



**AUTUMN
STATEMENT**

2023

SUMMARY REPORT

INTRODUCTION

The Autumn Statement, delivered by Jeremy Hunt on 22 November 2023, was set against a backdrop of political anticipation and economic recalibration.

Despite fiscal challenges, the Statement introduced a blend of short-term tax cuts and long-term investment strategies, aiming to balance immediate economic needs with future growth prospects.



KEY ANNOUNCEMENTS IN PERSONAL TAXES

In the Autumn Statement, the UK government outlined several crucial updates in the realm of personal taxation, impacting a wide range of areas from income tax to inheritance tax and pensions. Here's a summary of these key announcements:

Income Tax

- Personal Allowance: Remains at £12,570 for 2024/25.
- Higher Rate Threshold: Fixed at £50,270, unchanged since 2021/22.
- Blind Person's Allowance: Increased to £3,070 for 2024/25.
- Additional Rate Threshold: Stays at £125,140.
- Scottish Tax Rates: To be announced in the Scottish Budget on 19 December.

Dividend Tax

- The dividend allowance is reduced to £500 for 2024/25.
- Income Tax for Trusts and Estates
- Standard rate band for trusts eliminated from 2024/25.
- No tax for trusts with income below £500; threshold divided among multiple trusts created by the same settlor, with a minimum of £100.
- Estates with income under £500 will not be taxed.

National Insurance Contributions (NICs)

- Class 1 primary threshold and Class 4 lower profits limit aligned with personal allowance (£12,570).
- Upper earnings limit and Class 4 upper profits limit remain at £50,270 until April 2028.
- Class 1 primary contributions rate reduced to 10% between £12,570 and £50,270 from 6 January 2024.
- Class 2 contributions for the self-employed abolished from 6 April 2024.
- Class 4 contribution rate for the self-employed reduced to 8%.
- Voluntary Class 3 rate unchanged at £17.45 a week for 2024/25.

PAYE – Self Assessment

- Individuals taxed only through PAYE no longer need to file a self-assessment return from 2024/25.
- Off-Payroll Working (IR35)
- Changes to allow deemed employers under IR35 to adjust PAYE liabilities for taxes paid by workers and intermediaries.

Key Announcements in Personal Taxes (Cont.)

Company Cars and Vans

- Benefit-in-kind appropriate percentages for all cars remain the same for 2024/25.
- Car and van fuel benefit charges and van benefit charge unchanged from 2023/24 levels.

Capital Gains Tax

- Annual exempt amount for individuals and personal representatives halved to £3,000 in 2024/25.
- Most trusts see the annual exempt amount cut to £1,500.

Inheritance Tax

- Nil rate band remains at £325,000, and the residence nil rate band (RNRB) at £175,000 for 2024/25.

Stamp Duty Land Tax (SDLT)

- SDLT bands in England and Northern Ireland unchanged until 1 April 2025. Afterwards, the 0% band threshold will be halved to £125,000.

Enveloped Dwellings (ATED)

- As expected the ATED charges will increase in line with inflation by 6.7 % for 2024/2025.

State Pensions and Social Security Benefits

- Basic state pension, new state pension, and pension credit increase by 8.5% in April 2024.
- UK-wide benefits rise by 6.7% from April 2024.
- Local Housing Allowance rates in Great Britain to be raised to the 30th percentile of local market rents in April 2024.

Pensions

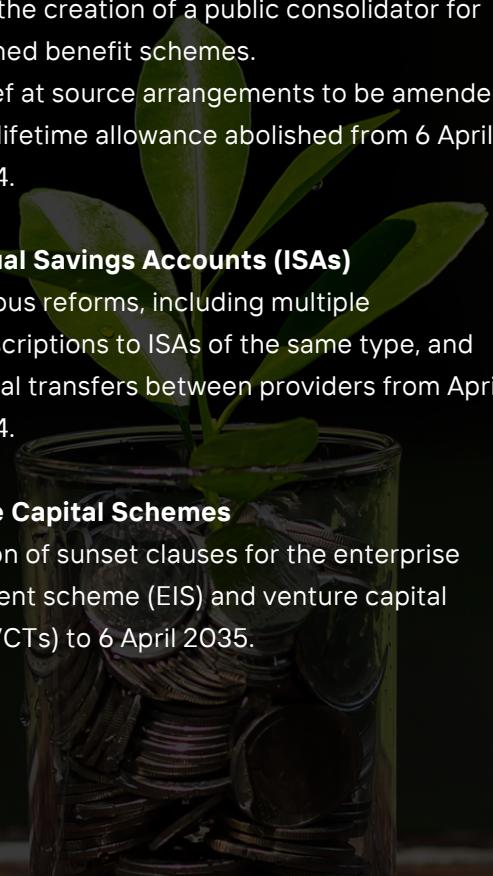
- Several documents published focusing on a single lifetime provider model for pensions and the creation of a public consolidator for defined benefit schemes.
- Relief at source arrangements to be amended, and lifetime allowance abolished from 6 April 2024.

Individual Savings Accounts (ISAs)

- Various reforms, including multiple subscriptions to ISAs of the same type, and partial transfers between providers from April 2024.

Venture Capital Schemes

Extension of sunset clauses for the enterprise investment scheme (EIS) and venture capital trusts (VCTs) to 6 April 2035.



