

# **AUTUMN STATEMENT 2023**

## **MAIN TAX ANNOUNCEMENTS**

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# AUTUMN STATEMENT 2023

## Introduction

In the weeks leading up to the Autumn Statement, the press was full of speculation about tax cuts. This was a surprise given a year ago the tax cuts announced by Kwasi Kwarteng were judged imprudent by the international markets, contributing to a fall in the value of sterling and increases in interest rates.

A side effect of inflation however has been that higher incomes and prices have fed through into higher tax receipts due to fiscal drag created by the six year freeze in tax allowances and thresholds. The Chancellor had more in his coffers ('fiscal headroom') than had been predicted in the Spring and commentators were suggesting what he might do with it.

Mr Hunt started his speech by claiming he was bringing forward 110 growth measures to back British business. He did not list them all in the speech, but the documents released on the internet when he sat down contain a mass of detail, with some specific rule changes coming in on particular dates, and some outlines of plans that are being considered for later.

Of the larger growth measures announced by the Chancellor were cuts in employee and self employed NICs. These measures will cost the Exchequer £2.2bn in 2023/24 increasing to over £10.0bn in 2028/29.

There was also the expected announcement by the Chancellor of permanent full expensing of capital expenditure with effect from 1 April 2026. This measure is estimated to be worth £11bn a year and would represent one of the biggest business tax cuts in modern British history. This would make the UK's capital allowances regime one of the most generous in the world, and the OBR expects this will unlock an additional £14bn of investment over the forecast period.

The Chancellor noted that the Office for Budget Responsibility has forecast downgraded estimates for economic growth in the medium term with real GDP growth forecast to average 1.5% between 2024 and 2027, being 0.6% points weaker than forecast in March.

This document summarises the main tax changes that were announced by Mr Hunt, with an explanation of what they are likely to mean for taxpayers. If you would like more information on any of the measures announced, please get in touch.

## Significant Measures

- Cuts to employee NICs from 6 January 2024 and self-employed NICs from 6 April 2024
- 100% first year allowances ('full expensing') for companies made 'permanent' (originally due to expire 31 March 2026)
- Extension of the 'cash basis' of computing taxable profits for unincorporated businesses
- Reforms to tax reliefs for research and development and creative industries
- Affirmation of support for the state pension 'triple lock' with an 8.5% increase from April 2024, based on average earnings
- No changes announced to income tax, inheritance tax or stamp duty land tax, all remain fixed at levels previously announced, thereby maintaining fiscal drag
- Simplifications announced to the Making Tax Digital regime to be introduced for income tax self-assessment in April 2026
- A business rates support package worth £4.3bn over the next five years to support small businesses and the high street
- Implementation of OECD Pillar 2 Undertaxed Profit Rule from 31 December 2024
- Investment in HMRC's Debt Management Capability

## Personal Income Tax

### *Rates and Allowances (Table A)*

A year ago, Mr Hunt announced that the tax-free personal allowance and the 40% tax rate threshold would be fixed until 5 April 2028, and lowered the threshold for the 45% rate to £125,140 from 6 April 2023. In spite of some press speculation in advance of the Autumn Statement, there was no mention of changes to these figures in the speech or in the supporting documents. Some commentators have suggested that any good news on income tax will be kept for the Spring Budget, to be fresher in the minds of voters as the next General Election approaches. Although last year's announcement implies certainty for years to come, the Chancellor could just as easily change the numbers within that period.

Freezing the thresholds of income tax avoids the appearance of a direct tax increase, but it is obvious that the effect of pay rises will bring many more people into the higher rate bands, increasing the average rate of tax that they will pay. It will also bring more very low earners into paying tax when their incomes rise above the personal allowance.

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 19 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*

No new changes were announced to the taxation of dividend income. This means that the dividend allowance, below which no tax is paid on dividends, will fall from £1,000 in 2023/24 to £500 in 2024/25. The reduction in this allowance, which was £2,000 for several years up to 2022/23, will require many more people to file self-assessment tax returns to settle what will often be a relatively small tax liability.

The dividend allowance was introduced in April 2016 at £5,000, then cut in April 2018 to £2,000. The fall to £1,000 on 6 April 2023 and £500 on 6 April 2024 will raise about £0.5bn this year and nearly £1bn a year after that, roughly the same as the reduction in the 45% rate threshold.

