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CHARTERED ACCOUNTANTS AND TAX ADVISORS

AUTUMN STATEMENT

2022

Autumn Statement 17 November 2022

Back to where we were…

In this Autumn Statement, the government made no secret of the fact that it has "reversed nearly all of the measures in the Growth Plan 2022," i.e. September's ill-fated mini-Budget.

In his speech, Jeremy Hunt went straight to the point, announcing a tax increase for those on higher incomes by reducing the Additional Rate Income Tax threshold from £150,000 to £125,140, chosen to align with the top end of the band where the personal allowance has tapered to zero.

The use of tax banding to increase tax revenues was a general theme, with the Dividend Allowance being reduced from £2,000 to £1,000 in 2023/24 and £500 thereafter, and the Capital Gains Exempt Amount falling from £12,300, to £6,000 in 2023/24 and £3,000 thereafter. The VAT registration threshold is also fixed at £85,000 until 2026. Other bands and thresholds, including the IHT nil rate, are fixed for up to 6 years, so inflation will drive revenues upwards.

There were some surprises for Small and Medium Enterprises using Research & Development (R&D) tax credits, with the additional deduction for qualifying costs decreasing from 130% to 86% from 1 April 2023. With the increase in Corporation Tax rates from 19% to 25%, for tax paying companies, the value of the relief is fairly similar. The biggest impact is for loss making companies looking to secure a cash back, as the cash-back rate is cut to 10% from 14.5%. The combined impact is the value of the relief falls from 33p in the pound of R&D spend to 18.6p. There is no question that this is a policy intent. The government is conscious of a growth in erroneous and fraudulent R&D claims, particularly for companies seeking a cash repayment. These new measures are described as helping "to support fiscal sustainability by raising revenue and reducing fraud and error, without materially changing the levels of R&D expenditure over the forecast period."

One of the few measures retained from the mini-Budget was the increase in the nil rate threshold of Stamp Duty Land Tax (SDLT) from £125,000 to £250,000 for all purchasers of residential property in England and Northern Ireland. The increase in the nil-rate threshold for first-time buyers from £300,000 to £425,000 also survived. The maximum purchase price for which First Time Buyers' Relief can be claimed was increased from £500,000 to £625,000. This will now be a temporary SDLT reduction until 31 March 2025.

Making the Annual Investment Allowance permanent, and at a level of £1,000,000 annually from 1 April 2023, is another mini-Budget survivor.

There has been much talk of further so-called windfall taxes, and an increase from 25% to 35% was announced in Energy Profits Levy, as well as the introduction of the Electricity Generator Levy at a rate of 45%. Both measures, applying from 1 January 2023 on extraordinary profits, together are expected to raise sums in the tens of billions.

A policy change, but with an impact some years ahead, is the decision to make electric vehicles subject to Vehicle Excise Duty from April 2025. Driving an electric vehicle will no longer qualify for this tax break.

In terms of spending pledges, government positioning is towards energy independence, efficiency, infrastructure and innovation. The announcements included new nuclear power plant, Sizewell C, confirmation of previous pledges, including East West Rail and High Speed 2 to Manchester, and various further consultations and reviews in terms of government departmental budgets. There will be more devolution in England so more funds controlled and deployed locally.

Personal Income Tax

Rates and allowances (Table A)

Following a period of turbulence through 2022, the income tax rates remain at 20%, 40% and 45% for the foreseeable future. Mr Hunt announced that the tax-free personal allowance and the 40% tax rate threshold will be fixed until 5 April 2028, while the 45% rate will apply to income above £125,140 from 6 April 2023. A person with earnings above £150,000 will pay an additional £1,243 compared to 2022/23.

Although 'freezing the thresholds' avoids the appearance of a direct tax increase, the effect of inflation will bring many more people into the higher rate bands, as well as, more people being likely to have to file self-assessment returns.

