



Montgomery
Charles

Wealth Management

GUIDE TO THE
**Autumn
Statement**

22 • NOVEMBER • 2023



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Welcome

Chancellor aims for economic growth by cutting taxes and rewarding hard work

The Chancellor of the Exchequer, Jeremy Hunt, unveiled his 2023 Autumn Statement on Wednesday 22 November, alongside an updated economic forecast from the Office for Budget Responsibility.

The Statement was centred around 'growth', with Mr Hunt leveraging increased tax receipts from a stronger-than-anticipated economy to fund 110 growth-promoting initiatives. Mr Hunt said the government had taken difficult decisions to put the economy back on track and halve inflation, but 'the work is not done'. He said his priorities are to avoid big government spending and high taxes and instead cut taxes and 'reward hard work'.

Among the highlights were significant changes aimed at enhancing earnings. Mr Hunt's drive to 'make work pay' materialised through reductions to National Insurance for both employees and the self-employed, coupled with an uplift in the National Living Wage.

Additionally, Mr Hunt announced the permanent establishment of the 'full expensing' capital allowance, reforms to the R&D tax credit and increased business rates support for smaller enterprises. These measures are expected to bolster innovation and provide much-needed relief for small businesses. ◀

WHAT DOES THE AUTUMN STATEMENT 2023 MEAN FOR YOU?

Our detailed Guide to Autumn Statement 2023 looks at these key announcements. If you require further information or want to discuss how the announced measures could affect your finances or business, please contact us for more details.

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Main announcements from Chancellor Jeremy Hunt at a glance

110 measures aimed at stimulating growth in the UK's economy

Chancellor of the Exchequer, Jeremy Hunt, announced during the Autumn Statement 2023 what he said was 'a comprehensive package of 110 measures aimed at stimulating growth in the UK's economy'.

He acknowledged the announcement comes amid a challenging economic climate. Still, Mr Hunt said he remained optimistic, pointing out that the UK's economy has been more resilient than expected this year. Our Guide to Autumn Statement 2023 summarises the key points announced.

ECONOMY

GROWTH

- The independent Office for Budget Responsibility (OBR) expects the economy to grow by 0.6% this year and 0.7% next year, rising to 1.4% in 2025, then 1.9% in 2026, 2% in 2027 and 1.7% in 2028

BORROWING & DEBT

- Underlying debt is forecast to be 91.6% of GDP next year, 92.7% in 2024/25 and 93.2% in 2026/27 before declining to 92.8% in 2028/29
- Borrowing forecast to fall from 4.5% of GDP in 2023/24 to 3% in 2024/25, 2.7% in 2025/26, 2.3% in 2026/27, 1.6% in 2027/28 and 1.1% in 2028/29

INFLATION

- Headline inflation forecast set to fall to 2.8% by the end of 2024 and to the Bank of England's 2% target rate in 2025

TAXATION AND WAGES

- The main rate of National Insurance is cut from 12% to 10% from 6 January 2024
- Class 2 National Insurance – paid by self-employed people earning more than £12,570 – abolished from 6 April 2024
- Class 4 National Insurance for self-employed – paid on profits between £12,570 and £50,270 – cut from 9% to 8% from 6 April 2024

- Legal minimum wage – known officially as the National Living Wage – to increase from £10.42 to £11.44 an hour from 6 April 2024
- New rate applies to 21 and 22-year-old workers for the first time rather than just those 23 and over
- Income Tax personal allowance remains unchanged and frozen until 2028 (applies to England, Wales and Northern Ireland)

PENSIONS & BENEFITS

- State Pension payments to increase by 8.5% from 6 April 2024, in line with average earnings
- Consultation on whether savers get the right to choose the pension scheme their employer pays into, allowing them to possibly have one pension pot for life
- Universal Credit and other working-age benefits to increase by 6.7% from 6 April 2024, in line with September's inflation rate
- Local Housing Allowance rates – which determine the level of housing benefit and Universal Credit people receive to pay rent – to be unfrozen and increased to 30% of local rents
- Work Capability Assessment to be reformed to reflect the availability of home working after the COVID pandemic
- Funding of £1.3bn over the next five years to help people with health conditions find jobs
- Further £1.3bn to help people who have been unemployed for over a year
- Claimants deemed able to work but who refuse to seek employment lose access to their benefits and extras like free prescriptions