### *Employee Benefits*

Car benefits remain fixed at rates previously announced until the end of 2024/25. The figure used to calculate the benefit of free use of business fuel for private journeys is also fixed at the current figure of £27,800.

The taxable amounts for the availability of a van for more than incidental private use, and for an employee's private use of fuel in a company van, normally increase in line with inflation. However, the 2023/24 flat rate figures of £3,960 and £757 for these benefits will remain the same for 2024/25.

### *IR35 and 'off payroll working'*

Since April 2021, for those who operate via a personal service company or other intermediary, the decision as to the worker's tax status has in most cases rested with those contracting with the intermediary. An end-client or agency therefore has PAYE risk, in that they may fail to withhold payroll taxes and pay employer's NICs where the person is in fact deemed to be their employee for PAYE purposes. This can make them liable to unpaid tax and penalties, even if the worker's company has paid tax on that income.

In such cases, the deemed employer's PAYE liability will be reduced by an amount of income tax or corporation tax that is estimated to have already been paid by or assessed on the intermediary in relation to the engagement. The tax treated as already recovered will be the best estimate that can reasonably be made by an officer of HMRC in respect of the income tax or corporation tax already paid or assessed.

These provisions will apply in respect of PAYE assessed from 6 April 2024 on deemed employment payments made on or after 6 April 2017 (i.e. it is backdated to when the off-payrolling rules were first introduced for public sector engagers).

### *National Living Wage (NLW)*

From 1 April 2024, NLW will apply to those aged 21 or over (currently 23), and will rise from £10.42 per hour to £11.44, with comparable increases to the other rates that apply to younger workers and apprentices.

### National Insurance Contributions (NIC)

#### *Thresholds and rates (Table C)*

The largest tax cut announced in the Autumn Statement, amounting to £9.3bn by 2028/29, is a cut in the rate of employee NICs on earnings between the lower and upper earnings limits from 12% to 10%. This will take effect on 6 January 2024 and will save up to £754 in a full tax year for an employee earning £50,270 or above.

Self-employed taxpayers have for many years had to pay flat rate Class 2 NICs, which have conferred entitlement to State pension, and profit-related Class 4 NICs. These are both cut with effect from 6 April 2024 at a cost to the Exchequer of £0.70bn by 2028/29.

Class 2 NICs will not be required to secure benefits for anyone earning above £6,725, saving £179.40 a year. They can still be paid voluntarily for anyone earning less than that to maintain a full contribution record. The rate of Class 4 NICs on profits between £12,570 and £50,270 will be reduced from 9% to 8%, saving up to £377.

The combined saving is up to a maximum of £556.

## Savings and Pensions

### *Pension Contributions (Table B)*

After the removal of the Lifetime Allowance (LTA) charge on large pension funds in the Spring Budget, there were no further changes to the way in which private and employee pensions will be taxed in the short term. The LTA itself will now be removed from the legislation, but the figure of £1,073,100, or more for those with ‘protection’ will remain relevant for determining how much can be drawn as a tax-free lump sum.

A number of proposals were put forward to reform the structure of pension provision in the UK, including resolving the problem of a person collecting a number of small, separate pension pots from different employments. These do not appear to have an impact on the way pensions are taxed.

### *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 continue to be uprated in line with that commitment. This means that the rate will increase by 8.5% in April 2024 based on the increase in average earnings, rather than the lower figure for price inflation. At the new weekly amount of £221, pensioners will receive nearly £900 a year more than in 2022/23.

### *Venture Capital Schemes*

The Enterprise Investment Scheme and Venture Capital Trusts offer a number of tax advantages to investors in qualifying small and start-up businesses. Both sets of rules were due to expire after 5 April 2025, but an extension has been announced to April 2035.

### *ISAs*

Whilst the annual investment limits for ISAs remain the same for 24/25, the government will make a number of changes to simplify the ISA schemes, reduce complexity and widen the scope of investments that can be included in ISAs. The changes will include allowing multiple subscriptions to ISAs of the same type every tax year from April 2024.

