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Chartered Accountants & Chartered Tax Advisers

Autumn Statement 2023

Your guide to the Autumn Statement



Your guide to the 2023 Autumn Statement

How will the changes affect you?

Introduction

The Chancellor, Jeremy Hunt, has delivered his second Autumn Statement, with the General election looming and cost of living crises still impacting on many people's lives.

Here are some of the main announcements from the Autumn Statement.





Personal Tax

It is important to note that the tax rates and thresholds are complicated by the power to vary the tax rates and thresholds of Non-Savings, and Non-Dividend income for Scottish taxpayers have been devolved to the Scottish Parliament since April 2017. With the exception of the tax thresholds, similar powers have been passed over to the National Assembly of Wales from April 2019 in respect of Welsh resident taxpayers. The Income Tax Personal Allowance and all other elements of the Income Tax system remain part of the Chancellor's responsibility.

As was previously announced in the 2022 Autumn Statement, the Personal Tax Allowance currently set at £12,570, will remain at this level until 2028. The Basic Rate Tax Band, presently set at £37,700 will also stay the same until April 2028. Personal allowances will be reduced by £1 for every £2 a person's income exceeds £100,000.

UK Income Tax Rates 2024/25 (except Scotland)

Band	Rate
£0 to £12,570	0%
£12,571 to £50,270	20%
£50,271 to £125,140	40%
Over £125,140	45%

Scottish Tax Rate Bands

On 19th December 2023, the Scottish Parliament will announce the tax rates and thresholds for Scottish Taxpayers for the tax year starting 6 April 2024.

Scottish tax rates 2023/24 - (2024/25 to be announced)

Band	Rate
£0 to £12,570	0%
£12,571 to £14,732	19%
£14,733 to £25,688	20%
£25,689 to £43,662	21%
£43,663 to £125,140	42%
Over £125,140	47%

The Welsh Parliament will publish its draft Budget on 19 December 2023 and the final version on 27 February 2024.

Tax tip

If your income level is likely to edge you into a higher tax band you may wish to explore different options to bring your income level back down, such as pension contributions, charitable gift aid, or certain investments.



Dividend Rate Bands

As already announced, from 6th April 2024 the zero rate of tax limit will fall from the current £1,000 to £500.

There will be no change to the dividend tax rates.

Band	2023/24	2024/25
Dividend ordinary rate	8.75%	8.75%
Dividend upper rate	33.75%	33.75%
Dividend additional rate	39.35%	39.35%

Dividend tax rates

Tax tip

With the dividend zero rate threshold falling from £1,000 (2023/24) to £500 (2024/25), is it worthwhile transferring some shares to a spouse or civil partner to maximise the benefit?

Do you have control over when a dividend can be paid out? If so have you made use of the £1,000 zero rate threshold for this tax year?

Care is needed to ensure the correct paperwork is in place and the dividend is valid.

Tax tip

if you are an employer carry out a regular review to ensure that you are adhering to the NMW Regulations. Failure to comply, can result in a penalty of up to 200% of the liability due and any underpayment of wages can go back up to 6 years using the current NMW rates. Please contact us if you require assistance.

National Minimum Wage

The National Minimum Wage (NMW) and the National Living Wage (NLW) rates will increase from 1st April 2024.

Wage rates from 1st April

	from 1-4-23	from 1-4-24
NLW - Worker 23+	£10.42	£11.44
NMW - Worker 21 - 22	£10.18	£11.44
NMW - Worker 18 - 20	£7.49	£8.60
NMW - Worker under 18	£5.28	£6.40
NMW - Apprentice	£5.28	£6.40



National Insurance

In the Autumn Statement the Chancellor reduced some of the National Insurance rates while keeping the thresholds the same. The annual National Insurance (NI) threshold for an individual where they start to pay National Insurance Contributions (NIC) on their earned income will remain at £12,570 (£1,048 per month).

Tax tip

If you have more than one employment you may pay too much employees NIC during the course of the tax year. HMRC can request the second employer to operate a lower NIC rate for the current tax year through the PAYE system. If the situation arose in prior years a NIC repayment may be claimed.

The point at which the National Insurance rate drops to 2%, known as the Upper Earnings Limit, will remain at £50,270. The employer's annual NI threshold will be £9,100 (£758 per month).

Tax tip

It is worth reviewing your NIC records at least every 5 years, whilst it is fresh in your memory, to ensure they are correct and up to date. National Insurance contributions protect your rights to certain state benefits and contribute towards your state pension. We are happy to assist you with this review.