BUSINESS & INFRASTRUCTURE

- 'Full expensing' tax break – allowing companies to deduct spending on new machinery and equipment from profits – made permanent
- There has been no further change to the rates of Corporation Tax

- Some £500m over the next two years to fund AI innovation centres
- The 75% business rates discount for retail, hospitality and leisure firms extended for another year
- Funding of £4.5bn to attract investment to strategic manufacturing sectors, including green energy, aerospace, life sciences and zero-emission vehicles
- Households living close to new pylons and transmission infrastructure to get up to £1,000 a year off energy bills for a decade

OTHER MEASURES

- Alcohol duty: the government will freeze alcohol duties until 1 August 2024
- Duty rates on all tobacco products increase by RPI +2%
- To reduce the gap with cigarette duty, the rate on hand-rolling tobacco increased by RPI + 12% this year
- Planning applications to be granted for businesses to allow local authorities to recover the full costs of major business planning applications if they meet guaranteed faster timelines
- If they fail, businesses will be refunded in full and have their planning application processed free of charge
- The government will meet its NATO commitment of spending 2% of gross domestic product (GDP), the measure of everything produced in the economy, on defence
- Extension of National Insurance relief for employers of eligible veterans for another year to support the Veterans' Places, Pathways and People programme
- Scope of the current VAT zero rate relief on women's sanitary products extended to include reusable period underwear from 1 January 2024



National Insurance Contributions (NICs)

Rates to be cut for millions of workers

In the Autumn Statement 2023, Chancellor Jeremy Hunt announced significant reforms to National Insurance. This is the third change to National Insurance since 2022. But despite these cuts, the tax burden is still expected to remain at a record high.

Mr Hunt cut the main rate of Class 1 employee NICs from 12% to 10%. This will take effect from 6 January 2024. There will also be a cut in the main rate of Class 4 self-employed NICs from 9% to 8%. This will take effect from 6 April 2024. From 6 April 2024, Mr Hunt said no one will be required to pay Class 2 self-employed NICs.

DETAILS OF THE NATIONAL INSURANCE CONTRIBUTIONS (NICs) CHANGES ARE:

- From 6 April 2024, self-employed people with profits above £12,570 will no longer be required to pay Class 2 NICs but will continue to receive access to contributory benefits, including the State Pension.
- Those with profits between £6,725 and £12,570 will continue to get access to

contributory benefits, including the State Pension, through a National Insurance credit without paying NICs as they do currently.

- Those with profits under £6,725 and others who pay Class 2 NICs voluntarily to get access to contributory benefits, including the State Pension, will continue to be able to do so. The government will set out the next steps for Class 2 reform next year. As part of this reform, the government will protect the interests of lower-paid self-employed people who currently pay Class 2 NICs voluntarily to build entitlement to certain contributory benefits, including the State Pension.

NATIONAL MINIMUM & LIVING WAGE UPDATING

From 1 April 2024, the National Living Wage (NLW) will rise by 9.8% to £11.44 an hour for eligible workers aged 21 and over across the UK. Young people and apprentices on the National Minimum Wage (NMW) will also see a wage increase. ◀

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The 'Triple Lock' system measures inflation as per the Consumer Price Index of the previous September, the average wage increase across the UK, or a minimum of 2.5%. Whichever of these three measures is highest dictates the increase in the State Pension.



State Pension

Triple Lock' to increase by 8.5% from 6 April 2024

The State Pension is set to increase commencing on 6 April 2024 due to a mechanism known as the 'Triple Lock'. Chancellor Jeremy Hunt announced an increase of 8.5%, which pensioners will welcome.

The State Pension is a recurring benefit paid out every four weeks by the government. This payment is made available to individuals who have reached

the qualifying age and have sufficiently contributed to National Insurance.

This increase translates to significant changes in the weekly pension amounts. For those receiving the full, new flat-rate State Pension, the weekly amount will be £221.20. Meanwhile, for those on the full, old basic State Pension, the weekly figure will be £169.50.