The government has also announced that it will be digitising the ISA reporting system to enable the development of digital tools to support investors

## Capital Gains Tax (CGT)

### *Cut in Annual Exemption*

As no announcements were made concerning CGT, the annual exempt amount (AEA), which is currently £6,000 for 2023/24, will be reduced as previously announced to £3,000 for 2024/25.

As well as increasing the likelihood of tax to pay, the reduction in the AEA will 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 £50,000.

### *Trusts*

As the AEA available to most trusts is half of an individual's AEA, this will be £1,500 for 2024/25 (£3,000 in 2023/24).

## Inheritance Tax (IHT)

### *Nil Rate Thresholds and Rates*

The IHT nil rate band (NRB) has been frozen at £325,000 since 6 April 2009, whilst the residence NRB has been £175,000 since 6 April 2020. It was announced a year ago that these figures would remain fixed until April 2028, bringing more people within the scope of IHT as assets (particularly houses) rise in value.

There have been no changes to the IHT rates, so the main rate remains 40% for transfers on death in excess of the NRBs. After some press speculation in the week before the Autumn Statement that IHT would be cut, the Chancellor made no mention of the tax at all.

## Business Tax

### *Cash Basis*

For ten years, unincorporated businesses with a turnover of up to £150,000 have been able to use a simpler 'cash basis' to calculate their profits for tax purposes. If turnover grew to more than £300,000, the business would have to return to 'accruals accounting'. The cash basis has a number of restrictive rules, including a maximum deduction of £500 for interest paid.

The Autumn Statement announced that the turnover limits will be removed for 2024/25 so that unincorporated businesses of any size will be able to use the cash basis as the default method of computing their profits. Interest of any amount will be eligible for deduction, as long as it is wholly and exclusively incurred for the purposes of the business.

It will still be possible for a business to opt to use traditional accruals accounting rather than the cash basis, as is the case at present for rental income.

## *Capital Allowances on Plant and Machinery*

The Spring Budget 2023 included the introduction of ‘full expensing’ of capital expenditure by companies on new plant and machinery (P&M) for a three-year period from 1 April 2023 to 31 March 2026. The Chancellor proposes to make this ‘permanent’ which makes little difference to government revenue in the short term, but is shown as a £7.5bn reduction in 2026/27 increasing to £10.9bn in 28/29.

‘Special rate’ assets, which include integral features in buildings and long life assets, qualify for a 50% first year allowance (FYA). Cars, assets for leasing and second-hand assets are excluded from these FYAs as they only qualify for writing-down allowances.

Where full expensing has been claimed, any subsequent disposal proceeds received for the asset are treated as an immediately taxable ‘balancing charge’. Where 50% FYA has been claimed, 50% of such proceeds are a balancing charge and 50% are deducted from the capital allowance pool.

Most smaller businesses would be better off claiming 100% Annual Investment Allowance (AIA) on such expenditure, which does not have these special rules for disposal proceeds.

AIA can be claimed on up to £1m of expenditure on plant a year, is not restricted to companies and is also available on second-hand assets. 99% of businesses spend less than £1m a year on plant.

New zero-emission cars qualify for a 100% FYA under a separate rule until 31 March 2025.

Legislation will be introduced in the Autumn Finance Bill to remove the 2026 end date for full expensing, in order to provide maximum certainty to businesses and enable long-term investment decisions to be made. The government will also launch a technical consultation on wider changes to the capital allowances legislation to simplify the tax system.

## *Construction Industry Scheme (CIS)*

The CIS requires many businesses carrying out construction work to deduct tax at either 20% or 30% before paying subcontractors unless the supplier has gross payment status (GPS), which HMRC will grant to subcontractors who show a good record of tax compliance.

From 6 April 2024, VAT obligations are added to the statutory compliance test for being granted and for keeping GPS. The measure also extends one of the grounds for immediate cancellation of GPS. HMRC is able to withdraw GPS if they have reasonable grounds to suspect that the GPS holder has fraudulently provided an incorrect return or incorrect information in relation to a list of taxes which will be extended to include VAT, Corporation Tax Self-Assessment (CTSA), Income Tax Self-Assessment (ITSA) and PAYE.

Other reforms, also to come in from 6 April 2024, include:

- the removal of the majority of landlord to tenant payments from the scope of the CIS digitalising applications for CIS registration
- bringing forward the first review of a GPS holder’s compliance history from twelve months after application to six months, reverting to twelve months thereafter.



