

Autumn Statement 2023

Webinar – Thursday 23rd November 2023

Kelly Goodchild, Senior Tax Manager

Michael Ball, Tax Partner

Sam Tindale, Managing Director, Tower House Wealth Management



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Total Annual Receipts 2022/23

- HMRC collected £788.8 billion in taxes in 2022/23
 - Up 10.2% from the previous year
 - 56% from IT, CGT & NICs
 - 20% VAT
 - 11% CT
 - 3% SDT
 - 1% IHT
 - 9% Others

Personal Tax

No Changes

What hasn't changed and how this still affects you.

All Change

Announcements made in the Statement and how you will be affected.

No Changes

What hasn't changed – Stealth Tax

- Freezing of Allowances and Thresholds
- What's Reducing
- What this means

Stealth Taxes

- What exactly is a Stealth Tax?
- Not changing anything – but bringing in more revenue
- Sneaky way to trick public into thinking no tax increases – wrong!
- Pushing more of our income into taxable bands and rates

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 Tax & NIC 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

Reductions in Allowances & Thresholds

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

Reductions in Allowances & Thresholds

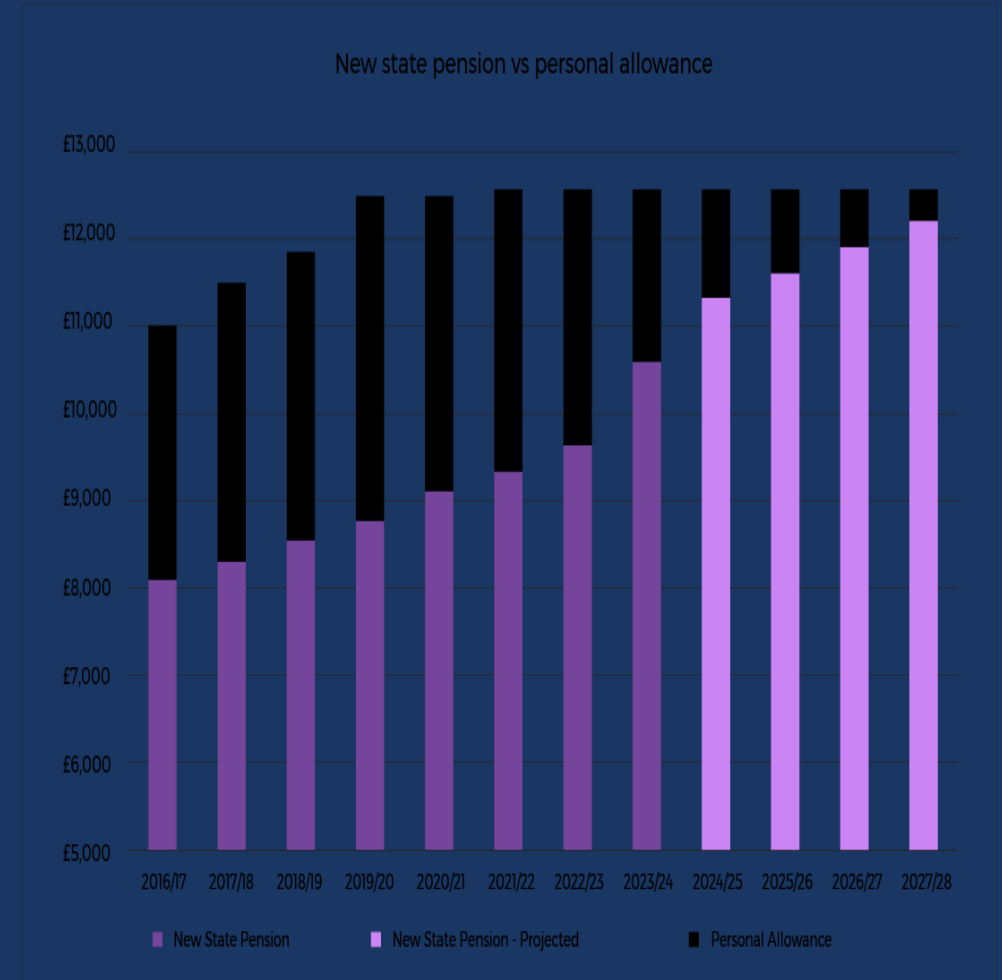
- Change in the additional rate threshold
 - Was income over £150,000 taxed at 45%
 - From 2023/24 over £125,140 taxed at 45%

What does this mean?

State Pension vs Personal Allowances – close call

Estimated £2.9 billion 2022/23

Estimated £25 billion by 2025/26



General Announcements

- State Pension
 - Triple lock increases pension from April 2024 by 8.5% (£221.20)
- Universal Credit and other benefits increase by 6.7%
- Living wage increasing to £11.44
- Small Business Multiplier for business rates frozen for another year
- Announced in Spring budget – Abolition of Pension lifetime allowance.