The State Pension 'Triple Lock' concept might seem complex, but it's quite straightforward.

It's a system that ensures the State Pension increases each April, with the increase based on the highest of three measures.

The 'Triple Lock' system measures inflation as per the Consumer Price Index of the previous September, the average wage increase across the UK, or a minimum of 2.5%. Whichever of these three measures is highest dictates the increase in the State Pension. ◀

Personal Tax and Savings

What the Autumn Statement means for you and your money

LIFETIME ALLOWANCE (LTA) ABOLITION

The government will legislate in the Autumn Finance Bill 2023 to remove the LTA. The measure will clarify the taxation of lump sums and lump sum death benefits, the application of protections and the tax treatment for overseas pensions, transitional arrangements and reporting requirements. This will take effect from 6 April 2024.

UPDATING BLIND PERSON'S ALLOWANCE AND MARRIED COUPLE'S ALLOWANCE FOR 2024/25

The government will uprate the Blind Person's Allowance (BPA) and the Married Couple's Allowance (MCA) by the September

CPI figure of 6.7% in 2024/25. The BPA will be valued at £3,070, and the MCA will be valued at between £4,280 and £11,080. This decision represents no policy change, as it confirms the default position for these allowances to be uprated by CPI, as set out in the Income Tax Act 2007.

NATIONAL INSURANCE CONTRIBUTIONS RATES AND THRESHOLDS

The government will freeze the Lower Earnings Limit (LEL) and the Small Profits Threshold (SPT) at 2023/24 levels in 2024/25. For those paying voluntarily, the government will also freeze Class 2 and Class 3 National Insurance

contribution (NIC) rates at their 2023/24 levels in 2024/25. The LEL will remain at £6,396 per annum (£123 per week), and the SPT will remain at £6,725 per annum. The main Class 2 rate will remain at £3.45 per week, and the Class 3 rate will remain at £17.45 per week. This will not affect existing arrangements for payments of voluntary Class 2 or Class 3 NICs connected with previous tax years.

EXTENDING THE EMPLOYER NICs RELIEF FOR EMPLOYMENT OF VETERANS

The government is extending the NICs relief for employers of eligible veterans for one year. The relief means businesses pay no employer NICs on annual earnings up



The government will freeze the Lower Earnings Limit (LEL) and the Small Profits Threshold (SPT) at 2023/24 levels in 2024/25.



to £50,270 for the first year of a qualifying veteran's employment in a civilian role.

ANNOUNCEMENT OF FUTURE GUIDANCE CHANGES TO TAX RELIEF FOR SELF-EMPLOYED

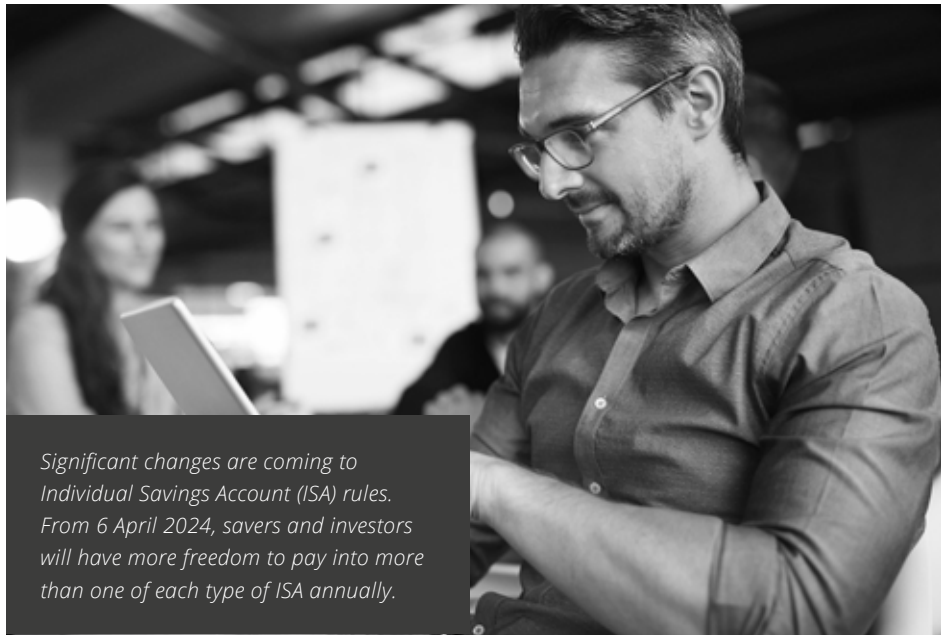
The government announced that HM Revenue & Customs will rewrite guidance around the deductibility of training costs for sole traders and the self-employed. This measure will clarify the guidance to ensure that individuals can be confident that updating existing skills, maintaining pace with technological advances or changes in industry practices are allowable costs when calculating the taxable profits of a business.

