

2023 Autumn Statement

An Update on the Statement from the Chancellor



INTRODUCTION

Today the Chancellor Jeremy Hunt delivered the 2023 Autumn Statement which included a wide range of measures – 110 in total – in line with the Government's goals of reducing inflation, managing borrowing, and increasing growth.

There were a number of welcomed announcements in response to calls for help with the cost-of-living crisis, including reductions in the rates of National Insurance Contributions (NIC) for both employees and the self-employed and with Class 2 NIC being scrapped altogether. Combined with increases in the National Living Wage, State Pension and most benefits, this should ease the pressure on individuals and families. However, income tax thresholds remain frozen, and prices continue to increase (albeit at a slower rate), so people may not enjoy the full benefit of today's tax cuts.

For small and medium-sized businesses in Northern Ireland not much has changed. The main rate of corporation tax remains at 25% and there is no reduction in the rate of employers' National Insurance. The permanent introduction of full expensing, which the Chancellor referred to as the "largest business tax cut in modern British history" has provided greater certainty for investment planning, but this is only of interest to those spending more than £1m on asset investment each year. Changes to the Research and Development (R&D) Tax Credits are confirmed to go ahead under a new combined scheme, which has been met with mixed opinions, as not all claimants will benefit from the changes.

There were several notable omissions from today's announcements, particularly on Inheritance Tax, as none of the rumoured changes to rates or thresholds were announced. Capital Gains Tax, VAT and stamp taxes were also largely unchanged. Public spending announcements were also light, with the focus on delivering efficiencies within public services rather than increasing spending, so the outlook for the NHS over the winter continues to be bleak.

The government announced it will invest in HMRC resources in a bid to help support individuals and businesses who are unable to pay their tax debts by increasing their Debt Management Resource. This will allow HMRC to pursue those tax debts that can afford to be paid while providing additional support to those who are temporarily unable to pay. They will also act against those who continue to bend the rules by reducing opportunities for tax fraud and taking strong action against tax avoiders.

Overall, some good news for individuals, but a slight feeling of "Is that it...?"

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BUSINESS TAXES

Corporate Tax Rate

The Chancellor did not make any further changes to the Corporation Tax rates. Since 1st April 2023 the main rate of Corporation Tax is now 25%, with the small profits rate remaining at 19%.

The small profits rate applies to single companies with profits of less than £50,000. Marginal relief is given for companies with profits between £50,000 and £250,000. Above £250,000 the 25% main rate applies to all profits.

The lower and upper limits are divided by the number of associated companies. Companies are associated if one has control of the other or both are under the control of the same person or persons at any point in the accounting period.

Research and Development (R&D) Schemes

The government has announced reforms to Research & Development (R&D) reliefs from April 2024. The SME and RDEC Schemes will be merged, in what is hoped to be a significant tax simplification. The changes will come into effect for accounting periods beginning on or after 01 April 2024.

Following these changes, there will only be 2 schemes:

- The Merged Scheme
- SME Intensive Scheme if expenditure allocated to R&D is over 30% of total expenditure.

Relief within the merged scheme will be similar to the current RDEC scheme where we see an above the line credit. The rate offered under the scheme will be the current RDEC rate of 20%. The notional tax rate applied to loss making companies in the scheme will be reduced from 25% to 19%.

The more generous PAYE cap currently in the SME regime will be adopted and subsidised expenditure will not be restricted.

The government will also provide clarification in relation to sub-contracted activities.

It is noted that further action may be required to reduce unacceptable levels of non-compliance within the current schemes and HMRC will publish a compliance action plan in due course.

In recognising the role that R&D plays in driving innovation and economic growth the government have attempted to create simplification however, R&D remains a complex relief. It remains to see if these changes will simplify the position.

Capital Allowances

Full expensing offers 100% first-year relief to companies on qualifying new main rate plant and machinery investments from 1 April 2023 onwards. This relief was due to cease on 31 March 2026 but has now been extended permanently. This relief allows companies paying tax at the main rate, to receive a tax saving of 25p for every £1 they invest, in the year in which the expenditure is incurred. Cars, second-hand assets, and assets used in a leasing business do not currently qualify for the relief. However, the government plans to publish a technical consultation on the extension of the scheme in due course.