From 6 April 2024 the self-employed will not be required to pay Class 2 National Insurance Contributions, but will continue to receive access to contributory benefits, including the State Pension.

** Class 1 Employees NIC will reduce to 10% from 6 January 2024.*

National Insurance (NI)	2023/24	2024/25
Class 1 NI employees – earnings between £12,570 - £50,270	12% / 10%*	10%
Class 1 NI employees – earnings in excess of £50,270	2%	2%
Class 1 NI employers – earnings in excess of £9,100	13.8%	13.8%
Class 1A Benefits in kind	13.8%	13.8%
Class 1B NI PAYE settlement agreements	13.8%	13.8%
Class 4 NI self-employed – Profits between £12,570 - £50,270	9%	8%
Class 4 NI self-employed earnings in excess of £50,270	2%	2%



Pensions

The annual pension allowance, which impacts on how much individuals can contribute to their pension schemes will remain at £60,000 for 2024/25.

The Money Purchase Annual Allowance and Tapered Annual Allowance will remain at £10,000 from 6 April 2024. In addition the Tapered Annual Allowance will remain at £260,000.

Tax tip

It is worth having an annual pension review, to ensure you maximise the use of all the pension allowances which may be available to you and to do so in the most tax efficient way. We are happy to carry out this review for you.

From 6 April 2024, in the event of a pension member dying under the age of 75, any lump sum tax free limit not utilised by the deceased will remain tax free in the hands of qualifying beneficiaries. Any excess above that limit will be taxed at the beneficiaries marginal rate of tax.

The pension tax free lump sum percentage will remain at 25% of the pension value up to a maximum of £268,275.

Tax tip

If you are a member of a UK registered pension scheme and are thinking of leaving the UK, you may want to consider topping up your pension scheme in the tax year in which you leave the UK in order to maximise your UK tax relief and enhance your pension provision. This should be done in conjunction with your accountant and a suitably qualified IFA.

State Pension

Under the triple lock, the State Pension will rise in line with the highest of average earnings, inflation or 2.5%. The Government have announced an increase to the State Pension of 8.5% from April 2024 based upon the September 2023 figures.

Tax tip

The profits from furnished holiday let homes are treated as pensionable earnings, which means they count towards the calculation of the maximum pension contribution you will receive tax relief on. This means that not only can you use the pension to save for your future, but the government will contribute as well.

Capital Gains Tax

A reminder the Capital Gains Tax annual exemption for individuals, personal representatives, and Trustees for gains on the disposals of assets will reduce from 6 April 2024.

UK Capital Gains Tax Annual Exemption

Tax year	Individuals	Trustees
2023/24	£6,000	£3,000
2024/25	£3,000	£1,500

Tax tip

If you are about to sell a UK residential property, which could trigger a taxable gain, you need to complete a Capital Gains Tax return within 60 days of completion. In addition any tax payable would be due at the same time. Failure to do so can result in penalties and possibly interest.

We have a Residential Property Review Service which can help ensure that all the relevant reliefs and exemptions, where applicable, are claimed.

There is no change as to how the capital gain above the annual exemption will be taxed. The Capital Gains Tax rate will be dependent upon a combination of the taxpayers status, total income and the type of asset disposed of.

UK Capital Gains Tax rates for 2024/25

	Residential property	Other assets
Individuals	18% / 28%	10% / 20%
Personal representative	28%	20%
Certain trusts	28%	10% / 20%

Tax tip

Before you sell an asset, such as shares or property, please speak to us. There may be planning opportunities prior to the sale to reduce the potential capital gains tax.





Company Taxation

From 1st April 2024, the Corporation Tax main rate for non-ring fenced profits will remain at 25% for profits over £250,000.

Tax tip

Does your company have cash reserves which are not required for working capital? Consider paying your corporation tax early as the interest return on early payments is competitive.

The small profits rate (SPR) will continue for companies with profits of £50,000 or less so they will continue to pay Corporation Tax at 19%. The small profits rate will not apply to close investment-holding companies.

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.

Tax tip

There are a number of different ways to legitimately mitigate your Corporation Tax liability, for example, maximising your capital allowances position, claiming Structural Buildings Allowance, Research & Development tax relief to name a few. We offer a pre-year-end review to ensure that these types of opportunities are not missed.

