

2022 Autumn Statement

The UK Chancellor, Mr Jeremy Hunt, delivered the 2022 Autumn Statement this afternoon (17/11/2022).

Today's announcements were made by the UK Government. Some of the changes do not apply to our Scottish clients: personal tax rates are different in Scotland because of powers devolved to the Scottish Parliament. The Scottish Government will set out its tax and spending plans for 2023/24 on **15 December**. We have highlighted any changes which would not affect our Scottish clients.

Please find below a summary of the main points of the statement that may impact upon you personally and your business.

If you would prefer to read the Statement in full, you can do so by clicking on this link:

<https://www.gov.uk/government/topical-events/autumn-statement-2022>

Alternatively, if you do not feel like reading the whole statement, you can read a transcript of the speech by clicking on this link:

<https://www.gov.uk/government/speeches/the-autumn-statement-2022-speech>

Personal Taxation and Employed Income

- Minimum wage for employees aged over 23 will increase from £9.50 to £10.42 an hour from next April.
- State pension payments, and means-tested and disability benefits, will increase by 10.1%, in line with inflation.
- Apart from in Scotland, the threshold for the 45% Additional Rate of Income Tax will fall from earnings over £150,000 to earnings over £125,140.
- Income tax personal allowance of £12,570 frozen for a further two years,
- The basic rate of income tax will remain frozen until April 2028.
- Higher rate tax thresholds are also frozen until April 2028.
- Main National Insurance and inheritance tax thresholds are also frozen until April 2028.
- Tax-free allowances for dividends will be cut from £2,000 currently to £1,000 from April 2023 and then to £500 from April 2024.
- The Annual Exempt Amount for capital gains tax will be cut from £12,300 to £6,000 next year and then to £3,000 from April 2024.
- Local councils in England will be able to hike council tax up to 5% a year without a local vote.
- Electric cars, vans and motorcycles will no longer be exempt from vehicle excise duty and will pay road taxes from April 2025.

How is Income Tax different in Scotland?

Some Income Tax rates are different in Scotland because of powers devolved to the Scottish Parliament. These are the current Income Tax rates:

- No tax paid on £12,570 personal allowance,
 - £12,571 to £14,732 Starter Rate of 19%,
 - £14,733 to £25,688 Scottish basic rate of 20%,
 - £25,689 to £43,662 intermediate rate of 21%,
 - £43,663 to £150,000 higher rate of 41%,
 - Above £150,000 top rate of 46%,
 - Personal allowance reduced by £1 for every £2 earned above £100,000.
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Business Taxes

- Windfall tax on major oil and gas producers raised to 35% from 25% and 45% Energy Profits Levy rate to be imposed on electricity generators to raise £14bn next year.
 - The employment allowance for Employers National Insurance Contributions will be kept at a higher level of £5,000 until March 2026.
 - Employers National Insurance Contributions threshold frozen until April 2028.
 - The VAT registration threshold will stay at its current level until March 2026.
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Innovation

Research and Development (R&D) tax relief for small to medium sized firms (SMEs) will change as follows:

- Deduction rate will be cut to 86% and the credit rate to 10%,
 - However, there will be an increase in the rate of the separate R&D expenditure credit from 13% to 20%.
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Other Changes

- Stamp duty cuts announced in the mini budget will remain in place but only until 31st March 2025.

***We recognise the above information is high level in nature.
If you would like further information on how this impacts you or your business
please do not hesitate to contact us.***