

Autumn Statement 2022 – Tax Measures

On 17 November 2022, the Chancellor of the Exchequer, Jeremy Hunt, presented his Autumn Statement.

This set out the government's plan, which was described as ensuring that national debt falls as a proportion of the economy over the medium term, supporting the Bank of England's action to control inflation; and giving businesses the stability and confidence they need to invest and grow in the UK.

We present here the latest position in terms of tax.

Business and Corporate Taxes

The main rate of Corporation tax will be increased

The main rate of Corporation Tax will increase from 19% to 25% from April 2023, as previously announced.

Annual Investment Allowance

The Annual Investment Allowance will be permanently increased to £1,000,000 from April 2023.

The annual investment allowance is a 100% capital allowance for qualifying expenditure on plant and machinery.

Reforms to Research and Development (R&D) tax reliefs

From April 2023, the Research and Development Expenditure Credit (RDEC), which predominantly applies to 'large' companies, will increase from 13% to 20%.

The small and medium-sized enterprises "SME scheme" additional deduction will reduce from 130% to 86% and the SME tax credit rate will reduce from 14.5% to 10%, which, when coupled with an increased headline rate of Corporation Tax, makes surrendering R&D losses for a tax credit less appealing.

Personal Taxes and National Insurance

Income tax

The headline rates of income tax remain unchanged.

However, the income tax additional rate threshold will be reduced from £150,000 to £125,140 from April 2023. The rate will remain unchanged at 45%.

The income tax personal allowance (£12,570) and higher rate (40%) thresholds will remain unchanged until April 2028. This represents a real increase in tax over that time period.

Dividend tax

The recent 1.25% increase in dividend tax rates will continue to apply after April 2023, meaning the ordinary, higher and additional rates of dividend tax will remain at the current levels of 8.75%, 33.75% and 39.35% respectively.

The tax-free dividend allowance will be reduced from £2,000 to £1,000 from April 2023 and to £500 from April 2024.

Capital Gains Tax (CGT)

The CGT annual exempt amount will reduce from £12,300 to £6,000 from April 2023 and to £3,000 from April 2024.

A further CGT anti-avoidance measure will also be introduced such that shares and securities in a non-UK company acquired in exchange for securities in a UK close company will be deemed to be located in the UK. This will have effect where an individual has a material interest in both the UK and the non-UK company and where the share exchange is carried out on or after 17 November 2022. Further details on this measure will be published in due course.

Property Taxes

Stamp Duty Land Tax

The extension to the nil-rate threshold from £125,000 to £250,000 which has applied since 23rd September 2022, will be reversed from April 2025.

Likewise, the extension to the level at which first-time buyers start paying stamp duty from £300,000 to £425,000 and the increased ceiling price for first-time buyers relief of £625,000 (up from £500,000) which have applied since September 2022 will be reversed from April 2025.

Further Information and Advice

For further information or advice, please speak to your usual Verfides contact, or email or call the Tax Team: tax_team@verfides.com; call +44 20 7930 7111.

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