If the total profits are below £250,000, the effective rate for profits between these limits is called 'Marginal Rate' and shown below.

The lower and upper limits will be proportionately reduced for short accounting periods and where there are associated companies.

Company tax rates for non-ring fenced profits

	From 1-4-23	From 1-4-24
Main rate (Profits over £250,000)	25%	25%
Small profits rate (Profits under £50,000)	19%	19%
Marginal rate* (On profits falling between £50,000 & £250,000)	26.5%	26.5%

**Profits below £50K effectively taxed at small profits rate*



Construction Industry Scheme

From 6th April 2024, subcontractors will have to demonstrate compliance with VAT obligations to be granted and keep gross payment status.

HMRC will be able to immediately cancel gross payment status to include cases where they have reasonable grounds to suspect fraud involving VAT, Corporation Tax, Income Tax and Pay As You Earn.

Research and Development (R&D) and Patent Box

The 10% Corporate Patent Box relief in respect of profits arising from a patent you hold or where you have an exclusive licence over it has been left untouched.

For accounting periods beginning on or after 1st April 2024 there will be the merger of the existing research and development tax relief scheme for small and medium-sized companies (SME) and the research and development expenditure credit (RDEC) used by large companies.

The SME rules restricting relief where part of the project expenditure has been subsidised have been removed.

Loss-making companies claiming the existing SME tax relief will be eligible for a higher payable credit rate of 14.5% if they meet the definition for R&D intensity.

Tax tip

If your company is carrying out innovative work is it worthwhile applying for a patent? Bearing in mind the increase in the corporation tax rates, the benefit of having a patent or you exclusively licence the rights to those patents, could result in the associated profits tied to the patent attracting a corporation tax rate of only 10%.

For accounting periods beginning on or after 1st April 2024, the intensity threshold will be reduced from 40% to 30%.

There will be a one-year grace period that allows a company which fails to meet the intensity threshold, for example due to a one-off shock or small fluctuations in expenditure (for companies close to the threshold), to continue claiming the enhanced support in that year if it met the intensity threshold and successfully claimed enhanced support in the previous year.

Tax tip

The R&D criteria is quite wide, and many eligible companies are missing out on it. Since 1st April 2023, you only have 6 months from the end of the accounting period in which R&D activity has occurred to make a claim, unless you have made a similar claim in the previous 3 years. If in doubt, ask for an R&D check to see if a legitimate claim can be made.

Annual Tax on Enveloped Dwellings (ATED)

The ATED charge, for those property companies liable to pay the charge, increases by 6.7% from 1 April 2024 in line with the September 2023 CPI.

Property value	2023/24	2024/25
£500,001 to £1M	£4,150	£4,400
£1,000,001 to £2M	£8,450	£9,000
£2,000,001 to £5M	£28,650	£30,550
£5,000,001 to £10M	£67,050	£71,500
£10,000,001 to £20M	£134,550	£143,550
Over £20M	£269,450	£287,500

Tax tip

Do you own or have an interest in residential property through a corporate vehicle? Was the value of the property, as at 1st April 2022, worth more than £500,000 or did you acquire it after that date for more than that amount? Even if you rent the property out on a commercial basis, you still need to complete an ATED return by 30th April 2023 to avoid penalty charges of up to £1,600 per property. An ATED return would then need to be completed on an annual basis.





Capital Allowances

For qualifying expenditure incurred on or after 1st April 2023 companies can claim a 100% first year allowance for main rate expenditure (known as Full Expensing) and 50% first year allowance for special rate expenditure. These allowances are only available to companies. This temporary allowance has now become permanent.

The 100% Annual Investment Allowance deduction for expenditure incurred of up to £1 million in purchasing plant & machinery will continue as it is indefinitely.

Investment Zones and Freeports

The 5 year Investment Zone programme in England, announced in the Spring 2023 Budget, will be extended to 10 years. A similar extension will operate in respect of the Freeports programme.

Both Investment Zones and Freeports offer tax incentives for businesses setting up within their tax designated areas. The UK government will work with their Welsh and Scottish counterparts to offer a similar package within their jurisdictions.

The next set of investment zones were announced in Greater Manchester, the West Midlands and the East Midlands in England and in Wrexham and Flintshire in Wales.

Discussions will continue with the various Northern Ireland parties to achieve similar ends.

Tax tip

When first registering for VAT, you are able to claim input VAT on goods purchased in the 4 year period before registration where those goods have been used in the business and are still owned on the first date of registration. This includes both stocks and assets.

