

UK BUDGET HIGHLIGHTS FOR YOUR TAX PLANNING & BUSINESS GROWTH FOR THE THE YEAR 2023

Chancellor Jeremy Hunt delivered his first Spring Budget 2023, referring to it as a 'Budget for Growth.'

PERSONAL TAX

The income tax personal allowance was already fixed at the current level until April 2026 and will now be maintained for an additional two years until April 2028 at £12,570. Increase the Pension Annual Allowance from £40,000 to £60,000

CGT ANNUAL EXEMPTION -The government has announced that the capital gains tax annual exempt amount will be reduced from £12,300 to £6,000 from 6 April 2023 and to £3,000 from 6 April 2024.

TAX ON DIVIDENDS -Currently, the first £2,000 of dividends is chargeable to tax at 0% (the Dividend Allowance). This will be reduced to £1,000 for 2023/24 and £500 for 2024/25.

CORPORATION TAX

From April 2023, the rate will increase to 25% for companies with profits over £250,000. The 19% rate will become a small profits rate payable by companies with profits of £50,000 or less. Companies with profits between £50,001 and £250,000 will pay tax at the main rate reduced by a marginal relief, providing a gradual increase in the effective corporation tax rate

CAPITAL ALLOWANCES

To encourage investment from 1 April 2023 to 31 March 2026, companies can claim 100% capital allowances on qualifying expenditure on new plant and machinery. This allows full expensing of certain expenditure in the year it is incurred.

RESEARCH AND DEVELOPMENT

To be R&D intensive the ratio of the company's qualifying R&D expenditure must be 40% or above the company's 'total expenditure' for the period. This equates to a receipt of £27 for every £100 of R&D expenditure.

SEED ENTERPRISE INVESTMENT SCHEME

From April 2023, companies will be able to raise up to £250,000 of Seed Enterprise Investment Scheme (SEIS) investment, a two-thirds increase. To enable more companies to use SEIS, the gross asset limit will be increased to £350,000 and the age limit from two to three years. To support these increases, the annual investor limit will be doubled to £200,000.

OTHER BUDGET SUPPORT

CHILDCARE

Working parents in England will be able to access 30 hours of free childcare per week, for 38 weeks of the year, from when their child is nine-months old to when they start school.

ENERGY PRICE SUPPORT

The Energy Price Guarantee for households will continue at the current rate for three further months to June 2023, limiting the typical household energy bill to £2,500 per annum. The Energy Bills Relief Scheme, which supports businesses and other non-domestic energy users, is to be replaced by the Energy Bills Discount Scheme through to 31 March 2024.

OLDER PEOPLE EMPLOYMENT SUPPORT

The government is concerned about the large numbers of the over 50's who have permanently left the workforce in recent years, often driven by covid-related reasons. A number of measures are to be introduced to try to encourage these people to return to work. These include new apprenticeships for the over 50's and the opportunity for them to have mid-life MOT'S to help assess their financial situation.

RATES AND ALLOWANCES

Income Tax

Rates and bands (other than savings and dividend income)

2023/24		2022/23	
Band £	Rate %	Band £	Rate %
0 - 37,700	20	0 - 37,700	20
37,701 - 125,140	40	37,701 - 150,000	40
Over 125,140	45	Over 150,000	45

Income tax rates in Scotland and Wales on income other than savings and dividend income have been devolved.

Savings income 2023/24 and 2022/23

Savings allowance basic rate	£1,000
Savings allowance higher rate	£500

A starting rate of 0% may be available unless taxable non-savings income exceeds £5,000.

Dividend income 2023/24 2022/23

Dividend allowance	£1,000	£2,000
Dividend ordinary rate	8.75%	8.75%
Dividend upper rate	33.75%	33.75%
Dividend additional rate	39.35%	39.35%

Income Tax Reliefs

	2023/24	2022/23
Personal allowance	£12,570	£12,570
Personal allowance income limit	£100,000	£100,000
Marriage allowance	£1,260	£1,260
Married couple's allowance	£10,375	£9,415
- minimum amount	£4,010	£3,640
- income limit	£34,600	£31,400
Blind person's allowance	£2,870	£2,600



Pensions

	2023/24	2022/23
Lifetime Allowance (LA) limit	No LA charge	£1,073,100
Annual Allowance limit	£60,000	£40,000
Money Purchase Annual Allowance	£10,000	£4,000

Corporation Tax

Year to 31.3.24	Profits band £	Rate %
Small profits rate	0 - 50,000	19
Marginal rate	50,001 - 250,000	26.5
Main rate	Over 250,000	25
Marginal relief fraction	3/200	

For the year to 31.3.23 the main rate of corporation tax was 19%. Special rules apply to accounting periods straddling 1 April 2023. For the year to 31.3.24 the profits limits are reduced for a company with associated companies. Different rates apply for ring-fenced (broadly oil industry) profit.