## Corporation Tax (CT)

### *Tax Rates*

No changes were announced to CT rates, which remain 19% for companies with profits up to £50,000 and 25% for companies with profits over £250,000.

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

### *Research and Development (R&D)*

Currently, there are two different regimes to encourage research and development (R&D) expenditure in the UK.

For SMEs - the enhanced expenditure or 'super-deduction' scheme which allows qualifying R&D expenditure to be increased for tax purposes by 86%. Loss-making SMEs may claim a payable tax credit by surrendering their losses from R&D to HMRC.

For large companies – the R&D Expenditure Credit (RDEC) scheme which gives a 20% taxable expenditure credit for qualifying expenditure.

The government has confirmed its intention to merge the two schemes for accounting periods beginning on or after 1 April 2024. It was previously announced that the changes would apply for expenditure incurred from 1 April 2024; the revised implementation date will avoid the issue of having to make claims under two different regimes for expenditure in the same accounting period.

The rate of credit under the merged scheme will be the current RDEC rate of 20%. The notional tax rate applied to loss-making companies will be the small profit rate of 19%, rather than the 25% main rate currently used in the RDEC.

### *Contracted Out R&D*

The aim of the R&D reliefs is to increase the overall levels of R&D carried out in the UK. The government believes it is important that the company making the decision to carry out the R&D and bearing the risk enjoys the relief. Under the new regime, the decision maker is allowed to claim for contracted-out R&D rather than the subcontractor.

Where a company with a valid R&D project contracts a third party to undertake some of the qualifying work connected with their R&D project, the company may claim the relevant qualifying costs of that contract. The company contracted to do that work will not claim for R&D activities which deliver the outcome for its customer's project.

Contracted R&D carried out by subcontractors who are working for customers who do not pay UK corporation tax, such as overseas companies, will continue to qualify for relief.

If a company, which is contracted to provide a product or service which is not R&D (such as constructing a building or a software product), undertakes R&D in delivering that product or service, they will be able to claim relief even though they are undertaking R&D on an activity contracted to them.

The exact details of who should claim the relief will depend on the specific contract.

### *Subsidised Expenditure*

The above changes mean that rules relating to subsidised expenditure in the existing SME scheme are no longer relevant. For example, if a company receives a grant that covers part of the cost of its R&D, or if the cost of the R&D is otherwise met by another person, then (subject to the contracting-out rules above) this will not reduce the amount of support available under the merged scheme.

### *Additional Tax Relief For R&D Intensive SMEs*

The ‘SME intensive scheme’, for the most R&D intensive loss-making SMEs, took effect for R&D expenditure from 1 April 2023. Qualifying companies are able to claim a payable credit rate of 14.5% for qualifying R&D expenditure instead of the normal 10% credit rate for losses under the SME scheme.

A company is currently considered ‘R&D intensive’ where its qualifying R&D expenditure is 40% or more of its total expenditure. This threshold will be reduced from 40% to 30%.

Where an R&D intensive SME has made a valid claim in the intensive regime in one year, it can claim the intensive relief in the following year, even if it would not pass the threshold test in that year.

### *Audio Visual Tax Reliefs*

As previously announced, the government intends to ‘modernise and simplify’ the audio-visual creative tax reliefs, including Film Tax Relief (FTR), High-End TV Tax Relief (HETV), Animation Tax Relief (ATR), Children’s TV Tax Relief (CTR) and Video Games Tax Relief (VGTR).

Under the current schemes, relief is given by way of an additional deduction from profits or surrendering a loss for a tax credit. The FTR, HETV, ATR and CTR are to be replaced by a new Audio-Visual Expenditure Credit (AVEC) regime and the VGTR by a new Video Games Expenditure Credit (VGEC). Both are similar in principle to the RDEC available for R&D expenditure.

Companies claiming for productions under FTR, HETV, ATR and CTR will be able to claim under AVEC in relation to expenditure incurred from 1 January 2024. New productions must be claimed under AVEC from 1 April 2025, and all productions must claim under AVEC from 1 April 2027. FTR, HETV, ATR and CTR will cease on 1 April 2027.

The same transitional dates apply to the transition from VGTR to the VGEC.