SIMPLIFYING MAKING TAX DIGITAL FOR INCOME TAX SELF ASSESSMENT

The government is announcing the outcome of the review of the impact of Making Tax Digital (MTD) for Income Tax Self Assessment (ITSA) on small businesses. This includes maintaining the current MTD threshold at £30,000 and design changes to simplify and improve the system. These changes will take effect from April 2026. The government is also legislating in the Autumn Finance Bill 2023 to ensure taxpayers who join MTD from 6 April 2024 are subject to the government's new, fairer penalty regime for the late filing of tax returns and late payment of tax.

RESPONSE TO CONSULTATION ON TAXATION OF ENVIRONMENTAL LAND MANAGEMENT AND ECOSYSTEM SERVICE MARKETS

In Spring Budget 2023, the government launched a consultation on the taxation of environmental land management and ecosystem service markets. This closed on 9 June 2023. The government is reviewing responses to this consultation and will give a further update in Spring 2024. ◀



Significant changes are coming to Individual Savings Account (ISA) rules. From 6 April 2024, savers and investors will have more freedom to pay into more than one of each type of ISA annually.

INDIVIDUAL SAVINGS ACCOUNTS (ISAS)

ONE OF THE MOST CONSIDERABLE SHAKE-UPS OF ISA RULES FOR MANY YEARS

Significant changes are coming to Individual Savings Account (ISA) rules. From 6 April 2024, savers and investors will have more freedom to pay into more than one of each type of ISA annually.

This is considered one of the most considerable shake-ups of ISA rules for many years. The new rules are designed to provide further flexibility, enabling savers and investors to move between different providers. By allowing multiple subscriptions to ISAs of the same type every year, the government aims to stimulate competition among providers.

This will increase flexibility and choice and support the development of long-term investment products.

Allowing multiple ISA subscriptions

– The government will allow multiple subscriptions to ISAs of the same type every year starting 6 April 2024.

Allowing partial transfers between providers – Partial transfers of ISA funds are allowed between providers starting 6 April 2024.

Removing the requirement to reapply for an existing ISA annually – Removal of the requirement to reapply for an existing dormant ISA from 6 April 2024.

Expanding the Innovative Finance ISA to include Long-Term Asset Funds –

Long-Term Asset Funds to be permitted investments in the Innovative Finance ISA from 6 April 2024.

Expanding the Innovative Finance ISA to include open-ended property funds with extended notice periods –

Open-ended property funds with extended notice periods are to be permitted investments in the Innovative Finance ISA from 6 April 2024.

Allowing certain fractional shares contracts as a permitted investment

– Certain fractional shares contracts are to be allowed as eligible ISA investments (the government will engage with stakeholders on implementation).