Other thresholds remaining fixed, as they have been since they were introduced, include the income levels at which the High-Income Child Benefit Charge begins to claw back Child Benefit receipts (£50,000 since 2012/13) and the level at which the tax-free personal allowance is withdrawn (£100,000 since 2010/11). These measures create a higher marginal tax rate in the income bands £50,000 – £60,000 (for those in receipt of Child Benefit) and £100,000 – £125,140 (as the personal allowance is reduced to nil). The effective marginal rate of tax for someone earning between £100,000 and £125,140 is 60% (as £1 of allowance is lost for every £2 of income)

These rates and thresholds will not automatically apply in Scotland, where tax rates on non-savings, non-dividend income are set by the Scottish Parliament, which will announce its Budget on 15 December. The Welsh Assembly also has the right to set its own tax rates for non-savings, non-dividend income, but has so far kept to the main UK rates. Savings and dividend income are subject to the same rates throughout the UK, regardless of residence.

Dividend income

In the Spring Budget, the tax rates on dividend income over £2,000 were increased to correspond to increases in National Insurance Contributions (NICs) taking effect from 6 April 2022 and the Health and Social Care Levy (HSCL) that was to have applied to earned income from 6 April 2023. The ordinary dividend rate, paid by basic rate taxpayers, rose from 7.5% to 8.75%; the upper rate (for higher rate taxpayers) is 33.75% (from 32.5%) and the additional rate (for those with income above £150,000 a year) is 39.35% (from 38.1%). These rates apply across the UK for the 2022/23 tax year.

The mini-Budget proposed reversing these increases in dividend taxation with effect from April 2023, as well as cancelling the HSCL altogether and reversing the increases in NICs from 6 November 2022. The cancellation of HSCL and the reductions in NICs are the most significant parts of the mini-Budget to survive; however, the dividend rates will remain at their current higher levels in 2023/24 and for the foreseeable future. The additional rate of 39.35% will apply to those with total income above £125,140 in 2023/24.

The dividend allowance will be reduced: it will now fall from its current level of £2,000 to £1,000 on 6 April 2023 and £500 on 6 April 2024. There is a practical impact of this as the reduction in the allowance will require many more people to file self-assessment tax returns to settle what will often be a relatively small tax liability on modest dividend receipts.

Employees

Company cars and fuel

Car benefits remain fixed until the end of 2024/25. The Autumn Statement included confirmation of the rates going forward until April 2028 'to provide long term certainty for taxpayers and industry'. Rates will continue to incentivise the take-up of electric vehicles:

- appropriate percentages (to multiply by the list price of the car) for electric and ultra-low emission cars emitting less than 75g of CO_2 per kilometre will increase by 1 percentage point in 2025/26; a further 1% in 2026/27 and a further 1% in 2027/28, up to a maximum appropriate percentage of 5% for electric cars and 21% for ultra-low emission cars;
- rates for all other vehicle bands will be increased by 1 percentage point for 2025/26, up to a maximum appropriate percentage of 37%, and will then be fixed in 2026/27 and 2027/28.

From 6 April 2023, the taxable amounts for an employee's private use of business fuel in a company car or van, and the availability of a van for more than incidental private use, will increase in line with the rise in the Consumer Price Index to September 2022 (10.1%).

IR35 – 'off payroll working'

The rules known as 'IR35' were introduced in April 2000 in an attempt to prevent tax avoidance through 'disguised employment'.

Since 2021, both public bodies and larger companies engaging freelancers who operate via their own company have had to decide whether there is an underlying employment relationship with the worker and, if so, withhold PAYE and Class1 NICs. In September, Mr Kwarteng announced his decision to repeal these rules, so that such decisions would have to (as in the past) be self-assessed by the worker and their company.

This is one of the September proposals that was reversed even before the Autumn Statement, maintaining the position as it has been since 2021. The result is that those who have been affected by the off-payroll working rules while supplying services to public sector bodies or large private sector businesses in the last few years will continue to be affected in the same way, rather than seeing a possible change.

Company Share Ownership Plans (CSOP)

The September Growth Plan proposed that from April 2023, qualifying companies will be able to issue up to £60,000 of CSOP options to employees, double the current limit. Some restrictions will be eased to align the rules more closely to the Enterprise Management Incentive scheme and widen access to CSOP for growth companies. These proposals appear to have survived beyond the Autumn Statement.