The 50% First-Year Allowance (FYA) for expenditure by companies on new special rate expenditure (including long life assets) is also being extended permanently.

Annual Tax on Enveloped Dwellings (ATED)

The annual chargeable amount for ATED will increase in line with September's inflation rate (CPI) for the 2024/25 period.

Enterprise Management Incentives (EMI)

As announced in the Spring Budget 2023, the process to grant options under an EMI scheme was simplified. From April 2023, the requirement for a company to set out details of share restrictions within the option agreement and the requirement for a company to declare an employee has signed a working time declaration, was removed.

Also from April 2024, the government will extend the deadline for a company to notify HMRC of the grant of an EMI option from 92 days after the grant to 6th July following the end of the tax year in which the options are granted.

Construction Industry Scheme: Reforms to Gross Payment Status

The Construction Industry Scheme currently allows certain subcontractors in the construction industry to apply to be paid gross with no deductions taken from their payments. To be eligible, they need to demonstrate tax compliance. From 6 April 2024 this will be extended to include VAT.

The grounds for immediate cancellation of gross payment status have also been extended. HMRC can withdraw gross payment status if there are reasonable grounds to suspect that the gross payment status holder has fraudulently provided incorrect information. This reform gives HMRC more power to remove gross payment status immediately in cases of fraud.

Government Contracts

Business bidding for government contracts over £5m need to demonstrate that they pay their invoices within an average of 55 days from April 2024. This will reduce to 45 days in April 2025 and will further reduce to 30 days in future years.

Tax deduction for training

HMRC will rewrite guidance around the tax deductibility of training costs for sole traders, to provide more clarity.

PERSONAL TAXES

Tax Rates

There were no new changes announced to the income tax rates or bands applying to all sources of personal income.

From April 2024:

- the rates of income tax remain at 20% for basic rate taxpayers, 40% for higher rate taxpayers, and 45% for additional rate taxpayers.
- the income level at which the additional rate applies is £125,140.
- the rates of income tax for dividends are 8.75% for basic rate taxpayers; 33.75% for higher rate taxpayers, and 39.35% for additional rate taxpayers.

Directors/shareholders should consider their wealth extraction policy as the increase in the corporation tax rates combined with the increase in dividend rates may mean that there is a benefit to increasing salaries and reducing dividends.

National Living Wage (NLW)

Eligibility for the National Living Wage (NLW) will be extended by reducing the age threshold to 21-year-olds for the first time.

From 1 April 2024 the increases are as follows:

- For individuals over 23 NLW will increase from £10.42 to £11.44 per hour

- For 21-22 year olds NLW will increase from £10.18 to £11.44 per hour
- For 18-20 year olds NMW will increase from £7.49 to £8.60 per hour
- For 16-17 year olds NMW will increase from £4.81 to £5.28 per hour
- The apprentice rate NMW will increase from £5.28 to £6.40 per hour

These increases are the biggest ever increase to the National Living Wage, worth over £1,800 a year for a full-time worker. However, many employees will still struggle as the cost of living continues to put pressure on household incomes. Similarly, increased wage bills may cause concern for employers which are facing soaring business expenses. This could lead to tough decisions and the need for organisational change.

National Insurance Contributions (NIC)

The employees NIC rate will be cut from 12% to 10% on income between £12,570 and £50,270 per year. This will take effect from 6 January 2024. The 2% rate on income over £50,270 remains unchanged.

The government wants to provide people with money in their pockets now by delivering this as quickly as possible. This will ensure that employees benefit from this tax cut from January 2024 onwards, as employers make this change to their payroll systems.

From 6 April 2024, self-employed people with profits above £12,570 will no longer be required to pay Class 2 NICs, but will continue to receive access to contributory benefits, including the State Pension. For profit between £6,725 and £12,570, self-employed individuals will continue to get access to contributory benefits and state pension by way of a credit without physically paying the national insurance. Those with profits below £6,725, can continue to pay Class 2 NIC voluntarily to obtain the NIC credit. The main rate of Class 2 NIC was due to increase to £3.70 per week from April 2024 but is now remaining at £3.45 per week.

