are also expected to take effect in April 2023 in Scotland and Wales however poundage rates and any other decisions relating to revaluation and non-domestic rates are expected to be announced by the Welsh and Scottish Governments in their respective budgets, expected in mid-December

A variety of other non-domestic rates relief may be available but businesses will need to check with their local council here:

<https://www.gov.uk/apply-for-business-rate-relief>

Access to finance – eligibility for start-up loans

As previously announced, the business secretary has widened eligibility of the start-up loans scheme to businesses trading for up to three years as follows:

- [start-up loans](#) of up to £25,000 are now available to start-ups that have been trading for up to three years, up from two years
- new 'second loans' available for businesses that have been trading for up to five years

These loans provide much-needed support for the UK's innovators and entrepreneurs. Find out more [here](#).

Recovery loan scheme

The [Recovery Loan Scheme](#), launched in April 2021 to help businesses recovering from the pandemic, has been extended to 2024. Details of the scheme and eligibility criteria can be found on the British Business Bank website [FAQs](#).

Government grants to install electric vehicle charge points

You can potentially claim 100% of the costs of installing an electric vehicle charging point as a capital allowance. The government will legislate in Spring Finance Bill 2023 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.

Scotland and Wales

More detailed information about the impact on devolved budgets will be expected when the Welsh and Scottish governments announce their budgets, expected to be on 13 and 15 December, respectively.

November 2022

This is a basic guide prepared for clients. It should not be used as a definitive guide since individual circumstances may vary. Specific advice should be obtained, where necessary.
