

# Mini Budget 2022

Michael Ball, Tax Partner

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Webinar 26 September 2022



Streets Chartered Accountants



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# Background

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- Cost of Living Crisis:
  - Cap on per unit price for Private Customers
  - Help for Businesses
  - Better access to emergency loans for energy companies
- High inflation
- Interest rate rise, now 2.25%
- Growth:
  - Already in recession?
  - Aim is for 2.5%

# Corporation Tax & Businesses

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- Rate of corporation tax to remain at 19%
- “The government will amend some of the technical provisions for the super-deduction as a consequence of the Corporation Tax rate being retained at 19% from 1 April 2023. This will ensure that the relief continues to operate as intended.”
- AIA to remain at £1million
- Had been scheduled to reduce to £200,000
- EIS, VCT and SEIS to be extended
- CSOP to be extended

# EIS and SEIS

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- EIS scheme will be extended beyond current end date of 2025
- From April 2023 SEIS investor limit to increase to £200,000 (up from £100,000)
- From April 2023 companies can raise up to £250,000 from SEIS (up from £150,000)
- SEIS gross asset limit to increase to £350,000 and age limit increases to 3 years

# National Insurance

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- Increase in NIC rates reversed from 6 November
  - Employers rate returning to 13.8% (from 15.05%)
  - Employees rate returning to 12% (from 13.25%)
  - Class 4 returning to 9% (from 10.25%)
- Health and Social Care Levy cancelled
- Associated increase to dividends rates reversed in April 2023
  - Returning to 7.5% & 32.5% (from 8.75% & 33.75%)

# Income Tax

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- Basic Rate to reduce to 19% in April 2023
  - A year early
- Additional rate of 45% abolished
  - Includes the additional rate for dividends
  - Income above basic rate band to be taxed at 40% (32.5% for dividends)
  - Tapering of personal allowance remains

# Stamp Duty Land Tax

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- Changes to bands for Residential Properties
- Apply to transactions with effective dates on and after 23 September 2022
  - 0% band extended to £250,000
  - The 2% band (£125,000 to £250,000) is disappearing
  - 0% band for first time buyers extended to £425,000 (on properties up to £625,000)

# Stamp Duty Land Tax

## Residential Property Rates

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Relevant Consideration	Percentage
Up to £250,000	Nil
The next £675,000 (the portion from £250,001 to £925,000)	5%
The next £575,000 (the portion from £925,001 to £1.5 million)	10%
The remaining amount (the portion above £1.5 million)	12%

# 'IR35'

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- Repealing of the 2017 and 2021 reforms
  - This does not abolish IR35.
  - In effect this moves the responsibility of confirming the employment status back onto the individual rather than the contracting business.
- How will this effect existing contracts?

# VAT

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- Introduction of VAT free shopping for non-UK visitors.
- Consultation first with economic impact expected to start in 2024-25
- Similar to the VAT Retail Export scheme?
- Missed opportunity for targeted support?
  - E.g. Reduced rate for hospitality sector

# Other Points

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- Cap on bankers' bonuses removed
- Bank surcharge remains
- 40 new Tax Free Investment Zones
  - Various incentives under consideration
- OTS to be wound down
- Planning reforms
- Make work pay by reducing benefits if fail to meet obligations

# Missed Opportunities?

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- Remove stealth tax?
  - Unfreeze personal allowance and increase tax bands?
- Simplification?
  - Pension annual allowance taper and charge
  - Child benefit threshold
  - Tapering of personal allowance

# Further information and advice

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- Please speak to your usual Streets contact
- Visit [www.streetsweb.co.uk](http://www.streetsweb.co.uk)
- Email [info@streetsweb.co.uk](mailto:info@streetsweb.co.uk)

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