Digitalise the ISA reporting system –

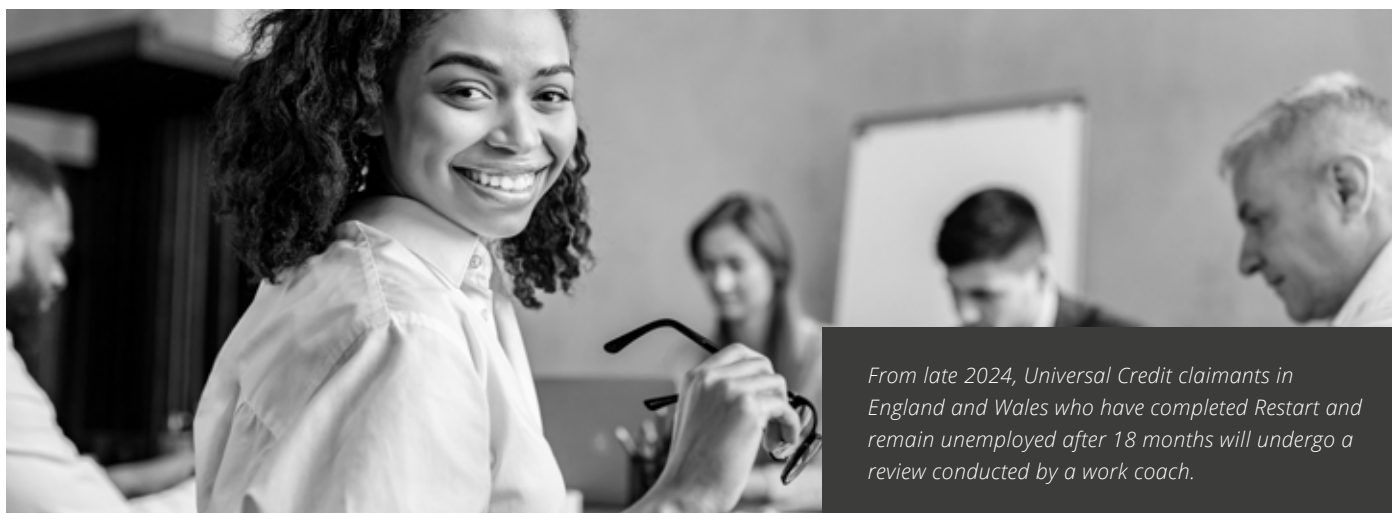
Digitalisation of the ISA reporting system to enable the development of digital tools to support investors announced.

Harmonise ISAs to those over 18 years of age –

The government will harmonise the account opening age for any adult ISAs to 18 from 6 April 2024.

ISA, JISA, LISA & CTF Annual Limits –

Individual Savings Account (£20,000), Junior Individual Savings Account (£9,000), Lifetime Individual Savings Account (£4,000 excluding government bonus) and Child Trust Fund (£9,000) limits frozen at their current levels for 2024/25. ◀



From late 2024, Universal Credit claimants in England and Wales who have completed Restart and remain unemployed after 18 months will undergo a review conducted by a work coach.

Back to Work Plan

Supporting the long-term unemployed into work

Getting more people into work and ensuring work pays remains a key priority for the government. 'If we want people to get up early in the morning, if we want them to work nights, if we want an economy where people go the extra mile and work hard, then we need to recognise that their hard work benefits us all,' the Chancellor of the Exchequer, Jeremy Hunt, said.

RESTART SCHEME

The government is expanding its employment support programme for the long-term unemployed from 2024 across England and Wales for two years. Those who have been on Intensive Work Search for six months will now be eligible, as opposed to the previous requirement of nine months. In addition, work coaches will track the activity of participants to ensure they comply with the requirements of the Restart programme.

POST-RESTART CLAIMANT REVIEW POINT

From late 2024, Universal Credit claimants in England and Wales who have completed Restart and remain unemployed after 18 months will undergo a review conducted by a work coach. Claimants who do not agree to revised claimant commitments without a good reason, including attending a mandatory work placement or new intensive work search activities, will have their claim closed.

POST-RESTART EMPLOYMENT SCHEMES, INCLUDING MANDATORY WORK PLACEMENTS

From late 2024, the government will begin rolling out new schemes to support Universal Credit claimants in England and Wales who have completed Restart and remain unemployed after 18 months. Following the post-Restart claimant review point, claimants will be mandated to attend a time-limited work placement or undertake other intensive work activities.

ADDITIONAL JOBCENTRE SUPPORT

The government is expanding Additional Jobcentre Support, currently live in 90 Jobcentres in England and Scotland to trial intensive support for people who have been receiving Universal Credit for seven weeks, in addition to the support after 13 and 26 weeks announced at Spring Budget 2023.

STRENGTHENING THE APPLICATION OF UNIVERSAL CREDIT SANCTIONS

The government is investing in digital tools that will allow work coaches to track claimant attendance at job fairs and interviews organised by Jobcentre Plus in Great Britain.

