

Autumn Statement 2022

Let Brookson update you on what's been announced and what this means for your finances.
We've digested all of the detail so you don't need to!

In order for the Government to plug an anticipated £55 billion hole in public finances, (half of which are to be paid for by tax rises) the Prime Minister and Chancellor had already “agreed on the principle that those with the broadest shoulders should be asked to bear the greatest burden”.

The dominant theme of the statement for personal finances was the extended freezing of various allowances (namely income tax and inheritance tax) beyond which taxes are levied-the impact of this, of course, is that more people will be dragged into paying the 40% higher - rate income tax, and many more will start paying income tax for the first time.

For businesses, the formerly announced increase in the rate of mainstream corporation tax will have an impact, however, for smaller companies, with marginal profits, efficient

tax planning can help to maintain the small companies rate of corporation tax at 19%. The chancellor has also looked to Investors and shareholders to bear the additional tax burden who will also feel the impact with the reduction in the annual capital gains tax allowance and dividend allowance.

It is unsurprising that the key take away from the Autumn Budget is the requirement of businesses and individuals to contribute to the tax shortfall in equal measure. More than ever, Brookson can assist with ensuring that you maximise income and reliefs to full effect as a result of these budgetary changes. An outline of the key changes arising from the budget in respect of direct/indirect taxes is detailed below, together with planning tips for you to consider.

SHORT SUMMARY

The Chancellor advised the aim of the Autumn Budget was to encourage “Stability, Growth and Public Services”. Key points to take away as follows for individuals:

Those earning more than £125,140 to pay income tax at the additional rate of 45%. Tax free dividend allowance reduced to £1,000 from £2,000; Annual capital gains allowance reduced from £12,300 to £6,000; Income tax and National Insurance bands will remain fixed until April 2028.

Corporation Tax

Changes from 1st April 2023- affecting accounting periods commencing 1st April 2023.

The uplift of the mainstream corporation tax rate from 19% to 25% will affect companies with taxable profits above £250,000 - however, for those companies with taxable profits falling between the small company profit levels and £250,000, then a marginal rate of tax will apply. The impact on a company's corporation tax liability is set below:

Profits	Effective Rates	Corporation Tax
£50,000	As profits are £50,000 or less, then the small companies rate of 19% will apply.	£9,500
£100,000	22.75%	£22,750
£150,000	24%	£36,000
£200,000	24.62%	£49,250
£250,000	As profits are above £250,000, then the full mainstream rate of corporation tax of 25% will apply.	£62,500
£300,000	As profits are above £250,000, then the full mainstream rate of corporation tax of 25% will apply.	£75,000

WHAT DOES THIS MEAN FOR YOU?

For the vast majority of PSCs, with taxable profits of less than £50,000, then the current corporation tax rate of 19% will still apply. There are also other considerations, such as any associated companies you may have - tax band rate limits are divided between the company and its associated companies.

PENSIONS

Payments to pensions via your PSC as an employer contribution will be classified as a business expense and therefore reduce the amount of corporation tax you pay whilst also building a pot for your retirement. Depending on your level of profits, a pension could be a good way of keeping you within threshold limits for corporation tax.

PLANNING TIPS

Pensions - As mentioned above, pensions are a helpful way to keep within threshold limits for corporation tax, speak to your accountant for more help and advice.

Expenses – Maximise tax relief on your business expenses and ensure you claim relief on all relevant expenses.

Super deductions - If you are looking to invest in qualifying assets such as computer equipment, then make sure to acquire the asset prior to 1st April 2023. This will provide a 130% tax deduction under the super deduction allowance. (The window for super deduction allowances closes on 31st March 2023).

[Visit our Expenses FAQ](#)

[Visit our Corporation Tax FAQ](#)

[Visit Pensions](#)

IR35

No change from 1st April 2023.

To confirm, the 2017 and 2021 reforms to the off-payroll working rules (also known as IR35) continue to apply. End clients will continue to determine the workers IR35 status where workers are providing their services via a PSC. In this respect, the end client/agency closest to the PSC is obligated to deduct PAYE/NI from company receipts.

WHAT DOES THIS MEAN FOR YOU?

If you are working for a public sector end client or a UK based medium or large private sector client, the client will determine the IR35 status for each contract. If you are working for a small company or a wholly overseas company you are responsible for determining your IR35 status.

With over 20 year experience of advising on IR35, Brookson are ideally placed to assist you in performing IR35 reviews to determine your IR35 status or help to influence your client's view of your IR35 status. If you, your agency or your client need support with these we would be happy to help.

PLANNING TIPS

Where you have a mix of captured and non-captured assignments, Brookson can support you with our flex service.

What is Flex?