The Chancellor also announced that he will also reduce the main rate of Class 4 National Insurance for self-employed individuals from 9% to 8% on earnings between £12,570 and £50,270 from April 2024.

The reduction in Class 2 and 4 NIC will save self-employed individuals approximately £192 and £350 a year respectively on average.

Married Couples' Allowance and Blind Persons Allowance

Married Couple's Allowance and Blind Person's Allowance are set to increase in line with September's inflation rate of 6.7% from 6 April 2024.

Simplifying Making Tax Digital (MTD) for Income Tax Self-Assessment

The government has announced the outcome of the review into the impact of Making Tax Digital (MTD) for Income Tax Self-Assessment on small businesses. This includes maintaining the current MTD threshold at £30,000 and making design changes to simplify and improve the system. These changes will take effect from April 2026. The government is also legislating in the Autumn Finance Bill 2023 to ensure taxpayers who join MTD from 6 April 2024 are subject to the government's new, fairer penalty regime for the late filing of tax returns and late payment of tax.

High earners removed from Self-Assessment

From 2024-25, individuals with PAYE income over £150,000 and no other sources of income are no longer required to complete a self-assessment tax return.



Expanding the Cash Basis

Following a consultation, the government will extend and simplify the income tax cash basis for self-employed individuals and partnerships. This will take effect from 6 April 2024. Currently businesses are only able to apply the cash basis if their turnover is under £150,000 and may be forced to leave the scheme if their turnover subsequently exceeds £300,000. Today's announcement removes these turnover restrictions completely.

Self-employed and partnerships of any size will now be able to use the cash basis as their business grows. It is hoped that this will encourage more businesses to benefit from the simplicity offered by this scheme.

Changes to HMRC data collection

From April 2025, further information must be submitted to HMRC via self-assessment tax returns and Real Time Information (RTI) PAYE returns completed by employers. There will be three new requirements:

1. Employers will be required to provide detailed information on employees' working hours via RTI submissions.
2. Shareholders in owner-managed businesses will be required to provide the amount of dividend income received from their own companies separately from other dividend income on their self-assessment tax returns, along with their percentage shareholding.
3. Self-employed individuals will be required to provide start and end dates of self-employment via their self-assessment tax return.

Off-Payroll Working (IR35): Offset Facility

From 6 April 2024, where a worker has been incorrectly treated as self-employed rather than employed, HMRC will be able to set off the PAYE liability against taxes already paid by the worker and their intermediary. This aims to address the over-collection of tax and National Insurance contributions in cases of non-compliance with the off-payroll working rules.

Enterprise Investment Scheme (EIS) and Venture Capital Trust (VCT) reliefs

The existing sunset clause for both schemes will be extended from 6 April 2025 to 6 April 2035.

PENSIONS AND SAVINGS

Annual Allowance and Lifetime Allowance

As per the Chancellor's announcements in the Spring Budget 2023, the pensions Annual Allowance increased from £40,000 per year to £60,000 per year from April 2023, and the Lifetime Allowance (LTA) will be abolished from April 2024. Further guidance is expected from the government in relation to tax-free lump sums following the removal of the LTA.

These changes provide an increased incentive to stay in work and continue contributing towards retirement.

State Pension

From April 2024 the state pension will be increased by 8.5%, in line with the Triple Lock commitment. This means that a pensioner in receipt of the full rate state pension which is currently £203.85 per week will get a pension of £221.20 per week from April 2024. This would be an annual pension of £11,502.

ISA Changes

The government are making a number of changes to ISAs from April 2024, including allowing multiple subscriptions of the same type and partial transfers of ISA funds, in year, between providers. The saving limit for ISAs, junior ISAs, lifetime ISAs and Child Trust Funds are frozen at their current levels for 2024/25.

VAT

Women's Sanitary Products

The current zero-rate of VAT on women's sanitary products will be expanded to include reusable period underwear from 1 January 2024.