National Living Wage (NLW)

From 1 April 2023, there will be an increase to the NLW and National Minimum Wage (NMW). NLW relates to those aged 23 and over, while NMW relates to those of a younger age. The new hourly rates are:

Age 23+	£10.42	(from £9.50)
21 – 22	£10.18	(from £9.18)
18 – 20	£7.49	(from £6.83)
16 – 17	£5.28	(from £4.81)
Apprentices	£5.28	(from £4.81)

National Insurance Contributions (NIC)

Thresholds and rates (Table C)

From 6 April 2022, Class 1 NIC paid by employers and employees, and Class 4 NIC paid by self-employed people, increased by 1.25%. This was intended as a temporary measure for the tax year 2022/23, pending the introduction of a separate Health and Social Care Levy (HSCL) to be paid by the same people on the same income from 6 April 2023. Chancellor Sunak moderated the effect of the increase by significantly increasing the primary threshold at which employees' contributions start, to match the level at which income tax starts to be payable – an annual figure of £12,570. This was done 'as soon as practicable', taking effect on 6 July.

In September, Mr Kwarteng decided to cancel the HSCL altogether, and to reverse the increases in NIC, once again from the earliest practicable date – 6 November 2022. Changing the rates of NIC twice in the middle of a tax year has created considerable complexity for employers and their software providers, and there are a number of situations in which anomalous and possibly unfair liabilities can result. Overall, however, the restoration of the original rates combined with the increased threshold (which was not changed in November) will lead to lower charges for many people.

The cancellation of the HSCL was costed in September as a reduction in government revenues of approximately £17 billion a year, and the decision not to reintroduce it has required the Chancellor to look for many other tax rises and spending cuts.

The Autumn Statement included details of the rates and thresholds for 2023/24. The Upper Earnings Limit (above which individual contributions fall from 12% to 2%) and the Secondary Threshold (above which employers pay 13.8% on all earnings) will remain fixed at their current levels (£50,270 and £9,100) until 5 April 2028. The Autumn Statement comments that many small businesses will not be adversely affected because of the Employment Allowance, which covers the first £5,000 of employer contributions for qualifying companies.

Savings and Pensions

Pension contributions (Table B)

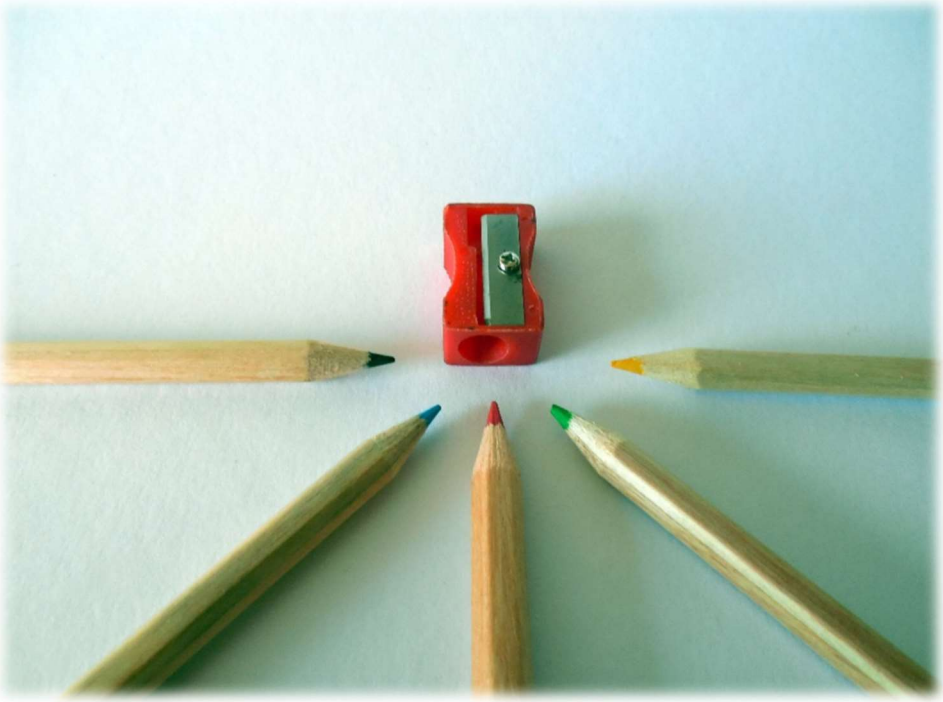
The tax reliefs and the restrictions on the amounts that can enjoy relief (Annual Allowance and Lifetime Allowance) remain the same.