Flex is a unique service built to simplify very complicated legislation and help you manage the complexities of switching between Limited and Umbrella contracts. Flex allows you to switch how you work and get paid, enabling you to control your tax situation and optimise your longer-term financial planning.

[Learn More](#)

VAT

Changes from 1st January 2023 - affecting VAT penalties and interest charges.

The Finance Act 2021 has sets out astonishingly complex legislation with regards to the above. In summary, for a VAT return not submitted and a VAT liability not paid, the taxpayer risks the following penalties:

- £200 maximum fixed penalty- failure to submit a VAT return on time- no penalty applies unless a certain threshold of prior non-compliance is reached.
- Up to 4% maximum fixed penalty - this penalty is for late payment. No penalty applies if payment is up to 15 days late.
- 4% daily penalty - This is an additional penalty for late payment. If payment is made more than 30 days late, in addition to raising the penalty from 2% to 4%, there will also be a daily rate penalty.

The VAT registration threshold will remain at £85,000 for a further 2 years, until April 2024. Similarly, the VAT de-registration threshold will remain at £83,000.

WHAT DOES THIS MEAN FOR YOU?

Maintaining the VAT threshold is another example of fiscal drag; with more businesses being pulled into mandatory VAT registration with rising turnover whilst the VAT registration limit remains fixed for a number of years. For businesses who are VAT registered, changes to the VAT penalties regime indicates it is now more important than ever to ensure VAT returns and liabilities are paid on time.

PLANNING TIPS

Brookson Connect helps you to have visibility of your company finances and income levels which is key to ensure you do not fall foul of VAT mandatory registration rules. Alternatively, you may incur significant vatable business expenses which would make voluntary VAT registration more attractive. Your Brookson client accountant can provide more guidance in this respect.

[Visit our VAT FAQ](#)

Income Tax

Changes from 6th April 2023- the threshold from which the highest rate of income tax of 45% is payable decreases from £150,000 to £125,140.

The personal allowance remains at £12,570 from 6th April 2023 and looks to be set at this rate until April 2028.

National Insurance

No changes from 1st April 2023.

Employees' Class 1 National Insurance going forward - 12.0 %;
Employers Class 1 National Insurance going forward - 13.8%.

The increase in the primary threshold (the level above which Employees pay National Insurance) will remain at £12,570 (as previously introduced in July 2022 to equalise the same with the personal allowance threshold).

PLANNING TIPS

This is likely to mean that the optimum directors fee is likely to remain the same next year. We will of course contact you nearer the time to provide you with the advice you need to decide how best to structure your remuneration.

For higher earning umbrella employees with income in the year over £125,140 salary sacrifice pension contributions offer an extremely tax efficient way of saving for retirement.

PLANNING TIPS

This is likely to mean that the optimum directors fee is likely to remain the same next year. We will of course contact you nearer the time to provide you with the advice you need to decide how best to structure your remuneration.

Dividend tax

Changes from 6th April 2023- dividend allowance reduced to £1,000.

It was previously announced in the Autumn Budget 2021 that from 6th April 2022 the dividend basic rate tax would be increased from 7.5% to 8.75%, the dividend higher rate tax would be increased from 32.5% to 33.75% and the dividend additional rate tax from 38.1% to 39.35%.

The £2,000 tax-free dividend allowance will be reduced to £1,000 from 6th April 2023 and reduced further to £500 from 6th April 2024.

PLANNING TIPS

Whilst dividends remain a more tax efficient way of making payments from your company's profits to yourself, it is always advisable to consider how to mitigate the dividend tax. One popular method is to consider appointing a second shareholder who may be a lower rate taxpayer. Your Brookson client accountant can discuss your options.

Capital Gains Tax

Changes from 6th April 2023 - annual allowance reduced £6000.

The reduction in the capital gains annual allowance from £12,300 to £6,000 will lead to more individuals being taxed on gains arising after deduction of the allowance at the relevant capital gains rate appropriate to the asset.

Type of asset	From 6th April 2023 Basic rate	From 6th April 2023 Higher rate
Shares	10%	20%
Properties not benefiting from private residence relief	18%	28%
Cryptoassets	10%	20%
Other	10%	20%

PLANNING TIPS

Transfers between spouses are subject to no profit/no loss rules. Therefore, in instances where a spouse has already used up their allowance, a transfer of asset to a spouse will effect the use of the spouse's capital gains allowance and mop up any basic rate band if there is capacity to do so. It is also worth considering any eligible reliefs to reduce/delay the capital gains liability. Prioritising disposals before 5th April 2023 is also an option.

Inheritance Tax

No change from 1st April 2023.

The rate above which an estate pays inheritance tax remains at £325,000.

PLANNING TIPS

Ensuring you have a will in place that carries out your wishes is important - if you leave everything above the £325,000 threshold to your spouse, civil partner or a charity there is no inheritance tax to pay. Also, if you own your home (or a share in it) your tax-free threshold can increase to £500,000 if you leave it to your children or grandchildren and the estate is worth less than £2 million.