Energy-Saving Materials

From February 2024, VAT relief on energy-saving materials will be extended to include additional technologies and to bring buildings used solely for relevant charitable purposes within the scope of the relief.

DIY housebuilders Scheme

The government will legislate to digitise the DIY housebuilders' scheme and will also extend the time limit for making claims from 3 to 6 months after the completion of the build. This will come into effect from 5th December 2023.

Alcohol

All alcohol duty has been frozen until 1 August 2024, meaning there will be no increase in duty on beer, cider, wine or spirits.

The Chancellor also reconfirmed the 'Brexit Pubs Guarantee' which means duty on a draught pint in a bar will be up to 11p cheaper than in a supermarket.

This will come as a huge relief for pubs and the alcohol industry as they head into their busy Christmas season.

Tobacco

Duty rates on all tobacco products will increase by inflation (RPI) +2%. To reduce the gap with cigarette duty, the rate on hand-rolling tobacco will increase by RPI + 12%. These changes take effect from 6pm on 22 November 2023.

Gaming Duty

The bands for gaming duty are frozen for a further year until 31 March 2025.

Air Passenger Duty

The rates of Air Passenger Duty for the tax year 2024 to 2025 will increase in line with inflation (RPI).

Climate Change Levy

The main and reduced rates of Climate Change Levy are frozen for a further year after April 2025.

A new 6-year climate change agreement scheme is being introduced. Participants that meet certain targets between 2025 and 2030 will be entitled to reduced rate of levy from 1 July 2027 to 31 March 2033.

Aggregates Levy & Landfill Tax

The government will increase the Aggregates Levy rate in line with inflation (RPI) from 1 April 2025 to £2.08 per tonne. Landfill Tax rates will also be increased in line with inflation (RPI) from April 2024.

Vehicle Excise Duty

The government will increase Vehicle Excise Duty rates for cars, vans and motorcycles in line with inflation (RPI) from 1 April 2024, while the rates for HGVs will remain frozen at 2023/24 rates for a further year.

A measure has also been introduced to exempt individuals who are living in the UK under the Family, Sponsor and Extension Ukrainian visa schemes from the requirement to register and tax their vehicle with Ukrainian number plates in the UK for a period of 36 months. The 36-month exemption will apply from the date the individuals entered the UK.

Plastic Packaging Tax

The Plastic Packaging Tax rate will increase in line with Consumer Price Index (CPI), from £210.82 per tonne to £217.85 per tonne, effective from 1 April 2024.

Fuel Duty

Unfortunately for motorists, the Chancellor made no announcement in respect of fuel duty. As a result, the current 5p per litre temporary cut in fuel duty remains. This cut was first announced in March 2022 and the lack of action in the Autumn Statement means that it will remain unchanged until March 2024.

Car and van benefit charges

The van benefit charge and the car and van fuel benefit charges will be maintained at their current levels for 2024/25.

INHERITANCE TAX

Agricultural Property Relief

As previously announced, from April 2024 Agricultural Property Relief and Woodland Relief will be restricted to property located in the UK rather than EU-wide property.

This will have an impact for Northern Irish farmers who have land in both Northern Ireland and the Republic of Ireland.

RATES & ALLOWANCES TABLE

Personal Taxation

	2024/25	2023/24
Personal Allowance (Note 1)	£12,570	£12,570
Personal Savings Allowance		
Basic rate taxpayers	£1,000	£1,000
Higher rate taxpayers	£500	£500
Additional rate taxpayers	N/A	N/A
Property/Trading Allowance	£1,000	£1,000
Marriage Allowance (10% Relief) (Note 2)	£1,260	£1,260
Married Couples Allowance (10% Relief)		
Elder spouse born before 6 April 1935	11,080	10,375
Age allowance income limit (born before 6 April 1948)	37,000	34,600
Minimum allowance where income exceeds limit	4,280	4,010
Blind Person's Allowance	£3,070	£2,870
Rent A Room Relief	£7,500	£7,500

Note 1 – Personal Allowance will be removed at a rate of £1 for every £2 over £100,000 of income until it is completely removed.