State pension

Following some speculation about whether the Conservative manifesto commitment to the 'triple lock' on state pension increases was affordable, the state pension will be uprated by inflation, in line with that commitment. The standard minimum income guarantee in Pension Credit will also increase in line with inflation from April 2023 (rather than in line with average earnings growth).

Venture capital schemes

The Seed Enterprise Investment Scheme (SEIS) gives investors income tax and capital gains tax reliefs on investments in shares of new start-up companies. Mr Kwarteng's Growth Plan increased the limit on the amount companies can raise through a SEIS share issue by two-thirds to £250,000 from 6 April 2023, to enable more companies to use the scheme. The gross assets limit for the company before the share issue will be increased to £350,000, the age limit will rise from 2 to 3 years, and the annual investor limit will double to £200,000. The Growth Plan estimated that 2,000 companies a year use the scheme and will potentially benefit from these changes, which have survived the overhaul of most of Mr Kwarteng's proposals.



Capital Gains Tax (CGT)

Cut in annual exemption

There was much speculation about major reform to CGT, including possible increases in rates; however, such changes were not announced. Instead, the annual exempt amount (AEA), which is currently £12,300, will be reduced to £6,000 for 2023/24 and then to £3,000 for 2024/25. This will mean CGT being payable where gains are above the new limits. For someone with gains above £12,300, this will mean extra CGT payable on residential property gains (which have a maximum CGT rate of 28%) of up to £1,764 in 2023/24 and £2,604 in 2024/25. If the gains are on other assets, such as shares or antiques (where the maximum rate is 20%), this will mean increased CGT payable of up to £1,260 (2023/24) and £1,860 (2024/25). The total raised is estimated as £1.6 billion in total over the five years from 2023/24 to 2027/28.

This reduction in the AEA will also mean that many more taxpayers will need to file the CGT pages of the self-assessment tax return. These pages need completing unless both:

- net gains do not exceed the AEA; and
- the total proceeds from all disposals do not exceed 4 x AEA.

By 2024/25, this will mean filing the CGT pages if total proceeds exceed £12,000 or net gains exceed £3,000.

Anti-avoidance

For their first 15 years of UK residence, non-domiciled individuals can elect to be taxed on their foreign income and gains only if the proceeds are remitted to the UK (the 'remittance basis' of taxation). Significant changes to 'non-dom' taxation were expected in some quarters, but the only announcement was a narrowly focussed anti-avoidance measure.

Trusts

As the AEA available to most trusts is half of an individual's AEA, this will become £3,000 for 2023/24 and £1,500 for 2024/25. As for individuals, no changes in the rates of CGT were announced; they remain 28% for residential property and 20% for other assets.

Inheritance Tax (IHT)

Nil rate thresholds

The IHT nil rate band (NRB) has been frozen at £325,000 since 6 April 2009; the residence NRB has been £175,000 since 6 April 2020. It was previously announced that these figures would remain fixed until April 2026; this has been extended for another two years until April 2028, bringing more people within the scope of IHT if assets (particularly houses) rise in value.

The residence NRB is only available when a home is left to a direct descendent (or their spouse) on death. When an individual's estate (before reliefs and exemptions) is valued at more than £2m, the residence NRB is progressively reduced. £1 of residence NRB is lost for every £2 by which the estate exceeds the limit, so none is available once an estate reaches £2.35m. This £2m taper threshold is also now frozen until April 2028.

There have been no changes to the IHT rates, so the main rate remains 40% for transfers on death in excess of the NRBs.

Business Tax

Annual Investment Allowance (AIA)

The 100% AIA, which is available to companies and unincorporated businesses, is available for qualifying expenditure on plant and machinery (P&M) up to £1 million. When this limit was introduced, it was supposed to be a temporary measure in force until 31 March 2023, after which it would drop back to its former level of £200,000. The Autumn Budget has confirmed that this measure will be made permanent.