This comprehensive suite of updates in personal taxation aims to provide clarity and stability in the tax landscape, with particular attention to maintaining thresholds and providing targeted relief where necessary.

KEY ANNOUNCEMENTS FOR BUSINESS TAXES

The Autumn Statement 2023 included several significant updates for business taxes in the UK. These changes encompass a wide range of areas, from capital allowances to research and development, creative industries, and tax compliance. Here's a summary of the key announcements:

Capital Allowances: Full Expensing

- **Permanent Full Expensing:** Originally set to expire on 31 March 2026, full expensing is now permanent. Companies can claim a 100% first-year allowance for main rate expenditure and 50% for special rate expenditure on new plant and machinery.
- **Exclusion of Leasing:** Plant and machinery for leasing remain excluded, with a consultation on potential removal of this exclusion.
- **Simplification of Legislation:** The government plans to consult on broader changes to simplify capital allowances legislation.

Creative Industries

- **Audio-Visual Expenditure Credit:** The government aims to increase the generosity of this credit for visual effects expenditure, with implementation planned from April 2025.

Research and Development (R&D) Tax Reliefs

- **Merging of Schemes:** The R&D expenditure credit and SME schemes will merge from 31 March 2024, with a unified rate of 20%.
- **Enhanced Support:** The threshold for R&D-intensive SMEs' enhanced support is reduced from 40% to 30% of expenditure.
- **Higher Payable Credit Rate:** Loss-making companies under the existing SME scheme can get a 14.5% payable credit rate if they meet the R&D intensity definition.
- **Direct Payments:** Nominations for R&D tax credit payments will be removed, ensuring direct payment to claimant companies.

Business Rates

- **Extension of Relief:** The 75% relief for retail, hospitality, and leisure properties is extended for 2024/25.
- **Multiplier Freeze:** The small business multiplier is frozen for another year, while the standard multiplier is updated by 6.7%.

Key Announcements in Business Taxes (Cont.)

Investment Zones and Freeports

- Extension of Programs: Investment zones program extended to ten years with new zones in Greater Manchester, the West Midlands, East Midlands, Cardiff, Newport, Wrexham, and Flintshire.
- Freeport Tax Reliefs: Extension to 30 September 2031 for England, with a five-to-ten-year extension in Scotland and Wales.

Making Tax Digital (MTD)

- Threshold Maintenance: The £30,000 threshold for MTD for income tax self-assessment remains.
- Exemptions and Simplifications: Exemptions for foster carers and simplified requirements for complex affairs, including landlords with jointly-owned property.

VAT: Energy-Saving Materials

- Extended Relief: VAT relief extended to additional technologies, including water-source heat pumps, and expanded to buildings used solely for charitable purposes from February 2024.

Cash Basis

- Expansion for Self-Employed: The income tax cash basis will become the default method for small businesses from 6 April 2024, with existing restrictions lifted.

Training Costs for Self-Employed People

- Tax Deductibility Clarification: HMRC will provide clearer guidance on what training costs are tax-deductible for sole traders and the self-employed.

Construction Industry Scheme (CIS)

- VAT Compliance: CIS gross payment status test to include VAT obligations.
- Strengthened Enforcement: HMRC's powers to remove gross payment status in cases of non-compliance extended.

Tax Avoidance and Fraud

- Criminalization of Promotion: It will become a criminal offense to promote tax avoidance schemes after receiving a Stop Notice.
- Director Disqualification: HMRC will have the power to disqualify directors involved in promoting tax avoidance.

Planning

- New Planning Service: To expedite planning decisions with a refundable fee if timelines are not met.
- Electric Vehicle Charging Infrastructure: Removal of some planning constraints to support expansion.

These updates represent a mix of incentives, simplifications, and enforcement measures, all aimed at supporting businesses while ensuring fair and effective tax compliance.

SUMMARY

Autumn Statement 2023

The Autumn Statement 2023 has introduced several pivotal changes impacting both individuals and businesses, marking a significant shift in the UK's fiscal landscape.

For individuals, the key changes include the freezing of personal allowances and higher rate thresholds, adjustments in NICs, and modifications in capital gains and inheritance tax regulations. These adjustments are poised to influence personal financial planning and tax liabilities.

Businesses, on the other hand, will witness substantial developments, most notably the permanent establishment of the "full expensing" regime for capital investments, modifications in R&D tax relief schemes, and the introduction of multinational and domestic top-up taxes under the OECD's Pillar 2 guidelines. These changes are expected to reshape investment strategies, R&D incentives, and multinational tax compliance.

Given the complexities and far-reaching implications of these updates, it is crucial for both individuals and businesses to understand how these changes might affect their financial and tax planning.

At Rooks Rider Solicitors, our team of experts is well-equipped to provide comprehensive advice and tailored solutions in light of these new developments. We invite you to contact us for in-depth guidance and support to navigate the new tax landscape effectively and ensure your strategies align with the latest regulations and opportunities presented by the Autumn Statement 2023.

This material is provided for general informational purposes only and should not be construed as legal or professional advice. The contents of this document are intended for a broad audience and may not address the specific circumstances of individual readers. As such, readers are strongly advised to seek professional guidance before taking any action based on the information provided herein. The use of this information without consulting appropriate legal or professional advisors is at the reader's own risk.

A black and white photograph of the London skyline across the River Thames, featuring prominent skyscrapers like the Shard and the Gherkin.

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