VAT

The taxable turnover threshold for determining whether a person must register for VAT presently remains at £85,000 and the point at which a person can apply to deregister also remain at £83,000 until 31st March 2026.

Tax tip

If the supplies you make are outside the scope of UK VAT (e.g. a provision of services to an overseas customer), but they would be taxable VAT supplies if they were made in the UK, then VAT input tax on expenditure incurred in relation to that supply may be claimed back.



Off payroll working (IR35)

The off-payroll working rules (commonly known as IR35) were first introduced in 2000. The rules set out that where an individual is working like an employee, they should pay tax like an employee — regardless of whether they are working through their own intermediary (for example, a Personal Services Company).

HMRC will have the power to set off amounts of tax and National Insurance (NI) contributions already paid by a worker and their intermediary on income from engagements under the IR35 rules against a subsequent PAYE liability settlement with the deemed employer.

This will apply to income tax and NI liabilities assessed under PAYE on or after 6th April 2024, which arise as a result of an error in operating the off-payroll working rules in respect of deemed direct payments made from 6th April 2017.

Business Rates (England)

There is a business rates support package worth £4.3 billion over the next 5 years for small businesses and the high street. The small business multiplier will be frozen for a fourth consecutive year. Retail, hospitality and leisure 75% business rates relief will be extended.

Share Option Schemes

Companies who grant Enterprise Management Incentive (EMI) share options will have an extended time limit to notify HMRC of a grant of EMI options, from 92 days following the grant to 6th July following the end of the tax year in which the grant was made.

Tax tip

There are a number of approved share option schemes, as well as the non-tax advantages share scheme arrangements, which should all be considered when looking at incentivising employees, before deciding which, if any, is appropriate for your business. There are pros and cons to each type of incentive arrangement, both for the employer and the employee.



Mortgage Guarantee Scheme (MGS)

The MGS which was due to come to an end in December 2023 has been extended for a further year.

The MGS, launched in April 2021, involves the government 'guaranteeing' 95% mortgages for first time buyers and current homeowners with 5% deposits on homes up to £600,000.

Under the terms of the scheme, the government guarantees the portion of the mortgage over 80% (so with a 95% mortgage, the remaining 15%).

Tobacco Duty Rates

The duty rate on all tobacco products will increase by the tobacco duty escalator of 2% above RPI inflation.

The duty rate for hand-rolling tobacco will rise by an additional 10%, to 12% above RPI inflation. These changes will apply from 6pm on 22nd November 2023.

Quick tip

If you are a non-agricultural farmer or a market gardener and your profits have been fluctuating over the past few years, have you considered whether it is beneficial to average your profits over either a two or five year period as it may reduce your overall tax and national insurance liability.

The same consideration should be given if you are carrying out a trade/profession or vocation within the creative works field but this time only over a two year period.

Post Office Compensation Schemes

With retrospective effect from 19th April 2021 there will be an exemption from corporation tax on compensation payments from the various schemes.

Furthermore, any individual who receives the onward payment of compensation will be taxed as though they received the payment directly. The tax impact varies from scheme to scheme.



Stamp Duty Land Tax (SDLT)

The SDLT rate for residential properties remain unchanged until 31st March 2025.

Property/Lease premium/Transfer value	SDLT rate
Up to £250,000	Zero
£250,001 to £925,000	5%
£925,001 to £1,500,000	10%
Above £1,500,000	12%

England & Northern Ireland SDLT residential rate

The Scottish and Welsh Government set their own Land Transaction tax rates.

Property (freehold/leasehold) value	LTT rate
Up to £225,000	Zero
£225,001 to £400,000	6%
£400,001 to £750,000	7.5%
£750,001 to £1,500,000	10%
Above £1,500,000	12%

Wales residential Land Transaction Tax (LTT) rate

Property purchase value	LBTT rate
Up to £145,000	Zero
£145,001 to £250,000	2%
£250,001 to £325,000	5%
£325,001 to £750,000	10%
Above £750,000	12%

Scotland residential Land & Building Transaction Tax (LBTT) rate

Tax tip

On many occasions when acquiring either commercial or residential properties, the incorrect amount of SDLT (England and Northern Ireland), Land Transaction Tax (Wales) and Land and Buildings Transaction Tax (Scotland) is paid over. If you would like our Land Transaction Tax specialist to review the property acquisitions, which have taken place over the past 12 months, please contact us. If they believe a refund is due they are happy to carry out the claim on a 'no win no fee' basis.