First Year Allowance for Electric Vehicle Chargepoints

The Spring Finance Bill 2023 will legislate to extend the 100% First Year Allowance for expenditure incurred on electric vehicle chargepoints to 31 March 2025 for corporation tax purposes and 5 April 2025 for income tax purposes. This will ensure that the tax system continues to incentivise business investment in charging infrastructure.

Reform of basis periods: unincorporated businesses and LLP partners

In spite of concerns expressed by some that businesses may not be ready, taxation of profits arising in the tax year will be introduced in 2024/25; 2023/24 will be a transitional year for moving from the old to the new basis of assessment. Any self-employed trader, partnership or LLP with an accounting date other than 31 March or 5 April should consider the effect of this change as a matter of urgency.

Corporation Tax (CT)

Rates

The CT rate will remain 19% until 31 March 2023. It will then increase to 25% for companies with profits over £250,000. The 'small profits rate' that was familiar before April 2015 will be reintroduced, at 19% for companies with profits up to £50,000.

Between £50,000 and £250,000 there will be a tapering calculation that produces an effective marginal rate of 26.5% on profits within that band. The limits will be divided between the number of associated companies (companies under the common control of one or more persons, including both individuals and companies).

Super-deduction

To encourage companies not to delay investing in plant and machinery until CT rates went up, Chancellor Sunak had introduced a 'super-deduction' at a rate of 130% for qualifying expenditure between 1 April 2021 and 31 March 2023. This effectively gives relief at close to 25% for expenditure incurred before 1 April 2023, rather than:

- a 100% AIA, saving corporation tax at only 19%; or
- if the AIA limit has been exceeded, only the 18% p.a. writing down allowance (WDA) available in the main capital allowances pool.

Where an accounting period straddles 31 March 2023, there are transitional rules to limit the amount of super-deduction available, so that the effective tax relief given on the expenditure does not exceed 25%.

The temporary first-year allowance (FYA) of 50% on new plant and machinery investment that would qualify for 6% p.a. WDA in the 'special rate' pool, such as integral plant in buildings, also comes to an end on 31 March, as planned.

Research and development (R&D)

The CT system encourages R&D via two different schemes. The enhanced expenditure scheme for small and medium-sized enterprises (SMEs) increases qualifying expenditure by 130%, so that for every £100 spent, the company enjoys a deduction of £230 from taxable profits. This may create or increase a tax loss. Where there are no other profits against which a loss generated by R&D expenditure can be set, the loss may be surrendered to HMRC in exchange for a payable tax credit at 14.5%.

This scheme is particularly useful to start-up companies and those struggling to make profits in their early years. It is also open to abuse, so the government is amending the scheme. For expenditure on or after 1 April 2023, the additional deduction will decrease from 130% to 86% and the payable credit rate will decrease from 14.5% to 10%.

While limiting the tax relief for SMEs, the Chancellor is boosting the RDEC, used by large companies as well as SMEs in some circumstance, from 13% to 20% from the same date. These changes appear to be the start of a process of moving all companies to an RDEC-like scheme, something on which the government intend to consult.

As previously announced, the R&D tax reliefs will also be reformed from April 2023 by expanding qualifying expenditure to include data and cloud costs, refocusing support towards innovation in the UK, targeting abuse and improving compliance.

Creative industry reliefs

There are numerous reliefs available to the audio-visual sector, covering film, animation, high-end TV, children's TV and video games. The government will consult on a series of proposals to incentivise further the production of culturally British content and support the growth of these types of company.

Other matters

The increase in the main rate of CT has caused the government to make two further changes. The Bank CT Surcharge will become 3% of a bank's profits above £100 million from April 2023, meaning that banks will continue to pay a higher combined rate of corporation tax than most other companies.

From April 2023, the rate of Diverted Profits Tax (payable where profits have been 'diverted' offshore by big companies or groups) will increase from 25% to 31%, in order to retain a six percentage points differential above the main rate of Corporation Tax.

Following consultation, the government has decided not to introduce an Online Sales Tax, which some people have argued is necessary to level the playing field between online retailers and those incurring the cost of 'bricks and mortar' high street shops.

Value Added Tax

Registration threshold

The level at which a business is required to register for VAT (taxable turnover of £85,000 in the last 12 months, or expected in the next 30 days) has been fixed since 1 April 2017. It was previously announced that it would remain at the same level until 31 March 2024, but this has now been extended to 31 March 2026. The effect of inflation will require many businesses that are trading below the threshold to register and account for VAT.

