

# UK Mini Budget 2022

**Tax Talks** on **September 23, 2022**

The Chancellor today unveiled the UK's 2022 Growth Plan which has been described as being "the biggest package of tax cuts in generations". We have summarised here the tax changes that we think will be of interest to our client base.

- **UK corporation tax:** the main corporation tax rate that was due to increase to 25% for companies with annual profits in excess of £250,000 from the start of the 2023/2024 tax year will remain at 19%.
- **Diverted Profit Tax:** the planned increase in the rate of diverted profit tax to 31% has been cancelled with the tax due to remain at a rate of 25%.
- **Annual Investment Allowance:** the threshold for the annual investment allowance (which allows for a 100% deduction for UK companies on qualifying expenditure on plant and machinery) has been permanently set at £1 million and will not, as had been planned, reduce to £200,000.
- **IR35 (off-payroll working rules):** the Government has confirmed that is repealing the current IR35 regime from 6 April 2023. The current IR35 regime requires the fee-paying party to determine whether its relationship with workers providing services via an intermediary resembles an employment or a self-employment arrangement. The responsibility will now shift back to the service provider to determine their own employment status and ensure that the appropriate amount of tax and national insurance contributions are paid.
- **National Insurance Contributions:** the rate of employee and employer national insurance contributions will decrease by 1.25% from 6 November 2022, reversing the increase introduced in April.
- **New Low Tax Investment Zones:** the government intends to create new low tax investment zones which would result in reduced taxes for businesses in designated zones for a 10 year period. The proposed tax incentives include (i) a 100% first year enhanced capital allowance relief for plant and machinery used within designated sites, (ii) an accelerated enhanced structures and buildings allowance relief of 20% per year, (iii) no stamp duty land tax on newly occupied commercial premises, and (iv) certain employer NIC concessions. There are currently 38 sites in England identified as potential investment zones.

- **Company Share Option Plan (CSOP) options:** the limit for the amount of company share option plan options which qualifying companies can issue to each employee will double from £30,000 to £60,000.
- **Seed Enterprise Investment Schemes (SEIS):** there have been a number of extensions to the SEIS regime which will apply from 6 April 2023 including that (i) companies will be able to raise up to £250,000 in investment (an increase of £100,000), (ii) the gross asset limit will be increased from £200,000 to £250,000, (iii) the trading time limit has been extended from two to three years, and (iv) the individual annual investor limit will double to £200,000.
- **Certain personal tax measures:**
  - the basic income tax rate will reduce to 19% from 6 April 2023;
  - the additional income tax rate of 45% will be abolished from 6 April 2023;
  - the planned health and social levy of 1.25% which was due to come into force in April 2023 will no longer take effect; and
  - the dividend tax rate will be reduced by 1.25% from 6 April 2023 representing a reversal of the increase introduced earlier this year.
- **Stamp Duty Land Tax:** the 0% residential rate will increase to the first £250,000 (previously £125,000).

Please contact any member of our UK tax group if you have any queries about how this Budget will affect your business.

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