The new expenditure credit regimes will be similar to the existing tax reliefs, for example in terms of eligibility and the definitions of qualifying expenditure, but ‘animation’ will be extended to include animated theatrical films as well as TV programmes. The animation and children’s TV will qualify for a higher AVEC credit rate of 39%, rather than the 34% available for films, high-end television and under the VGEC.

### *OECD Pillar 2*

The government is to introduce the Undertaxed Profits Rule, which forms part of the G20-OECD global minimum tax framework, in the UK for accounting periods beginning on or after 31 December 2024, with legislation included in an upcoming Finance Bill.

It will also make technical amendments to the Multinational Top-up Tax and Domestic Top-up Tax legislation through the Autumn Finance Bill 2023.

### 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, and no change was announced to the present intention to keep it at the same level until 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 also fixed at its current level of £83,000 for the same period

#### *Energy Saving Materials*

The installation of energy saving materials currently qualifies for zero-rating for VAT. This allows the installer to claim back the VAT on the cost of the goods installed and charge no VAT to the customer.

This relief is to be extended with effect from February 2024 to new technologies such as water-source heat pumps and to installations in buildings used solely for a relevant charitable purpose.

#### *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. The retail industry has lobbied extensively for the restoration of some version of the scheme. The only response so far is that ‘the government will continue to accept representations and consider this new information carefully, alongside broader data’.

## Property Taxation

### *Stamp Duty Land Tax (SDLT)*

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 were later classified 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 just below the thresholds 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 ATED rates increase automatically each year with inflation and will rise by 6.7% from 1 April 2024, in line with the September 2023 CPI.

There are fixed revaluation dates every five years for properties within ATED. The revised values from the most recent revaluation as at April 2022 took effect for ATED payable from 1 April 2023.

### *Business Rates*

From 1 April 2023, charges for business rates in England were updated to reflect changes in property values since the last revaluation in 2017. A package of targeted support was announced a year ago to help businesses adapt to the new charges.

Further measures announced this year include:

- the Multiplier Freeze with the small business multiplier being frozen in 2024/25 for a fourth consecutive year at 49.9p, while the standard multiplier will be updated by inflation to 54.6p.
- the Retail, Hospitality and Leisure Relief for eligible retail, hospitality, and leisure businesses qualify for 75% business rates relief, capped at £110,000 per business is being extended for a year from 2023/24 to 2024/25.

## Other Measures

### *Making Tax Digital for Income Tax (MTD ITSA)*

In December 2022, it was announced that the introduction of MTD ITSA for landlords and the self-employed would be staged with those with incomes over £50,000 coming in first from April 2026, and those with between £30,000 and £50,000 to come in a year later in April 2027.

There was no mention of MTD ITSA in the Chancellor's speech, but a number of points have been confirmed in the accompanying documentation, as follows:

Those with gross income (self-employed and property income) under £30,000 will not be brought into MTD ITSA, although this will be kept 'under review'.

There are new exemptions for foster carers and those unable to get a NI Number.

The requirement for taxpayers to file an End of Period Statement (EOPS) will be removed, which will be a major simplification, as it will remove the need to produce two separate end of year reports. Instead, the EOPS will be merged into the 'Final Declaration' process.

The reporting of quarterly information will become cumulative, rather than just reporting that quarter's figures. This change should make amendments easier to deal with, as taxpayers will be able to correct any errors in their next quarterly update, rather than resubmitting past quarters.

Joint landlords will be able to opt out of quarterly updates and keep simpler records in respect of jointly owned property.

### *Requirement to File Tax Returns*

At present, taxpayers with incomes over £150,000 are automatically required to file a self-assessment tax return each year. The Autumn Statement included an announcement that those whose tax is all paid under PAYE will be removed from this requirement from 2024/25.

However, increases in interest rates on savings raising interest incomes above the tax-free savings allowance as well as the reductions in the CGT annual exempt amount and the dividend allowance are likely to have the opposite effect, with more taxpayers having tax liabilities that have to be reported to HMRC.

### *Additional Compliance Resource for HMRC*

In many fiscal statements, the Chancellor of the day announces an allocation of resources to HMRC to bring in more money. This time, it was an investment of £163m in HMRC's debt management capability. This is supposed to allow HMRC to better distinguish between those who can afford to settle their tax debts, but choose not to, and those who are temporarily unable to pay and need support.