Note 2 – Marriage Allowance is only available where one spouse does not pay tax and can transfer this allowance to their spouse who pays tax at the basic rate.

Income Tax

	2024/25	2023/24
Starting Savings Rate (Note 3)	0%	0%
On taxable income up to:	£5,000	£5,000
Basic Rate	20%	20%
On taxable income up to:	£37,700	£37,700
Higher Rate	40%	40%
On taxable income up to:	£37,701 - £125,140	£37,701 - £125,140
Additional Rate	45%	45%
On taxable income up to:	£125,140	£125,140

Note 3 – The 0% savings rate is only available where an individual's taxable non-savings income is below the limit: a 0% tax rate applies to savings income up to the limit.

Dividends

	2024/25	2023/24
Dividend Allowance	0%	0%
On taxable income up to:	500	1,000
Basic Rate	8.75%	8.75%
On taxable income up to:	£501 - £37,700	£1,001 - £37,700
Higher Rate	33.75%	33.75%
On taxable income up to:	£37,701 - £125,140	£37,701 - £125,140
Additional Rate	39.35%	39.35%
On taxable income up to:	£125,140	£125,140

National Insurance Contributions

Class 1: Employed Earners – Weekly Earnings	2024/25	2023/24
Employee		
Earnings up to £242	0%	0%
Earning between £242 and £967	10%	Between 6 April 2023 and 5 January 2024: 12% Between 6 January 2024 and 5 April 2024: 10%
Earnings over £967	2%	2%
Employer		
Earnings up to £175	0%	0%
Earning between £175 and £967	0%	0%
Earning between £175 and £967 (apprentices under 25)	0%	0%
Earnings over £175	13.8%	13.8%
Employment Allowance	£5,000	£5,000

	2024/25	2023/24
Class 2: Self Employed Persons		
Weekly contribution rate (Note 4)	£3.70 (voluntary)	£3.45
Lower profits limit	Not Applicable	£12,570
Class 3: Voluntary Contributions		
Weekly contribution rate	£17.45	£17.45
Class 4: Self Employed Persons – Annual Profits		
Profits up to £12,570	0%	0%
Profits between £12,570 and £50,270	8%	9%
Profits over £50,270	2%	2%

The Self-Employed persons pay NIC's on an annual basis at the end of the tax year.

Note 4 - From 6 April 2024, self-employed people with profits above £12,570 will no longer be required to pay Class 2 NICs, but will continue to receive access to contributory benefits, including the State Pension. For profit between £6,725 and £12,570, self-employed individuals will continue to get access to contributory benefits and state pension by way of a credit without physically paying the national insurance. Those with profits below £6,725, can continue to pay Class 2 NIC voluntary in order to obtain the NIC credit.

Corporation Tax

	2024/25	2023/24
Rate applicable to all companies with taxable profits under £50,000	19%	19%
Rate applicable to all companies with taxable profits over £250,000	25%	25%
Annual Investment Allowance (AIA)	£1,000,000	£1,000,000

Note 5 – Companies with profits between £50,000 and £250,000 will be taxed at a marginal tax rate.

Note 6 – Larger businesses will benefit from Full Expensing.

Inheritance Tax

	2024/25	2023/24
Nil Rate Band	£325,000	£325,000
Residence Nil Rate Band	£175,000	£175,000
Lifetime Rate	20%	20%
Death Rate	40%*	40%*
*A lower rate of 36% will be charged where at least 10% of the estate has been left to a charity.		

