



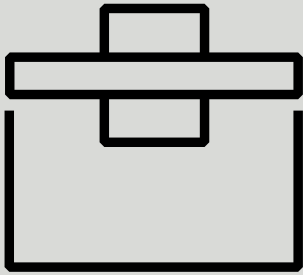
MINI-BUDGET 2022

BROOKSON
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A PEOPLE2.0 COMPANY

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1. INTRODUCTION

This document summarises the key changes affecting contractors, freelancers & self-employed professionals as a result of the Government's Mini-Budget Statement which was delivered on 23rd September 2022.

This summary is published by Brookson, a leading provider of specialist accountancy, tax advisory, legal and financial services to freelance contractors, interims, locums and small businesses.



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2. COMPANY & BUSINESS TAX

2.1 Corporation Tax Rate - a reversal to planned uplift in Corporation Tax Rates

The Chancellor previously announced that from 1st April 2023, companies with profits over £250,000 will be subject to corporation tax at a rate of 25%-and companies with profits of less than £50,000 would continue to be subject to corporation tax at 19%.

The planned uplift will now not take place and the corporation tax rate of 19% will remain in place across companies of all sizes going forward.

2.2 VAT Measures

The Chancellor previously confirmed that 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.

2.3 Super Deductions

The Chancellor previously announced in the Spring Budget that for a two-year period, starting from April 2021, there will be a new super deduction capital allowances deduction which allows a company paying corporation tax to claim 130% tax relief on qualifying assets (namely on new plant and machinery such as computer equipment and vans).

The current A.I.A (annual investment allowance) threshold of £1 million has now been made permanent.

2.4 Trading Loss Relief

In addition, for accounting periods ending between 1st April 2020 and 31st March 2022, trading loss relief is extended to a three years carry back basis, with losses required to be set against profits of most recent years first, before carry back to earlier years (i.e. creating potential corporation tax refunds for businesses which have been hit hard by COVID).



3. PERSONAL TAX

3.1 IR35 Changes - Repeal of IR35

The 2017 and 2021 reforms to the off-payroll working rules (also known as IR35) will be repealed from 6th April 2023. From this 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.

Brookson can support you through these changes and are ideally placed to assist you in performing IR35 reviews to consider your self-employed status. 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 about Flex](#)

3.2 Income Tax Changes

The Chancellor had previously announced in the 2021 Spring Budget, that following the increases put in place on 6th April 2021, there would be no further increases to the personal allowance until 6th April 2025. However, threshold changes have now been implemented in the emergency budget as follows:

- The personal allowance was increased to £12,570 from 6th April 2022;
- The basic rate tax band was increased to £37,700 from 6th April 2022;
- The higher rate threshold remains at £50,270 from 6th April 2022 - however, there is now no longer an additional tax rate threshold at £150,000 as of 6th April 2023.

As in previous years, for every £2 over £100,000 that you earn, your tax-free personal allowance will be reduced by £1.

To recap, following the Chancellor's announcement in today's emergency budget and the removal of the additional tax threshold of £150,000, the highest rate of income tax is now 40% from 6th April 2023 for income above £50,270. There is also a reduction in the basic rate of income tax, from 20% to 19%, effective from 6th April 2023.

3.3 Dividend tax – a reversal of increase in Dividend tax rates from April 2023

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 remains unchanged.

However, following the Chancellor's announcement in today's emergency budget, dividend tax rates will reduce to pre 5th April 2022 levels from 6th April 2023 as follows:

- Basic rate 7.5%
- Higher rate 32.5%

With the abolition of the additional rate of tax from 6th April 2023, the highest rate of dividend tax will now be 32.5% from this date.

3.4 National Insurance - reversal of increase in National Insurance

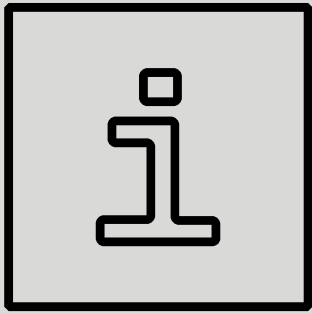
The Chancellor previously announced the introduction of the “Health and Social Care Levy”. This was added to National Insurance costs, increasing National Insurance by 1.25%, effective from 6th April 2022

From 6th November 2022, this increase will now be reversed to pre-5th April 2022 levels. This means that Employees’ Class 1 National Insurance will revert back to 12.0 % (currently 13.25%) and Employers Class 1 National Insurance will revert back to 13.8% (currently 15.05%). The Health and Social Care Levy is now cancelled – but the funding for health and social care services will be protected and will remain at the same level as if the Levy were in place.

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).

3.5 The National Living Wage

The National Living Wage for individuals will increase from 1st April 2022 from £8.91 to £9.50, with similar increases for the under 23’s National Minimum Wage and apprentices to £9.18 and £4.81 respectively.



4. OTHER

4.1 Pensions

Pensions The decrease in National Insurance costs from 6th April 2022 (both Employers and Employees) and reduction in income tax rates from 6th April 2023, is particularly welcome for umbrella workers. 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.

4.2 Mortgages

On 21st Sept 2022 the Bank of England increased the bank base rate from 1.75% to 2.25% - highlighting the importance of reviewing your mortgage needs, even if your mortgage isn't up for review right now.

The chancellor has permanently and immediately cut stamp duty tax in England and Northern Ireland for some home buyers. The threshold of how much a property must cost before stamp duty is paid has been increased from £125,000 to £250,000.

First-time buyers currently pay no stamp duty on the first £300,000, and this is increasing to £425,000. Discounted stamp duty for first-time buyers will apply up to £625,000, which is an increase from £500,000.

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. If you wish for your mortgage needs to be reviewed, then Brookson Financial have an expert team that can assist you and can discuss your requirements.

[Learn more about Brookson Financial](#)