Inheritance Tax

Death rate	Lifetime rate	Chargeable transfers 2023/24 and 2022/23
Nil	Nil	0 - £325,000 (nil rate band)
40%	20%	Over £325,000

A further nil rate band of £175,000 may be available in relation to current or former residences.

Devolved Income Tax

Scotland rates and bands

2023/24 2022/23

Band £	Rate %	Band £	Rate %
0 - 2,162	19	0 - 2,162	19
2,163 - 13,118	20	2,163 - 13,118	20
13,119 - 31,092	21	13,119 - 31,092	21
31,093 - 125,140	42	31,093 - 150,000	41
Over 125,140	47	Over 150,000	46

Wales rates and bands

2023/24**2022/23**

Band £	Rate %	Band £	Rate %
0 - 37,700	20	0 - 37,700	20
37,701 - 125,140	40	37,701 - 150,000	40
Over 125,140	45	Over 150,000	45

National Insurance

2023/24 Class 1 (employed) rates

Employee		Employer	
Earnings per week	%	Earnings per week	%
Up to £242	Nil	Up to £175	Nil
£242.01 - £967	12	Over £175	13.8
Over £967	2		

Entitlement to contribution-based benefits for employees retained for earnings between £123 and £242 per week. The employer rate is 0% for certain military veterans, employees under 21 and apprentices under 25 on earnings up to £967 per week.

- Class 1A (employers)** 13.8% on employee taxable benefits
- Class 1B (employers)** 13.8% on PAYE Settlement Agreements
- Class 2 (self-employed)** nil on profits between £6,725 and £12,570 plus £3.45 per week where profits over £12,570
- Class 3 (voluntary)** flat rate per week £17.45
- Class 4 (self-employed)** 9% on profits between £12,570 and £50,270 plus 2% on profits over £50,270



Car, Van and Fuel Benefits

2023/24		
CO₂ emissions g/km		% of list price taxed
0		2
1 - 50		
Electric range	130 or more	2
	70 - 129	5
	40 - 69	8
	30 - 39	12
	under 30	14
51 - 54		15
For every extra 5		+1
160 and above		37

For fully diesel cars generally add a 4% supplement (unless the car is registered on or after 1 September 2017 and meets the Euro 6d emissions standard) but the maximum is still 37%. For emissions of 75g/km or more if the CO₂ figure does not end in a 5 or 0 round down to the nearest 5 or 0.

2023/24

Car fuel benefit	£27,800
Van benefit	£3,960
Van fuel benefit	£757

Capital Allowances

First Year Allowance (FYA) on certain plant, machinery and cars of 0g/km **100%**

Corporation tax FYA ('full expensing') on certain new, unused plant and machinery from 1 April 2023 **100%**

Corporation tax FYA on new, unused long-life assets, integral features of buildings, etc. from 1 April 2023 **50%**

Annual Investment Allowance £1,000,000 excluding cars

Writing Down Allowance

Long-life assets, integral features of buildings, cars over 50g/km	6%
Other plant and machinery	18%
Structures and Buildings Allowance	3%

Value Added Tax

	From 1.4.23	From 1.4.22
Standard rate	20%	20%
Reduced rate	5%	5%
Annual Registration Limit	£85,000	£85,000
Annual Deregistration Limit	£83,000	£83,000

Capital Gains Tax

	2023/24	2022/23
Individuals		
Exemption	£6,000	£12,300
Standard rate	10%	10%
Higher/additional rate	20%	20%
Trusts		
Exemption	£3,000	£6,150
Rate	20%	20%

Higher rates (18/28%) may apply to the disposal of certain residential property and carried interest.

Business Asset Disposal Relief

The first £1m of qualifying gains are charged at 10%.



Property Taxes

Across the whole of the UK, residential rates may be increased by 3% (4% in Wales and 6% in Scotland) where further residential properties are acquired.

Stamp Duty Land Tax Land and buildings in England and N. Ireland

Residential Band £	Rate %	Non-residential Band £	Rate %
0 - 250,000	0	0 - 150,000	0
250,001 - 925,000	5	150,001 - 250,000	2
925,001 - 1,500,000	10	Over 250,000	5
Over 1,500,000	12		

First-Time Buyer relief may apply to residential purchases up to £625,000.

Land and Buildings Transaction Tax Land and buildings in Scotland

Residential Band £	Rate %	Non-residential Band £	Rate %
0 - 145,000	0	0 - 150,000	0
145,001 - 250,000	2	150,001 - 250,000	1
250,001 - 325,000	5	Over 250,000	5
325,001 - 750,000	10		
Over 750,000	12		

First-Time Buyer relief may apply on the first £175,000 of residential purchases.

Land Transaction Tax Land and buildings in Wales

Residential Band £	Rate %	Non-residential Band £	Rate %
0 - 225,000	0	0 - 225,000	0
225,001 - 400,000	6	225,001 - 250,000	1
400,001 - 750,000	7.5	250,001 - 1,000,000	5
750,001 - 1,500,000	10	Over 1,000,000	6
Over 1,500,000	12		