The deregistration threshold is fixed at its current level of £83,000 for the same period.

VAT-free shopping

Up to 31 December 2020, it was possible for non-EU visitors to the UK to obtain a refund of VAT paid on goods purchased while here and taken out of the country in their personal baggage. This was abolished as one of the consequences of Brexit. In September, Mr Kwarteng proposed to introduce a new system 'with the aim of providing a boost to the high street and creating jobs in the retail and tourism sectors'. This proposal has been cancelled before there was even a consultation about how it would work, disappointing those who were hoping to attract foreign retail customers with tax-free shopping.

Business Rates

From 1 April 2023, charges for business rates in England will be updated to reflect changes in property values since the last revaluation in 2017. A package of targeted support worth £13.6 billion over the next 5 years will give transitional relief to businesses as they adjust to the new level of their charges.

- Multiplier Freeze – The business rates multipliers will be frozen in 2023/24. This will support all ratepayers, large and small, and will result in costs being 6% lower than without the freeze, before any reliefs are applied.
- Upwards Transitional Relief – This will support ratepayers by capping bill increases caused by changes in rateable values at the 2023 revaluation. The 'upward caps' will be 5%, 15% and 30% respectively for small, medium and large properties in 2023/24.
- Retail, Hospitality and Leisure Relief – Support for eligible retail, hospitality, and leisure businesses is being extended and increased from 50% to 75% business rates relief, capped at £110,000 per business in 2023/24.
- Supporting Small Business Scheme (SSBS) – Bill increases for the smallest businesses losing eligibility for, or seeing reductions in, Small Business Rate Relief (SBRR) or Rural Rate Relief (RRR) will be capped at £600 per year from 1 April 2023. This means the maximum bill increase in 2023/24 for a small business losing eligibility for SBRR or RRR will be £50 per month.
- Improvement Relief – First announced at the Autumn Budget 2021, this new relief will ensure ratepayers do not see an increase in their rates for 12 months due to making qualifying improvements to a property they occupy. It will be introduced from April 2024 and run until 2028, at which point the government will review the measure.

Stamp Duty Land Tax (SDLT)

Thresholds

On 23 September 2022, the government increased the nil rate threshold (NRT) for SDLT from £125,000 to £250,000 for all purchasers of residential property and from £300,000 to £425,000 for first-time buyers. The maximum purchase price for which the first-time buyer's threshold applies was increased from £500,000 to £625,000.

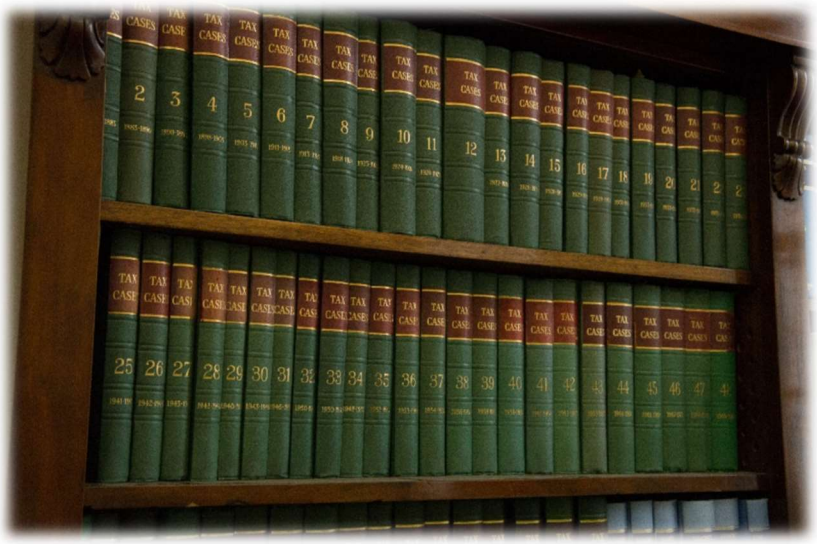
These increases in thresholds are now regarded as 'temporary' and will remain in place until 31 March 2025 'to support the housing market and the hundreds of thousands of jobs and businesses which rely on it.' If history is a guide, such a pre-announced increase in SDLT may well lead to a boom in house prices as the date approaches.