Should you require any advice on Will planning, we can help and would welcome a conversation with you to ensure you have appropriate arrangements in place.



Pensions

No changes from 6th April 2023.

The annual allowance up to which you can save into your pension pot before paying tax and the and lifetime limit remains at £40,000 and £1,073,100 respectively. The fluctuation in the markets has left a lot of uncertainty. Whether you are investing for retirement or fast approaching retirement it is imperative to seek advice and plan your future goals and objectives.

PLANNING TIPS

The decrease in National Insurance costs from 6th November 2022 (both Employers and Employees) is particularly welcome for umbrella workers. However, the freezing of personal allowance and the reduction in the threshold by which the highest rate of income tax becomes payable increases the tax paid by employed earners. Utilising salary sacrifice options continues to remain attractive for umbrella workers as the deductions are made prior to Employer National Insurance, Employee National Insurance and Tax deductions and effectively mean you can contribute gross earnings into your pension with no tax being payable.

[Book a Call](#)

[Visit Pensions](#)

Mortgages

Changes from 6th April 2023.

Currently the Bank of England bank base rate is 3% and is likely to rise further into the new tax year- thus highlighting the importance of reviewing your mortgage needs, even if your mortgage isn't up for review right now.

Stamp Duty Land Tax considerations

The current SDLT thresholds remain at:

- £250,000 for residential properties
- £425,000 for first-time buyers buying a residential property worth £625,000 or less
- £150,000 for non-residential land and properties

The BBR increase together with the Government doubling the level at which people will start to pay stamp duty makes it a prime time to secure mortgage deals and Brookson Financial are perfectly positioned to help you.

PLANNING TIPS

Understanding what this means to you and your mortgage either now or in the future will help you plan and guide you to make the best decisions at the right time.

Brookson Financial specialise in contractor mortgages. Did you know we can use hourly or day rates to obtain a mortgage rather than you having to evidence historic earnings? Also lenders sometimes don't understand how contractors earn so it is imperative you seek specialist advice from whole of market advisers to obtain the most suitable mortgage for your circumstances

Take action now and speak to Brookson Financial's specialist contractor mortgage advisers.

[Book a Call](#)

Brookson Financial (179752) is authorised and regulated by the Financial Conduct Authority. A mortgage is a loan secured against your home. Your home may be repossessed if you do not keep up repayments on your mortgage. The value of investments, and the income or capital entitlement which may derive from them, if any, may go down as well as up and is not guaranteed; therefore investors may not get back the amount originally invested.

Helping you get the most from the career you love

We are the only firm offering specialist contractor accountancy, payroll, legal and financial services all under one roof. We provide a seamless way for you to manage your business and personal life, maximising your tax efficiencies and helping you get the most from the career you love.



Accountancy

Enjoy the control and visibility of real time updates on your tax status and financial position, powered by world leading technology and your dedicated accountant.



Payroll

Quick, hassle-free, same-day setup to our umbrella employment solution. Have peace of mind that you will be paid on time every week with SMS notifications and access to our online portal Connect.



Flex

Easily switch between Limited and Umbrella working as and when needed (at no extra cost) while staying as tax efficient as possible with our unique service.



Mortgages

Finding a mortgage as a contractor can be difficult. We work with some of the UK's biggest and best lenders and have negotiated specialist rates to ensure that whatever you're looking for we can give you the best value for money.



Pensions

We want to help you take back control of your pension and give you as much flexibility as we can so you can be as tax efficient as possible. Our two solutions are unique to Brookson and are unlikely to be matched anywhere else in the flexible working space.



Protection

As a contractor, you are more vulnerable to financial loss if you suffer an illness or injury. We can support you in three main areas: Critical Illness, Income Protection and Life Assurance.

Exclusive Discounts When You Join Brookson

Join Limited

Join Umbrella

Limited

Everything you need in one place.

With access to specialist accountancy, payroll, legal and financial services all under one roof, we offer the most comprehensive contractor service on the market. By combining all of these services into one place, you are getting unrivalled levels of proactive advice from our experts. Through a unique blend of technology and specially trained experts, we provide a seamless way for you to maximise your tax efficiencies and access all of your financial information in one place.

Umbrella

Maximise your Umbrella Employment.

If you are contracting via an Umbrella solution, we would love bring you on board. Find out more about our new Umbrella Protect service, allowing you to unlock an additional range of Financial, Physical and Psychological benefits and discounts that no other Umbrella provider can offer. Unlimited financial well-being reviews, a BUPA cash plan, access to private medical care via AXA, plus more benefits and 1,000 of other discounts. Maximise your Umbrella Employment today!