Capital Gains Tax

	2024/25	2023/24
Annual Allowance	£3,000	£6,000
Standard Rate	10%	10%
Standard Rate (residential property)	18%	18%
Higher Rate	20%	20%
Higher Rate (residential property)	28%	28%
Business Asset Disposal Relief – effective rate	10%	10%
Business Asset Disposal Relief – lifetime limit of gains	£1,000,000	£1,000,000
Investors' Relief – effective rate	10%	10%
Investors' Relief – lifetime limit of gains	£10,000,000	£10,000,000

VAT

	2024/25	2023/24
Reduced Rate	5%	5%
Standard Rate	20%	20%
Registration Threshold	£85,000	£85,000
Deregistration Threshold	£83,000	£83,000

Pensions

	2024/25	2023/24
Annual Allowance	£60,000	£60,000
Lifetime Allowance	Not Applicable	£1,073,100
Money Purchase Annual Allowance	£10,000	£10,000
*Annual Allowance restricted to a minimum of £4k for individuals earning over £260k		

Stamp Duty Land Tax (SDLT)

	First Property Rate	Additional Property Rate
Purchase of Residential Property		
£0 - £250,000	0%	3%
£250,001 - £925,000	5%	8%
£925,001 - £1,500,000	10%	13%
Over £1,500,000	12%	15%
Purchase by First Time Buyers		
£0 - £425,000	0%	
£425,001- £625,000	5%	
Over £625,000	Normal Rates	
Purchase of Non-Residential Property		
£0 - £150,000	0%	
£150,000 - £250,000	2%	
Over £250,000	5%	
Lease of Non-Residential Property		
(a) On the Net Present Value of Lease Payments		
£0 - £150,000	0%	
£150,001 - £5,000,000	1%	
Over £5,000,000	2%	
(b) On Lease Premiums		
£0 - £150,000	0%	
£150,001 - £250,000	2%	
Over £250,000	5%	

Note 7- Since 1 April 2021, an extra 2% surcharge is applied to purchasers of residential property in England and Northern Ireland who are non-resident in the UK. The surcharge also applies to purchases by UK Resident companies controlled by non-resident shareholders.

Stamp Duty

	2023/24
Transfer of Shares & Marketable Securities	0.5%

Income Tax Reliefs & Incentives

	2024/25 limit	Income Tax Relief	2023/24 limit	Income Tax Relief
Enterprise Investment Scheme (EIS) – standard	£1,000,000	30%	£1,000,000	30%
Enterprise Investment Scheme (EIS) – additional for investments in knowledge-intensive companies only	£1,000,000	30%	£1,000,000	30%
Seed Enterprise Investment Scheme (SEIS)	£200,000	50%	£200,000	50%
Venture Capital Trust (VCT)	£200,000	30%	£200,000	30%

Taxable Car and Fuel Benefits

All cars	Petrol and Diesel (if RDE2 compliant)	Diesel (if not RDE2 compliant)
Cars emitting below 50g/km CO ₂ :		
- Electric range of <130 miles	2%	N/A
- Electric range of 70-129 miles	5%	N/A
- Electric range of 40-69 miles	8%	N/A
- Electric range of 30-39 miles	12%	N/A
- Electric range of <30 miles	14%	N/A
Cars emitting over 50g/km CO₂:	15%	19%
For each additional 5g/km CO₂:	1%	1%
Maximum benefit where CO₂ at least 160g/km	37%	37%

Fuel benefit for cars is calculated by applying the relevant car CO2 emissions percentage to £27,800.

As of 6 April 2024, the private use of vans attracts a scale charge of £3,960 p.a.

Taxable fuel benefit for private use of a company van is £757 for 2024/25.

Approved Mileage Rates for Employees Use of Own Vehicles for Business Travel

Cars/Vans	Pence per mile
- First 10,000 miles per annum	45p
- Excess over 10,000 miles	25p
- Each passenger making same trip	5p
Motorcycles	24p
Bicycles	20p

Advisory Fuel Rates for Employees Use of Company Car for Business Travel

Engine Size	Petrol	Diesel	LPG	Electric
1,400 cc or less	13p		10p	10p
1,600 cc or less		12p		10p
1,401 cc – 2,000 cc	16p		12p	
1,601 cc – 2,000 cc		14p		10p
Over 2,000 cc	25p	19p	19p	10p



We have made every effort to ensure the information provided in this document is accurate, but we cannot accept responsibility for the consequences of any action you take in reliance on its contents. If you have any matters which you would like to discuss further, one of our staff will be pleased to help you.

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