SDLT only applies in England and Northern Ireland. Decisions about the devolved taxes in Scotland (Land and Buildings Transaction Tax) and Wales (Land Transaction Tax) will be taken by their respective governments.

Annual Tax on Enveloped Dwellings (ATED)

ATED applies to residential property worth above £500,000 that is owned through companies and other corporate structures, unless the situation qualifies for a relief. The rates increase automatically each year with inflation and will rise by 10.1% from 1 April 2023, in line with the September 2022 Consumer Price Index. The amount payable varies according to the value of the property and for 2023/24 ranges from £4,150 to £269,450.

There are fixed revaluation dates every five years for properties within ATED. The revised values from the most recent revaluation (April 2022) take effect for ATED payable from 1 April 2023, so a property may move into a higher valuation band in the coming year as a result.



Other measures

Energy costs

From April 2023, the government will adjust the Energy Price Guarantee (EPG), which places a limit on the price households pay per unit of gas and electricity. This means that a typical household in Great Britain will pay £3,000 per annum (up from the current £2,500 per annum) from April 2023 to April 2024.

The Chancellor also announced the following energy initiatives for 2023/24:

- Households on means-tested benefits will receive a £900 Cost of Living payment
- Pensioner households will receive an additional £300 Cost of Living payment
- An additional Disability Cost of Living payment of £150

The one-off payment for winter energy bills has been in effect since October 2022.

The government will double to £200 the level of support for households that use alternative fuels, such as heating oil, liquified petroleum gas, coal or biomass, to heat their homes.

The government will keep the EPG under review and may revisit the parameters of the scheme, for example if the forecast cost increases significantly.

Additional Compliance Resource for HMRC

The government will invest a further £79 million over the next 5 years to enable HMRC to allocate additional staff to tackle more cases of serious tax fraud and address tax compliance risks among wealthy taxpayers. This investment is forecast to bring in £725 million of additional tax revenues over the period.

Investment Zones

'Investment Zones' were a proposal included in September 'Growth Plan'. Businesses locating in them would have received a number of incentives, and the government was in preliminary discussions with 38 councils and authorities about establishing them. The whole idea appears to have been scrapped: the Autumn Statement states that the government will 'refocus' the programme 'to catalyse a limited number of high potential clusters'. This expression will be explained in an announcement 'in the coming months', but in the meantime, it is clear that those who expressed an interest in the previous proposal will be disappointed.

Vehicle Excise Duty (VED)

From April 2025, electric cars, vans and motorcycles will begin to pay VED in the same way as petrol and diesel vehicles. This will ensure that all road users contribute as the take up of electric vehicles continues to accelerate.

Office of Tax Simplification

The Office of Tax Simplification (OTS) will be wound down and will close following Royal Assent of the 2023 Finance Bill.

Universal Credit

The Chancellor states that he is protecting the most vulnerable in society by increasing benefits in line with inflation, measured by the annual rise in the Consumer Price Index, which is 10.1% to September 2022. Around 19 million families will see their benefit payments increase from April 2023.

Autumn Statement Tax Tables 2023/24

Income Tax Rates and Allowances (Table A)

Main allowances	2023/24	2022/23
Personal Allowance (PA)*†	£12,570	£12,570
Blind Person's Allowance	2,870	2,600
Rent a room relief §	7,500	7,500
Trading income §	1,000	1,000
Property income §	1,000	1,000

*PA will be withdrawn at £1 for every £2 by which 'adjusted income' exceeds £100,000. There will therefore be no allowance given if adjusted income is £125,140 or more.

†£1,260 of the PA can be transferred to a spouse or civil partner who is no more than a basic rate taxpayer, where both spouses were born after 5 April 1935.

§ If gross income exceeds this, the limit may be deducted instead of actual expenses.

Rate Bands	2023/24	2022/23
Basic Rate Band (BRB)	£37,700	£37,700
Higher Rate Band (HRB)	37,701-125,140	37,701-150,000
Additional rate	over 125,140	over 150,000
Personal Savings Allowance (PSA)		
– Basic rate taxpayer	1,000	1,000
– Higher rate taxpayer	500	500
Dividend Allowance (DA)	1,000	2,000

BRB and additional rate threshold are increased by personal pension contributions (up to permitted limit) and Gift Aid donations.