CLOSING CLAIMS FOR DISENGAGED UC CLAIMANTS ON OPEN-ENDED SANCTION FOR OVER SIX MONTHS

The government will take steps to close the claims of sanctioned Universal Credit

claimants in Great Britain who have not engaged with Jobcentre support for over six months and are solely eligible for the Universal Credit standard allowance.

INVESTIGATING SANCTIONED CLAIMANTS THROUGH THE TARGETED CASE REVIEW

The government will use its Targeted Case Review process to investigate sanctioned Universal Credit claimants in Great Britain who have not engaged with Jobcentre support for over eight weeks and who are still receiving some Universal Credit payments, ensuring they receive the correct entitlement. ◀

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Most significant welfare reforms in a decade

Helping the long-term sick and disabled get back into work

Chancellor of the Exchequer, Jeremy Hunt, says he is making the most significant welfare reforms in a decade and will get 200,000 people into work. He said he wants to help the sick, disabled and long-term unemployed get back into work under a £2.5bn plan to tackle a current 'waste of potential' in the population.

INDIVIDUAL PLACEMENT AND SUPPORT EXPANSION

The government will expand access to Individual Placement and Support (IPS) for severe mental illness, an employment support service within community mental health teams in England, to reach an additional 100,000 people over the next five years.

NHS TALKING THERAPIES EXPANSION

The government will expand access to NHS Talking Therapies in England, the flagship NHS programme for treating mild and moderate mental health conditions, to reach an additional 384,000 people

over the next five years and increase the number of sessions available to those who use the service.

UNIVERSAL SUPPORT EXPANSION

Universal Support is a supported employment programme in England and Wales for people with a disability or health condition. The government will double the number of yearly places on Universal Support to 100,000.

OCCUPATIONAL HEALTH

The government will establish an expert group to develop a voluntary minimum framework to set out the minimum level of Occupational Health intervention that employers could adopt to help improve employee health at work.

WORK CAPABILITY ASSESSMENT (WCA) GATEWAY REFORM

The government is reforming the activities and descriptors in the Work Capability

Assessment for new claimants in Great Britain to support more people into employment, with implementation occurring in 2025.

FIT NOTE REFORM

The government will explore end-to-end reforms of the fit note process to support more people in resuming work after an illness. Trailblazer trials in a few areas in England will test changes to make referrals to health and employment services easier and improve patients' digital access.

They will include trigger points for referrals for people who have received a fit note for a prolonged period of time and new designs of the fit note form. The government will launch a consultation in 2024 on wider reforms to examine providing individuals whose health affects their ability to work with easy and rapid access through the fit note process to specialised support for a return to work. ◀



The government is reforming the activities and descriptors in the Work Capability Assessment for new claimants in Great Britain to support more people into employment, with implementation occurring in 2025.

Supporting vulnerable people

Increasing working-age benefits in line with inflation

In the UK Autumn Statement 2023, several announcements focused on supporting vulnerable people. The Chancellor of the Exchequer, Jeremy Hunt, announced he is providing further investment to give vulnerable people access to more widely available personalised help to get them back to work by overcoming any issues that may be preventing them from fulfilling their career potential.

UPDATING OF BENEFITS

The government is increasing working-age benefits in line with inflation, measured by September CPI, which is 6.7% this year. The government is also maintaining the Triple Lock. The basic State Pension, new State Pension and Pension Credit standard minimum guarantee will be uprated in April 2024 in line with earnings growth.

This is measured by the usual metric of annual earnings growth in May–July, which is 8.5% this year. Over 19 million families will see their benefit payments increase from April 2024. Some disability benefits are devolved in Scotland, so the Scottish Government (SG) can decide uprating. Department for Work and Pensions (DWP) benefits are fully devolved in Northern Ireland, so it is for the Northern Ireland Executive to decide uprating in Northern Ireland.

RAISING LOCAL HOUSING ALLOWANCE (LHA) RATES

In April 2024, LHA rates in Great Britain will be raised to the 30th percentile of local market rents.

DWP: NEW POWERS TO TACKLE FRAUD AND ERROR

The government is legislating to give DWP further access to claimant data to identify fraud and errors in the welfare system in Great Britain better.