National Minimum & Living Wage

- Largest ever increase to the minimum wage

	NMW rate from 1 April 2024	Increase in pence
National Living Wage (21 and over)	£ 11.44	£ 1.02
18-20 Year Old Rate	£ 8.60	£ 1.11
16-17 Year Old Rate	£ 6.40	£ 1.12
Apprentice Rate	£ 6.40	£ 1.12

What has changed?

- National Insurance Contributions
 - Employed person pays 2% less Class 1 NIC
 - Rate over £12,570 was 12%
 - From 6 January will be 10%
 - Average salary of £30k saving £350 a year
 - Rate over £50,570 still 2%

What has changed?

- National Insurance Contributions
 - Self-Employed person with profits over £12,570 pays Class 2 NIC at £3.45 per week
 - Was going up to £3.70 per week from April 2024
 - Abolished from April 2024
 - Saving £192.40 per year
 - Those wishing to pay voluntary Class 2 to get access to contributory benefits still can.

What has changed?

- National Insurance Contributions
 - Class 4 National Insurance reduced from 9% to 8%
 - Average profits of £30k saving £174.30
 - Evening up with the reduction in Class 1 for employed to give overall saving with Class 2 of £366

What has changed?

- Full Expensing
 - Measure brought in April 2023 until 2026
 - Now made a permanent allowance
 - What is it and how does it work?
 - 100% in year deduction for plant and machinery for companies paying corporation tax
 - Effect is up to 25% reduction in corporation tax
 - No limit for amount spent as with capital allowances

What has changed?

- Full Expensing
 - Usual exceptions apply, cars, land and buildings, integral features.
 - Only applies to new assets
 - For special pool assets 50% first year allowance available, with the remaining 50% in special rate pool
 - Simplifying rules, limiting areas open to challenge by HMRC
 - Clawback on sale – balancing charge

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Other Announcements

- Tobacco Duty Rates:
 - increase the duty rates for all tobacco products by the tobacco duty escalator of 2% above inflation
 - increase the rate for hand-rolling tobacco by an additional 10% above the escalator, to 12% above RPI inflation
- Alcohol Duty
 - Frozen across all alcohol categories

Other Announcements

- Deadline for notification of grant of EMI options:
 - Currently 92 days from grant
 - For grants from 6 April 2024 onwards 6 July following end of the tax year.
- EIS & VCT schemes:
 - Were due to end in April 2025
 - Now extended to April 2035
- Tax Fraud – Maximum prison sentence extended from 7 to 14 years!

Consultation Outcomes

Expanding the Cash Basis

- Consultation ended 7 June 2023.
- Outcomes (from 2024/25 tax year):
 - remove the turnover thresholds for businesses to use the cash basis
 - set the cash basis as the default method of calculating taxable profits, with an opt-out for accruals
 - remove the £500 limit on interest deductions in the cash basis, aligning the rules with accruals
 - remove the restrictions on using relief for losses made in the cash basis, aligning the rules with accruals

Consultation Outcomes

Making Tax Digital Small Business Review

- Following the delay to April 2026 for income over £50,000 and April 2027 for those between £30,000 and £50,000.
- Changes now announced:
 - simplify the requirements for all taxpayers providing quarterly updates, and for taxpayers with more complex affairs, such as landlords with jointly-owned property
 - remove the requirement to provide an End of Period Statement
 - exempt some taxpayers, including those without a National Insurance number and foster carers, from MTD
 - enable taxpayers using MTD to be represented by more than one tax agent

Keep under review the decision on further mandation of businesses and landlords with income below £30,000.

Merger of RDEC and SME Schemes

- Merger into a single scheme, effective from April 2024.
- The merged scheme offers a tax relief rate at the current RDEC rate of 20%.
- Introduction of a notional tax rate for loss-makers at the small profits rate of 19%.

Policy Objective for Merger

- Simplification of the system to boost innovation.
- Adoption of a more generous SME scheme PAYE and National insurance contributions cap.
- Removal of complex rules around qualifying bodies and subsidised expenditure.

Enhanced Support for R&D Intensive SMEs

- Higher rate of payable tax credit for eligible SMEs.
- Reduction of the intensity threshold from 40% to 30% for accounting periods beginning on or after April 1, 2024.
- Introduction of a one-year grace period for companies failing to meet the intensity threshold.

Background of Enhanced Support for SMEs

- Commitment from the Chancellor to support R&D intensive SMEs.
- Targeted support for loss-making R&D intensive SMEs, effective from April 2023.
- Introduction of the reduced intensity threshold to provide support to additional 5,000 SMEs by 2028-29.

Restricting Nominations and Assignments

- Removal of nominations for R&D tax credit payments from April 2024.
- Legislation to prevent new assignment of R&D tax credits from November 2023.
- Measures to reduce non-compliance and protect the integrity of R&D reliefs.

Implementation Timeline

- Changes to be effective from April 2024 for the merged scheme.
- Enhanced support for R&D intensive SMEs starting from April 2023.
- Operative date for restricting nominations and assignments.

Conclusion and Support

- Summary of the key changes in R&D tax relief and their potential impact.
- Emphasis on the commitment to innovation and the need for businesses to prepare.
- Offer of support from Streets Chartered Accountants in navigating these reforms.



