

Important updates from the ‘Mini Budget’.

The Chancellor, Kwasi Kwarteng, has today announced the following new policies:

Corporation Tax

Next April’s planned Corporation Tax increase from 19% to 25%, has been abolished. The rate of Corporation Tax will remain at 19%.

Annual Investment Allowance

Annual Investment Allowance (AIA) will remain at £1,000,000.00 for eligible business/company purchases and will not be lowered to £200,000.00 as initially planned.

Income Tax

The higher rate of Income Tax, which is currently 45%, will be abolished. The highest rate of Income Tax will be set at 40%. From April 2023, the basic rate of Income Tax will fall from 20% to 19%.

National Insurance

The recent increase in National Insurance will cease from 6th November 2022, the increase in Dividend Tax will also be cancelled.

Stamp Duty Land Tax

Stamp Duty thresholds for residential properties will increase from £125,000.00 to £250,000.00 and, for first time buyers, increase from £300,000.00 to £450,000.00 – these rates are effective from today.

New Investment Zones

New Investment Zones shall be set up across England, with tax incentives to include:

100% relief from Business Rates on newly occupied business premises, and certain exciting businesses where they expand into the Investment Zone tax sites.

Zero rate of Employer NICs on salaries of any new employees working within the tax site, on earnings up to £50,270.00 per year – with Employers’ NICs being charged on amounts above that.

VAT

VAT free shopping for overseas visitors shall be reintroduced.

IR35

The 2017 and 2021 reforms to the off-payroll working rules will be repealed from 6 April 2023. This means that, from this date, workers across the UK providing their services via an intermediary, such as a personal service company, will once again be responsible for determining their employment status and paying the appropriate amount of tax and NICs.