The 3% SDLT surcharge when acquiring a second residential property remains as it is.

Tax tip

Don't forget that if you incurred the 3% SDLT Surcharge (England and Northern Ireland) or the Welsh 4% Land Transaction Tax Higher Rate charge upon acquiring a new main residence but before having disposed of your previous one, then you may be able to claim a refund if you sell your old property within 36 months of purchasing the new one.

Tax tip

If you incurred the Scottish 6% (previously 4%) Additional Dwellings Supplement upon acquiring a new main residence before having disposed of your previous one, then you may be able to claim a refund if you sell your old property within 18 months of purchasing the new one.



Back to work plan

The aim is to expand the employment support and treatment available and reform the ways that people with disabilities or health conditions interact with the state.

As part of the Back to Work Plan the government will invest over £1.3 billion during the next five years to help tackle long-term unemployment by establishing an end-to-end process that supports and incentivises unemployed Universal Credit claimants to find work.

The government is boosting four key programmes – NHS Talking Therapies, Individual Placement and Support, Restart and Universal Support – to benefit up to 1.1 million people over the next five years and help those with mental or physical health conditions stay in or find work.

The intention is to trial reforms to the fit note process to make it easier and quicker for people to get specialised work and health support, with improved triaging and signposting.

Stricter benefit sanctions will also be enforced by the Department for Work and Pensions for people who are able to work but refuse to engage with their Jobcentre or take on work offered to them.

Benefit claimants who continue to refuse to engage with the Jobcentre will face having their claim closed.

Universal Credit claimants will be asked to take part in work placements requiring them to take a job at the end or risk losing their income.

Benefit sanctions will be ramped up meaning people who don't seek employment will lose all support after 6 months – including losing free prescriptions and legal aid. Universal Credit benefits will increase by 6.7%.

Tax tip

If you are an employer considering providing a one off/exceptional payment to your lower paid employees to mitigate the impact of the cost of living crises, then it may be better to do so in the form of non-cash vouchers, as opposed to cash itself, as it will not impact upon their universal credit payments.

Tax tip

Have you been in a co-habiting relationship involving children and your partner has died since 9th April 2001?

Dependent upon when your partner passed away, you may be entitled to either widowed parents allowance or bereavement support payments. For retrospective claims you have to make the claim by 8th February 2024.



Cultural Reliefs

At Spring Budget 2023, the government extended the temporary higher rates of three cultural tax reliefs - Theatre Tax Relief (TTR), Orchestra Tax Relief (OTR), Museums & Galleries Exhibition Tax Relief (MGETR).

Legislation will be introduced to clarify the workings of such tax reliefs.

The film, TV and video games tax reliefs will be reformed to expenditure credits, following the same approach as the Research and Development Expenditure Credit (RDEC).

The new Audio-Visual Expenditure Credit (AVEC) will replace the current film, high-end TV, animation and children's TV tax reliefs.

The Video Games Expenditure Credit (VGEC) will replace the Video Games Tax Relief (VGTR).

Film, high-end TV and video games will be eligible for a credit rate of 34% and animation and children's TV will be eligible for a rate of 39%.

Tax tip

Did you claim child benefit (CB) before May 2000? The Government have recently admitted that CB claimants before May 2000 may have lost out on some of their state pension entitlement. This could affect those already in receipt of state pension, deceased estates and those yet to reach state pension age. Each year of error could cost the individual up to £325 per annum lost state pension entitlement. You may want to check to see if it affects you or your loved ones.

Further Announcements

From 1st April 2024 Air Passenger Duty rates will rise in line with the Retail Price Index.

The Aggregates Levy rate will increase to £2.03 per tonne from 1st April 2024.

The tax reliefs associated with investing in Enterprise Investment Schemes and Venture Capital Trusts due to end in 2025 has been extended until 5th April 2035.

Landfill tonnage rates will increase from 1st April 2024 - standard rated £103.70 per tonne and lower rated £3.30 per tonne.

The government has provided £3 million of additional funding this year to the Community Security Trust, an organisation established to protect British Jews from antisemitism and related threats. This funding will be maintained next year.

The devolved administrations are receiving over £1 billion in additional funding through the Barnett formula over 2023-24 and 2024-25.

The Scottish Government is receiving £545 million, the Welsh Government £305 million, and the Northern Ireland Executive £185 million.



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