

## Autumn Budget 2021 Highlights



### Changes for businesses:

#### Corporation Tax Rate Increase



- As previously announced, from 1 April 2023 the rate of Corporation Tax will be increasing to 25%. However, the rate will be tapered to the size of the business, which will be measured on the level of profits:
  - Businesses with profits of £50k or less will be protected and the Corporation Tax rate will remain at 19%;
  - Businesses with profits between £50k and £250k will benefit from a tapered rate, up to the maximum rate of 25%.

#### Tax Relief for Investment



- As previously announced, from 1 April 2021 until 31 March 2023, businesses that invest in qualifying plant and machinery assets can claim a 130% "super-deduction" capital allowance to reduce their tax bill and a 50% first-year allowance for qualifying special rate assets. For example, a company investing in new plant that had a cost of £10,000 will now be able to deduct £13,000 for Corporation Tax purposes.
- The temporary £1m level of the 100% Annual Investment Allowance will be extended to 31 March 2023.

#### Business Rates



- The government will introduce a temporary 50% discount on business rates for businesses in the retail, hospitality and leisure sectors, for 12 months from 1 April 2022. The relief will be capped at £110,000 per business.
- A new "improvement relief" will be introduced from 2023, providing for no extra business rates for 12 months if a business makes qualifying improvements to a property they occupy.
- Business rates exemptions will also be introduced from April 2023 to encourage businesses to invest in green technologies such as solar panels.
- Business rates revaluations will take place more frequently from 2023, every 3 years instead of every 5 years.

#### R&D Tax Relief



- The scope of qualifying expenditure for R&D relief will be extended to include cloud computing and data costs (whereas currently only software in the traditional sense is included).
- From April 2023, R&D tax relief will also be reformed to focus on UK innovation, to target abuse of the regime and to improve compliance. Further details on this are still to be released.

#### Creative Tax Reliefs



- Museums and Galleries Exhibition Tax Relief will be extended to 31 March 2024.
- The rates of Theatre Tax Relief, Orchestra Tax Relief and Museums and Galleries Exhibition Tax Relief will be temporarily increased until 31 March 2024.

#### Residential Property Developer Tax



- From April 2022, a new 4% tax will be introduced on the profits that large companies and groups generate from UK residential property development. Businesses whose annual profits do not exceed £25 million will not be affected.

#### Online Sales Tax



- The government will be consulting on whether to introduce a UK-wide online sales tax for online retailers.

### Changes for individuals:

- The National Living Wage for those aged 23 and over will rise to £9.50 per hour from 1 April 2022, from £8.91 per hour.
- As announced by the Prime Minister on 7 September 2021, from 6 April 2022 a new 1.25% Health and Social Care Levy will be introduced to fund investment in the NHS and social care. As a result, Class 1 (Employee and Employer) and Class 4 (Self-Employed) National Insurance contribution rates will increase by 1.25%. This means that Employee Class 1 NIC rates will increase to 13.25% and 3.25%, and the Employer Class 1 NIC rate will increase to 15.05%. From April 2023, once HMRC's systems are updated, the 1.25% levy will be formally separated out and National Insurance rates will return to their 2021/22 levels.
- From 6 April 2022 the rates of Income Tax applicable to dividend income will also increase by 1.25%. The new rates will therefore be 8.75% (basic rate), 33.75% (higher rate) and 39.35% (additional rate).
- The Universal Credit taper (whereby every £1 earned from work reduces the credit by 63p) will be cut by 8%, so that every £1 earned will reduce Universal Credit by 55p. The permitted work allowance will also be increased by £500 per year. These changes will take effect no later than 1 December 2021.
- Making Tax Digital for Income Tax Self-Assessment has been delayed by a year and will now be introduced from 6 April 2024.
- From 27 October 2021 the deadline for UK residents to report and pay Capital Gains Tax on UK residential property will increase from 30 days after the completion date to 60 days. For non-UK residents disposing of property in the UK, this deadline will also increase from 30 days to 60 days.



#### Fuel Duty

- Fuel Duty will be frozen again for 2022/23.

#### Alcohol Duty

- The Alcohol Duty regime will be simplified and the number of different duty rates will be cut from 15 to 6.
- Products will now all be subject to duty in proportion to their alcohol content. Some alcoholic drinks will see an increase in rates as a result. Some lower alcohol drinks will incur a lower duty e.g. rosé wine and lower alcohol beers.
- The duty premium on sparkling wines will be scrapped, so prosecco and sparkling wines will incur the same lower rates of duty as still wines.
- Duty rates on draught beer and cider will also be cut by 5% in an effort to support pubs and bars.

