



October 2021 Budget – Newsletter

(large print version available at www.mispencerltd.co.uk/newsletters)

PERSONAL

Income Tax, NICs, claims & benefits

- Payments made through the Household Support Fund and similar schemes in the devolved administrations to be exempt from Income Tax.
- Universal Credit taper to be cut by 8% no later than December 2021.
- The NIC's Upper Earnings Limit and Upper Profits Limit are to be maintained at 2021-22 levels.
- Income Tax bands and personal allowances including the marriage and savings allowances remain at 2021-22 levels.
- Small increase to the Blind person's allowance.
- From 6 April 2022: a temporary 1.25% increase to NIC's.
- From 6 April 2023: a new Health and Social care levy of 1.25%.

Savings & Dividends

- ISA, junior ISA and child trust funds limits remain at £20,000, £9,000 and £9,000.
- The starting rate for savings income limits remains at £5,000.

From 6 April 2022:

- An increase in Dividend Tax rates of 1.25%.

Inheritance Tax - No changes

- All rates, allowances, reliefs and exemptions remain unchanged.
- The nil rate band was frozen until 2026 at £325,000 by Finance Act 2021.

Land & Property - From April 2022

- The Annual Tax on Enveloped Dwellings (ATED) will rise by 3.1% in line with inflation for the April 2022-23 chargeable period.
- The 30-day reporting and capital gains tax payment deadline for disposals of UK residential property is extended to 60 days (from 30 days) from 27th October 2021.
- No changes to Stamp Duty Land Tax (SDLT) rates.
- **From April 2024** – anyone with property rental income of more than £10,000 per year will be required to sign up for MTD Income Tax Self Assessment.

BUSINESS

Employers – from April 2022

- National Living wage to increase to £9.50 per hour.
- Van benefit and fuel benefit charges to increase in line with inflation.
- Amendments will be made to update official guidance for determining the level of a vehicle's CO2 emissions.
- HM Treasury to be granted powers to make regulations to provide Income Tax and NICs relief on employee expenses/benefits in the event of a disaster or emergency of national significance.



- Legislation to be introduced to make top-up payments directly to low-earning individuals saving in a pension scheme using a Net Pay Arrangement.

Corporation Tax - As previously announced, from 1 April 2023:

- Increase in the rate of CT from 19% to 25%.
- The bank levy is to be reduced from 8% to 3%.
- From 27 October 2021 a new consultation is to be launched for an Online sales tax.

R&D tax relief - From April 2023

- The scope of the relief is to be expanded to include cloud computing and data costs.
- Other reforms to refocus support towards innovation in the UK and to target abuse and improve compliance.

Capital Allowances

- The £1 million Annual Investment Allowance (AIA) limit is extended to 31 March 2023.

VAT

- No real changes for small businesses.
- The temporary reduced rate for hospitality, holiday accommodation and attractions is currently at the rate of 12.5% (from 01/10/21) and will come to an end on 31 March 2022.

From April 2022

- From their first VAT period starting on or after 1 April 2022, VAT registered businesses (including self-employed) that are not already required to operate MTD under the requirements applying from 1 April 2019 will have to:
- keep their records digitally (for VAT purposes only)
- provide their VAT return information to HMRC through Making Tax Digital compatible software

Review of business rates

- Following the 2020 Business rates consultation, there are to be more frequent revaluations every three years from 2023.
- The business rates multiplier will be frozen in 2022-23.
- A new business rates investment relief for green technology and for improving the business property.
- Additional 50% discount for 2022-23 for the hospitality and leisure sector.

This brief summary covers some of the budget changes; you are advised to further take professional advice before acting.