The Autumn Statement 2023

Sam Tindale APFS /Managing Director/ Tower House Wealth Management

Partner Practice of St. James's Place Wealth Management



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- Autumn Statement
- ISA changes
- One pot for life
- Revisiting March 23
- Expectations for next year
- Planning opportunities in 23/24
- Other considerations



Autum Statement

- ◆ ISA changes
- ◆ No change to IHT or CGT as speculated
- ◆ State Pension increase 8.5% under Triple Lock
- ◆ Pot for Life Pension

ISA Changes

- ◆ Multiple ISA Subscriptions of the same type
- ◆ Partial transfer of ISA funds between providers
- ◆ Allowing “certain fractional shares”
- ◆ Adult cash ISA to be moved from 16-18

Pension Pot For Life

- ◆ Legal right for workers to nominate their pension scheme, currently set by employers
- ◆ Aim to reduce the number of small or lost pots
- ◆ Employees would choose between a range of workplace pensions themselves
- ◆ Pensions dashboard has been a huge investment already and this would need to interact
- ◆ Very early stages

March 23 Budget

- ◆ Lifetime Allowance removed from 2024
- ◆ Tax Free cash limit £268,275
- ◆ Pension Annual Allowance – Increased to £60,000
- ◆ Money Purchase Annual Allowance – Increased to £10,000
- ◆ Restricted Annual Allowance remains in place

Expectations for 2024 – speculation

- ◆ IHT review
- ◆ Pension death benefits have been at risk over the summer , but this budget indicated that they are going to leave the lump sum death benefits rules as they are

Planning opportunities in 23/24

- ◆ Increase regulars – Max annual allowance on a monthly basis – £5,000 PCM
- ◆ Max single payments – £60,000 – CT saving of £15,000 assuming CT at 25%
- ◆ Carry forward – max contribution of £180,000 – potential CT saving of £45,000
- ◆ More potential to regain lost personal allowance – £100–125k earnings those up to £160k income on an annual basis could fully regain PA.
- ◆ Offset the new lower 45% additional rate tax bracket – 125k

Other considerations

- ◆ ISA allowance remains at £20,000 per tax year
- ◆ CGT is still falling:

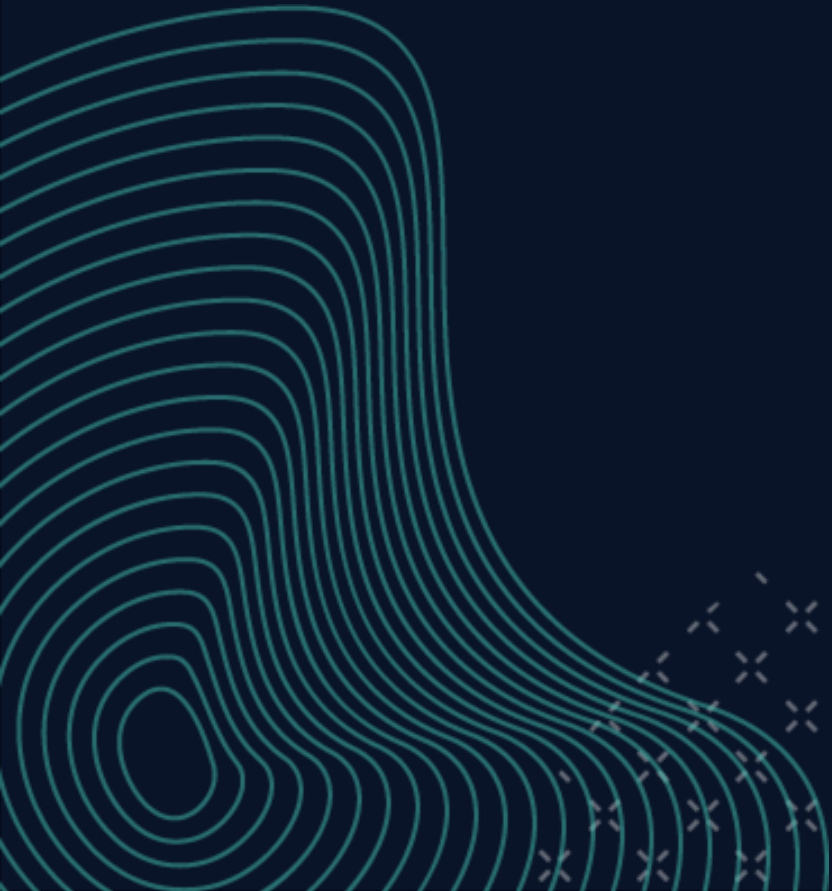
Tax year	Annual exempt amount: Individuals	Annual exempt amount: Trustees
2022-23	£12,300	£6,150
2023-24	£6,000	£3,000
2024-25 and subsequent years	£3,000	£1,500

Source: Embark

- ◆ Dividend allowance reducing to £1,000 – unwrapped investments and shares
- ◆ Cash savings rates and PSA

Income Tax band	Personal Savings Allowance
Basic rate	£1,000
Higher rate	£500
Additional rate	£0

Thank you



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