PERSONAL INDEPENDENCE PAYMENT (PIP) EASEMENTS

DWP is continuing operational measures to reduce the waiting time for new PIP claims in England & Wales. DWP's ability to use these measures has been extended until November



Over 19 million families will see their benefit payments increase from April 2024. Some disability benefits are devolved in Scotland, so the Scottish Government (SG) can decide uprating.

2024 to ensure that new disability benefit claimants are not facing excessive wait times to process their benefits claims.

UNIVERSAL CREDIT SURPLUS EARNINGS

The government will maintain the surplus earnings threshold for Universal Credit claimants in Great Britain at £2,500 for a further year until April 2025.

UNIVERSAL CREDIT: SEVERE DISABILITY PREMIUM TRANSITIONAL ELEMENT RATES

The government will increase the rates of the Severe Disability Premium Transitional Element to provide further support for legacy benefit claimants in Great Britain that naturally migrate to Universal Credit.

INCREASING THE MINIMUM INCOME FLOOR FOR SELF-EMPLOYED LEAD CARERS ON UNIVERSAL CREDIT

The government will increase the level of the Minimum Income Floor in Great Britain for lead carers of children aged 3–12 who are self-employed. This will align with the new work-related activity requirements for employed lead carers, announced at Spring Budget 2023.

TACKLING THE ECONOMIC IMPACTS OF DOMESTIC ABUSE (TEIDA) FUND

The government will make £10 million of additional funding available in 2024/25 for projects that aim to understand the impacts of domestic abuse on the labour market, support victims of domestic abuse in the workplace or prevent victims from experiencing further abuse.

EXPANDING THE FLEXIBLE FUND FOR VICTIMS OF DOMESTIC ABUSE

The government will provide £2 million of additional funding to expand the Flexible Fund, which is an innovative new approach to delivering one-off payments to victims of domestic abuse. This support will reduce the financial pressure on victims to return to the abuser and will enable victims to set themselves up sustainably, for example, by securing long-term accommodation.

HELP TO SAVE

The government will reform the Help to Save scheme for low-income workers and will publish proposals in response to the consultation on Help to Save Reform, as well as consulting on the delivery of the new scheme. ◀

Business matters

£20 billion additional business investment a year in the next decade

In the face of global challenges, the Chancellor of the Exchequer, Jeremy Hunt, said this Autumn Statement for Growth would attract £20 billion in additional business investment a year in the next decade, bring tens of thousands more people into work and support our fastest growing industries.

He said businesses are set to benefit from a significant tax break following the announcement that the full cost of investing in machinery and equipment can be deducted from their tax bill. This move, which has been made permanent, was hailed by him as the 'largest business tax cut in modern British history.'

CAPITAL ALLOWANCES: PERMANENT FULL EXPENSING

Full expensing will be made permanent in the Autumn Finance Bill 2023 so that investments made by companies in qualifying plant and machinery after 1 April 2026 will continue to qualify for a 100% first-year allowance for main rate assets and a 50% first-year allowance for special rate (including long life) assets. Cars, assets for leasing and second-hand assets will be excluded from these 100% and 50% first-year allowances.

BUSINESS RATES: MULTIPLIER

For 2024/25, the small business multiplier in England will be frozen for a fourth consecutive year at 49.9p, while September CPI will uprate the standard multiplier to 54.6p.

BUSINESS RATES: RETAIL, HOSPITALITY AND LEISURE RELIEF

The current 75% relief for eligible Retail, Hospitality and Leisure (RHL) properties is being extended for 2024/25, a tax cut worth £2.4 billion. Around 230,000 RHL properties in England will be eligible for support up to a cash cap of £110,000 per business.

STAMP DUTY AND STAMP DUTY RESERVE TAX – WIDENING ACCESS TO THE GROWTH MARKET EXEMPTION

The government is extending the Growth Market Exemption, a relief from Stamp Duty (SD) and Stamp Duty Reserve Tax (SDRT), to include smaller, innovative growth markets. It

will also increase the threshold for the market capitalisation condition that is used within the exemption from £170 million to £450 million. These changes will be included in the Autumn Finance Bill 2023 for implementation starting 1 January 2024.