HMRC will also expand its debt management capacity to support both individual and business taxpayers out of debt faster and collect debts that are due. This 'investment' is scheduled to produce additional revenues of £515m in 2024/25 and over £1bn in each of the following three years.

#### *Universal Credit*

Universal Credit will increase in April 2024 by inflation, measured by the annual rise in the CPI, which is 6.7% to September 2023. There had been speculation that the lower figure for inflation in the year to October would be used, but the Chancellor rejected that suggestion.

#### *Investment Zones and Freeports*

Investment Zones and Freeports are areas in which numerous tax incentives are available to generate economic growth. The Chancellor announced an extension of both schemes with Investment Zones to the end of 2033/34, and Freeport tax reliefs to be claimed by September 2031.

The Chancellor also announced a number of new Investment Zones in Manchester, East and West Midlands, South East Wales and Wrexham and Flintshire.

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## Autumn Statement Tax Tables 2024/25

### **Income Tax Rates and Allowances (Table A)**

<b>Main allowances</b>	<b>2024/25</b>	<b>2023/24</b>
Personal Allowance (PA)*†	£12,570	£12,570
Blind Person's Allowance	3,070	2,870
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.

<b>Rate Bands</b>	<b>2024/25</b>	<b>2023/24</b>
Basic Rate Band (BRB)	£37,700	£37,700
Higher Rate Band (HRB)	37,701-125,140	37,701-125,140
Additional rate	over 125,140	over 125,140
<b>Personal Savings Allowance (PSA)</b>		
– Basic rate taxpayer	1,000	1,000
– Higher rate taxpayer	500	500
Dividend Allowance (DA)	500	1,000

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

Rate Bands	2024/25			2023/24		
Rates differ for General, Savings and Dividend income within each band:						
	<b>G</b>	<b>S</b>	<b>D</b>	<b>G</b>	<b>S</b>	<b>D</b>
	%	%	%	%	%	%
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 taxes 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 £500 (2023/24 £1,000) 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	2023/24
Starter Rate	19%	£2,162
Basic Rate	20%	2,163 – 13,118
Intermediate Rate	21%	13,119 – 31,092
Higher Rate	42%	31,093 – 125,140
Top Rate	47%	over 125,140

The Scottish rates and bands do not apply for savings and dividend income, which are taxed at normal UK rates. The Scottish rates for 2024/25 have not yet been announced.



<b>Remittance basis charge</b>	<b>2024/25</b>	<b>2023/24</b>
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)**

	<b>2024/25</b>	<b>2023/24</b>
Annual Allowance (AA)	£60,000	£60,000

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 £260,000, down to a minimum AA of £10,000.

The AA can also be reduced by £10,000, where certain pension drawings have been made.

For 2023/24 and 2024/25, there is no Lifetime Allowance (LTA) charge on high pensions savings.

The maximum tax-free pension lump sum is £268,275 (25% of £1,073,100), unless a higher amount is “protected”.

## Car and Fuel Benefits (Table C)

### Cars

Taxable benefit: List price multiplied by chargeable percentage.

		2024/25 and 2023/24
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 £27,800.

## National Insurance Contributions 2024/25 (Table D)

<b>Class 1 (Employees)</b>	<b>Employee</b>	<b>Employer</b>
Main NIC rate	10%	13.8%
No NIC on first	£242pw	£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)**

From 6 April 2024, self-employed people with profits above £6,725 are no longer required to pay Class 2 NICs, but will continue to receive access to contributory benefits, including the State Pension.

Those with profits under £6,725 can pay Class 2 NICs voluntarily to get access to contributory benefits including the State Pension. The amount is £3.45 per week.

### **Class 3 (Voluntary)**

Flat rate per week	£17.45
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### **Class 4 (Self-employed)**

On profits £12,570 - £50,270	8%
On profits over £50,270	2%

**ROBINSON RUSHEN**

November 2023

## Note

This summary has been prepared from the Chancellor's speech and documents made available by HMT and HMRC. The proposals are subject to amendment before the Finance Act is passed. You are recommended to seek professional advice before taking or refraining from any action on the basis of the contents of this publication.

If you would like further details on the tax provisions within the Autumn Statement, please contact Keith Rushen on 0044 (0)207 486 2378.