

Autumn Statement

Michael Ball, Tax Partner
Kelly Goodchild, Tax Manager

Webinar
17 November 2022



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- Background
- Corporation Tax / Businesses
- National Insurance & Income Tax
- Stamp Duty
- Research & Development Relief
- Stealth Taxes
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Background

- Cost of Living Crisis:
 - Cap on per unit price for Private Customers
 - £2,500 average until April 2023
 - £3,000 average until April 2024
 - Targeted cost of living payments
 - Increase in Minimum Wage levels and Benefits (10.1%)
- Inflation now 11.1% and Interest rate now 3%
- Now in recession when growth aim is for 2.5%

Corporation Tax & Businesses

- Rate of corporation tax to increase to 25% (for profits above £250,000)
 - Was going to remain at 19%
- AIA to remain at £1 million
 - Had been scheduled to reduce to £200,000
- IR35: repeal of the 2017 and 2021 reforms now scrapped
 - As we were.
- Significant changes to R&D relief (see later)

National Insurance & Income Tax

National Insurance:

- Increases in NIC rate were reversed from 6 November
- Health and Social Care Levy cancelled

Income Tax:

- Increase to dividends rates remains (8.75%, 33.75% & 39.35%)
- Basic Rate remaining at 20%
- Additional rate remains with threshold reduced to £125,140
- Tapering of Personal Allowance

Stamp Duty Land Tax

- Changes to bands for Residential Properties applies to transactions with effective dates on and after 23 September 2022
- But now only until 31 March 2025

Relevant Consideration	Percentage
Up to £250,000	Nil
The next £675,000 (the portion from £250,001 to £925,000)	5%
The next £575,000 (the portion from £925,001 to £1.5 million)	10%
The remaining amount (the portion above £1.5 million)	12%

Research & Development Tax Relief

- For SMEs there are changes to the rate of additional reduction
 - Down to 86% from 130%
 - Also reduction in the tax credit rate – Down to 10% from 14.5%

<u>Current R&D regime</u>				<u>Current R&D regime</u>			
Expenditure		100,000		Expenditure		100,000	
Uplift	130%	130,000		Uplift	130%	130,000	
CT Saving	19%	24,700		CT credit	14.50%	18,850	
Effective rate		24.70%		Effective rate		18.85%	
<u>Future saving with proposed changes as of 1 Apr 2023</u>				<u>Future saving with proposed changes as of 1 Apr 2023</u>			
Expenditure		100,000		Expenditure		100,000	
Uplift	86%	86,000		Uplift	86%	86,000	
CT Saving	25%	21,500		CT credit	10%	8,600	
Effective rate		21.50%		Effective rate		8.60%	

Stealth Taxes

- What exactly is a Stealth Tax?
- So what Stealth Taxes has Mr Hunt sneaked in this time around?

Stealth Taxes

- Freezing Allowances
 - Personal Allowance £12,570 since April 2020
 - National Insurance Primary Threshold £12,570 since July 2022
 - Inheritance Tax Nil Rate Band £325,000 since April 2009
 - Residence Nil Rate Band £175,000 since April 2020
- All now frozen until April 2028

Stealth Taxes

- Freezing Thresholds
 - Higher rate tax threshold £50,270 since April 2021
 - All National Insurance thresholds – most recent change July 2022
- All now frozen until April 2028
- Change in the additional rate threshold
 - Was income over £150,000 taxed at 45%
 - Now over £125,140 taxed at 45%

Reduction in Allowances

- Dividend Allowance
 - Currently £2,000 0% tax rate
 - From April 2023 £1,000 0% tax rate
 - From April 2024 £500 0% tax rate
- CGT Annual Exemption
 - Currently £12,300
 - From April 2023 £6,000
 - From April 2024 £3,000

Electric Vehicles

- From April 2025 Electric cars, vans & motorcycles will begin to pay vehicle exercise duty (road tax)
 - For most vehicles (those registered after April 2017) it will be £165
 - Expensive cars (over £40,000 list price) it will be £355 (for 5 years)
- Benefits in kind
- Fully Electric vehicles now attract a benefit in kind albeit very low:
 - 2021/22 1%, 2022/23/24 & 25 2%
 - Announced that 1% increase each year thereafter up to 5%

Electric Vehicles

- Hybrid vehicles
 - Vehicles below 75g CO2 will increase by 1% to a maximum of 21%
- All other vehicles
 - 1% increase from 2025/26 up to a maximum of 37%

The Autumn Statement 2022

Matthew Harrison – Financial Adviser
Tower House Wealth Management



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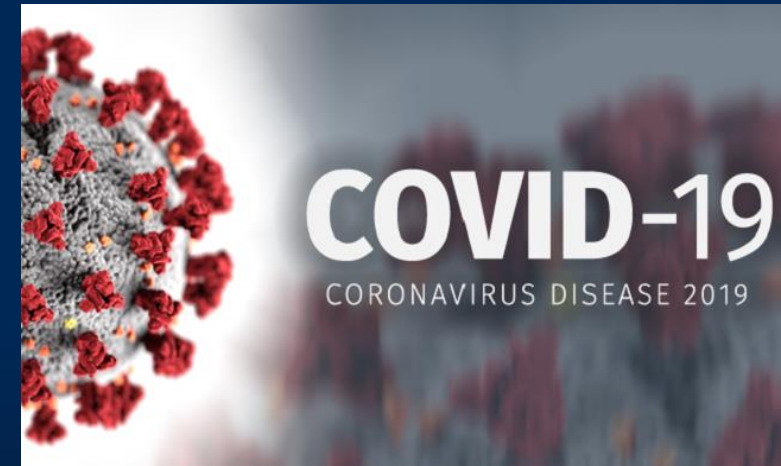
Financial Services

Brief Agenda

- Investment Markets 2022
- Budget outcome – What's changed?
- Budget outcome – What's not changed?
- Future risks
- Opportunities



Investment Markets 2022



Investment Markets



What's Changed... Or Not?

- Corporation Tax still to increase to 25%
- Income Tax Additional Rate Threshold Reduced to £125,140
- CGT rates remain the same. Allowances due to drop - £6,000 and then £3,000
- IHT rate freeze extended for 2 years
- State Pension Increase in line with inflation
- ISA Allowance still £20,000
- Pension Allowance still up to £40,000



Future risks and opportunities

The need to plan

- Corporation Tax Increases – Pensions are now better than ever!
- Income Tax & Capital Gains Tax Band & Allowance Reductions
- Retirement Planning – The State Pension rises feel more unstable each year
- Mortgage Rate Concerns – Rates continue to be volatile so taking advice is even more important now
- IHT Freezes – More people to face IHT



Further information and advice

- Please speak to your usual Streets contact
- Visit www.streetsweb.co.uk
- Email info@streetsweb.co.uk

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