OFFSHORE RECEIPTS IN RESPECT OF INTANGIBLE PROPERTY (ORIP)

The government will abolish the ORIP rules regarding income arising from 31 December 2024. ORIP's repeal will be legislated for in an upcoming Finance Bill. It will take place alongside the introduction of the Pillar 2 Undertaxed Profits Rule, which will more comprehensively discourage the multinational tax-planning arrangements that ORIP sought to counter.

OECD PILLAR 2

The government will introduce the Undertaxed Profits Rule, which forms part of the G20-OECD global minimum tax framework, in the UK for accounting periods beginning on or after 31 December 2024, with legislation included in an upcoming Finance Bill. It will also make technical amendments to the Multinational Top-up Tax and Domestic Top-up Tax legislation through the Autumn Finance Bill 2023.

REAL ESTATE INVESTMENT TRUSTS (REITS)

Further to the publication of draft legislation on 18 July 2023, the government will make amendments to the rules for Real Estate Investment Trusts (REITs) to enhance the competitiveness of the regime. Changes will variously take effect from Royal Assent of the Autumn Finance Bill 2023, apply to accounting periods ending on or after 1 April 2023, or are deemed to have always had effect.

MERGER OF R&D TAX RELIEFS

The existing Research and Development Expenditure (RDEC) and SME schemes will be merged, with expenditure incurred in accounting periods beginning on or after 1 April 2024 to be claimed in the merged scheme. Merging schemes is a significant tax simplification, including an aligned set of qualifying rules and a

more visible above-the-line credit. The notional tax rate applied to loss-makers in the merged scheme will be lowered from 25% per the current RDEC scheme to 19%. A note setting out the key changes to the policy following the technical consultation is published alongside the Autumn Statement before it is legislated for in the Autumn Finance Bill 2023.

R&D TAX RELIEFS: ADDITIONAL TAX RELIEF FOR R&D-INTENSIVE LOSS-MAKING SMES

The intensity threshold in the additional support for R&D-intensive loss-making SMEs will be reduced from 40% to 30%, bringing approximately 5,000 more R&D-intensive SMEs into the scope of the relief. The government will also introduce a one-year grace period so that companies that dip under the 30% qualifying R&D expenditure threshold will continue to receive relief for one year. Businesses can claim for expenditure incurred from 1 April 2023 once the Autumn Finance Bill 2023 has received Royal Assent, with the reduction in intensity threshold and grace period coming into effect for accounting periods beginning on or after 1 April 2024.

R&D TAX RELIEFS: REMOVING NOMINATIONS AND VOIDING ASSIGNMENTS

From 1 April 2024, R&D claimants can no longer nominate a third-party payee for R&D tax credit payments, subject to limited exceptions. In addition, no new assignments of R&D tax credits will be possible starting 22 November 2023. This means that in most circumstances, payments of R&D tax reliefs will be paid directly to the company that claims for the R&D, ensuring they have full oversight of the claim and receive payment more quickly. This will be legislated in the Autumn Finance Bill 2023.

ENTERPRISE INVESTMENT SCHEME (EIS) AND VENTURE CAPITAL TRUST (VCT) EXTENSION

The government will legislate in the Autumn Finance Bill 2023 to extend the existing sunset clauses for the EIS and VCT from 6 April 2025 to 6 April 2035. ◀

Autumn Statement 2023: How will my finances and business be affected?

If you want to discuss how the announced measures could affect your finances or business, please contact us for more information.

We look forward to hearing from you.

The content of this Autumn Statement 2023 summary, which was produced on Wednesday 22 November 2023, is for your general information and use only and is not intended to address your particular requirements. The content should not be entirely relied upon and shall not be deemed to be, or constitute, advice. Although endeavours have been made to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. Individuals or companies should only act upon such information if they receive appropriate professional advice after thoroughly examining their particular situation. We cannot accept responsibility for any loss due to acts or omissions taken regarding the content. Thresholds, percentage rates and tax legislation may change in subsequent Finance Acts. Levels and bases of, and reliefs from, taxation are subject to change, and their value depends on an individual's personal circumstances.

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