



Think Ahead

Guide from  
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Optimising your finances, maximising your opportunities

The following guide was written at the time of the announcements on 23 September 2022. Due to the various reversals since then, this guide will be updated following the further fiscal plan announcements on 31 October 2022.

## A simple guide to the Mini-Budget 2022 (The Growth Plan)

### The headline message from the Chancellor

*The Growth Plan 2022 makes growth the government's central economic mission, setting a target of reaching a 2.5% trend rate. Sustainable growth will lead to higher wages, greater opportunities and provide sustainable funding for public services. The United Kingdom currently faces a period of high inflation. The government has already taken significant steps to address high energy bills, the biggest challenge, by announcing the Energy Price Guarantee.*

*To drive higher growth, the government will help expand the supply side of the economy. The Growth Plan sets out action to unlock private investment across the whole of the UK, cut red tape to make it quicker to deliver the UK's critical infrastructure, make work pay, and support people to get onto the property ladder.*

*Taken together, reforming the supply side of the economy, cutting and simplifying tax, and maintaining fiscal discipline will drive efficiency, enhance UK competitiveness, and help to boost growth sustainably in the long term.*

Some of the measures announced by the Chancellor were as follows.

## Rates and allowances

	2022/23	2021/22
<b>Income tax rates – England and Wales (non-dividend income)</b>		
0% lower rate tax – savings rate only	Up to £5,000	Up to £5,000
20% basic rate tax	£12,571 to £50,270	£12,571 to £50,270
40% higher rate tax	£50,271 to £150,000	£50,271 to £150,000
45% additional rate tax	Above £150,000	Above £150,000
<b>Scottish income tax rates (non-dividend income)</b>		
19% starting rate tax	£12,571 to £14,732	£12,571 to £14,667
20% basic rate tax	£14,733 to £25,688	£14,668 to £25,296
21% intermediate rate tax	£25,688 to £43,662	£25,297 to £43,662
41% higher rate tax	£43,663 to £150,000	£43,663 to £150,000
46% top rate	Above £150,000	Above £150,000
<b>Personal allowance</b>		
Personal allowance	£12,570	£12,570

*The government will reduce the basic rate of income tax to 19% for England and Wales from April 2023. Also, the additional rate of income tax of 45% is abolished from April 2023, meaning the highest rate of income tax for individuals will be 40%. The announcements to income tax do not automatically affect rates in Scotland. The Scottish Government, which has responsibility for setting bands and rates of income tax in Scotland, will set out its plans for income tax (and other devolved taxes, including the property tax Land & Buildings Transactions Tax) in its draft budget, expected to be published in early December and finalised in February.*

### Income Tax

The basic rate of income tax will be cut to 19% from April 2023, 12 months earlier than planned. This will apply to non-savings, non-dividend income for taxpayers in England, Wales and Northern Ireland, the savings basic rate which applies to savings income for taxpayers across the UK and the default basic rate which applies to non-savings and non-dividend income of any taxpayer that is not subject to either the main rates or the Scottish rates of income tax.

A four-year transition period for Gift Aid relief will apply, to maintain the income tax basic rate relief at 20% until April 2027. There will also be one-year transitional period for Relief at Source (RAS) pension schemes to permit them to continue to claim tax relief at 20%.

The additional rate of income tax will also be removed from April 2023. This will apply to the additional rate of non-savings, non-dividend income for taxpayers in England, Wales and Northern Ireland. The additional rate for savings, dividends and the default rates will also be removed from April 2023, and this change will apply UK-wide. As the additional rate of income tax will be removed current additional rate taxpayers will also benefit from the Personal Savings Allowance of £500 for higher rate taxpayers.

## National Insurance

As [previously announced](#), from April 2022 the rate of National Insurance contributions across all classes (except Class 2 and 3) was increased by 1.25%. The increase in National Insurance contributions for the period 6 April 2022 to 5 November 2022 will apply to:

- Class 1 (paid by employees)
- Class 4 (paid by self-employed)
- Secondary Class 1, 1A and 1B (paid by employers).

Employers will only pay on earnings above the secondary threshold.

However, as announced on 23 September 2022, these rates are reverted to historical rates with effect from 6 November 2022. Furthermore, the new Health and Social Care Levy, which was due to take effect from 6 April 2023 is now scrapped.

There are no changes to the Primary Threshold and Lower Profits Limit which were increased from £9,880 to £12,570 in April 2022. These are aligned with the personal allowance threshold.

<b>NI Category</b>	<b>2022-23</b>	<b>2021-22</b>
Employee's primary class 1 rate between primary threshold and upper earnings limit (up to 5 November 2022) <b>From 6 November 2022</b>	13.25% <b>12%</b>	12%
Employee's primary class 1 rate above upper earnings limit <b>From 6 November 2022</b>	3.25% <b>2%</b>	2%
Employer's secondary class 1 rate above secondary threshold <b>From 6 November 2022</b>	15.05% <b>13.80%</b>	13.80%
Class 4 rate between lower profits limit and upper profits limit <b>From 6 November 2022</b>	10.25% <b>9%</b>	9%
Class 4 rate above upper profits limit <b>From 6 November 2022</b>	3.25% <b>2%</b>	2%
<b>National insurance</b>	<b>2022/23</b>	<b>2021/22</b>
Lower earnings limit, primary class 1 (per week)	£123	£120
Upper earnings limit, primary class 1 (per week)	£967	£967
Apprentice upper secondary threshold (AUST) for under 21s/25s	£967	£967
Primary threshold (per week)	£190 up to 5 July 2022; £242 from 6 July 2022 onwards (see below)	£184
Secondary threshold (per week)	£175	£170
Class 2 small profits threshold (per year)	£6,725	£6,515
Class 4 lower profits limit	£11,908	£9,568
Class 4 upper profits limit	£50,270	£50,270

The annual National Insurance Primary Threshold and Lower Profits Limit, for employees and the self-employed respectively, was increased from £9,880 to £12,570 from July 2022. From April 2022, self-employed individuals with profits between the Small Profits Threshold and Lower Profits Limit will not pay Class 2 NICs. Over the year as a whole for 2022-23, the Lower Profits Limit, the threshold below which self-employed people do not pay National Insurance, is equivalent to an annualised threshold of £9,880 between April to June, and £12,570 from July 2022.