Rate Bands	2023/24			2022/23		
Rates differ for General, Savings and Dividend income within each band:						
	G	S	D	G	S	D
Basic	20%	20%	8.75%	20%	20%	8.75%
Higher	40%	40%	33.75%	40%	40%	33.75%
Additional	45%	45%	39.35%	45%	45%	39.35%

General income (salary, pensions, business profits, rent) usually uses personal allowance, basic rate and higher rate bands before savings income (mainly interest). To the extent that savings income falls in the first £5,000 of the basic rate band, it is taxed at nil rather than 20%.

The PSA will tax interest at nil, where it would otherwise be taxable at 20% or 40%.

Dividends are normally taxed as the 'top slice' of income. The DA taxes the first £1,000 (2022/23 £2,000) of dividend income at nil, rather than the rate that would otherwise apply.

High Income Child Benefit Charge (HICBC)

1% of child benefit for each £100 of adjusted net income between £50,000 and £60,000.

Income Tax – Scotland	Rate	2022/23
Starter Rate	19%	£2,162
Basic Rate	20%	2,163 – 13,118
Intermediate Rate	21%	13,119 – 31,092
Higher Rate	41%	31,093 – 150,000
Top Rate	46%	over 150,000

The Scottish rates and bands do not apply for savings and dividend income, which are taxed at normal UK rates. **The Scottish rates for 2023/24 have not yet been announced.**

Remittance Basis Charge

	2023/24	2022/23
For non-UK domiciled individuals who have been UK resident in at least:		
7 of the preceding 9 tax years	£30,000	£30,000
12 of the preceding 14 tax years	60,000	60,000
15 of the preceding 20 tax years	Deemed to be UK domiciled for tax purposes	

Registered Pensions (Table B)

	2023/24	2022/23
Lifetime Allowance (LA)	£1,073,100	£1,073,100
Annual Allowance (AA)	40,000	40,000

Annual relievable pension inputs are the higher of earnings (capped at AA) or £3,600.

The AA is usually reduced by £1 for every £2 by which relevant income exceeds £240,000, down to a minimum AA of £4,000.

The AA can also be reduced by £4,000, where certain pension drawings have been made.

Car and Fuel Benefits (Table C)

Cars

Taxable benefit: List price multiplied by chargeable percentage.

	2023/24 and 2022/23	
CO2 emissions g/km	**Electric range Miles**	**All cars %**
0	N/A	2
1-50	>130	2
1-50	70 - 129	5
1-50	40 - 69	8
1-50	30 - 39	12
1-50	<30	14
51-54	N/A	15

Then a further 1% for each 5g/km CO2 emissions, up to a maximum of 37%.

Diesel cars that are not RDE2 standard suffer a 4% supplement on the above figures but are still capped at 37%.

Car Fuel

Where employer provides fuel for private motoring in an employer-owned car, CO2-based percentage from above table multiplied by £27,855 (2022/23 £25,300).

National Insurance Contributions 2023/24 (Table D)

Class 1 (Employed)

Class 1 (Employees)	Employee	Employer
Main NIC rate	12%	13.8%
No NIC on first	£190pw	£175pw
Main rate* charged up to	£967pw	no limit
2% rate on earnings above	£967pw	N/A
Employment allowance per qualifying business	N/A	£5,000

*Nil rate of employer NIC on earnings up to £967pw for employees aged under 21, apprentices aged under 25 and ex-armed forces personnel in their first twelve months of civilian employment.

Employer contributions (at 13.8%) are also due on most taxable benefits (Class 1A) and on tax paid on an employee's behalf under a PAYE settlement agreement (Class 1B).

Class 2 (Self employed)

Flat rate per week	£3.15
Small profits threshold*	£12,570

*If profits are less than £6,725, Class 2 must be paid voluntarily to maintain entitlement to full state benefits (including the state pension).

Class 3 (Voluntary)

Flat rate per week	£17.45

Class 4 (Self-employed)

On profits £12,570 - £50,270	9%
On profits over £50,270	2%