## **Dividend allowance**

The tax-free dividend allowance is unchanged at £2,000. The increase in dividend tax rates which was due to be applicable from April 2023 is scrapped.

<b>Dividend tax rates</b>	<b>2022/23</b>	<b>2021/22</b>
Dividend ordinary rate (for dividends within basic rate band)	8.75%	7.5%
Dividend upper rate (for dividends within higher rate band)	33.75%	32.5%
Dividend additional rate (for dividends above higher rate band)	39.35%	38.1%

The government is reversing the 1.25% increase in dividend tax rates applying UK-wide from 6 April 2023. Alongside the reversal of the Health and Social Care Levy, the ordinary and upper rates of dividend tax will be reduced to 2021-22 levels of 7.5% and 32.5% respectively. Due to the abolition of the additional rate of income tax, income that was previously charged at the additional rate, will now be charged at the upper rate of 32.5%. The reduction of all rates by 1.25% will benefit 2.6 million taxpayers with an average benefit of £345 in 2023-24; and additional rate payers will further benefit from the abolition of the additional rate of dividend tax.

### **SDLT**

SDLT thresholds for residential properties in UK have increased from 23 September 2022 as below:

#### **Residential properties: 23 September 2022 onwards**

<b>Property value</b>	<b>UK Residents</b>		<b>Non-UK Residents</b>	
	<b>Only property</b>	<b>Additional property</b>	<b>Only property</b>	<b>Additional property</b>
Up to £250,000	Nil	3%	2%	5%
Next portion from £250,001 to £925,000	5%	8%	7%	10%
Next portion from £925,001 to £1,500,000	10%	13%	12%	15%
Remaining amount above £1,500,000	12%	15%	14%	17%

From 23 September 2022, first time buyers will not pay SDLT to pay up to £425,000 and 5% SDLT on the portion from £425,001 to £625,000. If the price is over £625,000, there is no relief available. For full SDLT rates, please refer to ACCA guide to SDLT rates.

### **Personal Investment allowances (EIS, VCT, SEIS, CSOP)**

The Chancellor set out his determination to make this country an entrepreneurial, share-owning democracy. He announced that the Enterprise Investment Scheme and the Venture Capital Trusts will be extended beyond 2025. The limits for the Seed Enterprise Investment Scheme and Company Share Option Plans will be increased to make them more generous. These schemes offer private investors generous tax benefits such as income tax relief, and exemption from capital gains tax and inheritance tax and they are a vital part of driving investment for new start-up companies.

### **Off-payroll working (IR35) reforms repealed**

From 6 April 2023, the recent reforming rules for the public sector (2017) and private sector (2021) are repealed. From that date, workers providing their services via an intermediary will once again be responsible for determining their employment status and paying the appropriate amount of tax and National Insurance contributions. This will free up time and money for businesses that engage contractors, the reform also minimises the risk that genuinely self-employed workers are impacted by the underlying off-payroll rules.

### **Corporation tax**

The corporation tax rate will remain at 19%, irrespective of the profit levels. The chancellor scrapped the increase in corporation tax rates which was due to take place from April 2023.

S.455 tax rate on directors' overdrawn loan accounts will remain at 32.5%.

### **Annual Investment Allowance (AIA)**

The Chancellor has announced that the £1 million level of AIA (which was due to end on 31 March 2023) has been made permanent. This means businesses can deduct 100% of the costs of qualifying plant and machinery up to £1 million in the first year.

### **Investment Zones**

Businesses in designated areas in investment zones will benefit from 100% business rates relief on newly occupied and expanded premises. Local authorities hosting Investment Zones will receive 100% of the business rates growth above an agreed baseline in designated sites for 25 years.

In addition, businesses will receive full stamp duty land tax relief on land bought for commercial or residential development and a zero rate for Employer National Insurance contributions on new employee earnings up to £50,270 per year.

To incentivise investment there will be a 100% first year enhanced capital allowance relief for plant and machinery used within designated sites and accelerated Enhanced Structures and Buildings Allowance relief of 20% per year.

### **Energy Bill Relief Scheme (EBRS) for non-domestic customers**

This [scheme](#) will provide energy bill relief for non-domestic customers in Great Britain. Discounts will be applied to energy usage initially between 1 October 2022 and 31 March 2023.

A similar scheme will be established in Northern Ireland, providing a comparable level of support.

The scheme will be available to everyone on a non-domestic contract including businesses, voluntary sector organisations, such as charities and public sector organisations such as schools, hospitals and care homes.

Suppliers will apply reductions to the bills of all eligible non-domestic customers. The government will compensate suppliers for the reduction in wholesale gas and electricity unit prices that they are passing onto non-domestic customers.

## **September 2022**

### **ACCA LEGAL NOTICE**

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