

Guide from

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A simple guide to Autumn Budget 2021

This is a basic guide, prepared by ACCA's Technical Advisory team, for members and their colleagues or clients. It's an introduction only and should not be used as a definitive guide since individual circumstances may vary. Specific advice should be obtained, where necessary.

The message from the Chancellor was we are entering a 'post covid age of optimism'.

You can read the individual measures below.

Rates and allowances

	2022/23	2021/22
Income tax rates (non-dividend income)		
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 £50,000
40% higher rate tax	£50,271 to £150,000	£50,271 to £150,000
45% additional rate tax	Above £150,000	Above £150,000
Scottish income tax rates (non-dividend income) *		
19% starting rate tax	£12,571 to £14,667	£12,571 to £14,667
20% basic rate tax	£14,668 to £25,296	£14,668 to £25,296
21% intermediate rate tax	£25,297 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
Personal allowance		
Personal allowance	£12,570	£12,570
* Scottish income tax bands are subject to change in the Scottish Budget due to be published on 9 December 2021. The guide will be updated in due course.		

National Insurance

From April 2022 the rate of National Insurance contributions across all classes (except class 2 and 3) will change for one year. The amount of the contribution will increase by 1.25% which will be spent on the NHS and social care across the UK.

This increase in National Insurance contributions 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.

NI Category	2022-23	2021-22
Employee's primary class 1 rate between primary threshold and upper earnings limit	13.25%	12%
Employee's primary class 1 rate above upper earnings limit	3.25%	2%
Employer's secondary class 1 rate above secondary threshold	15.05%	13.80%
Class 4 rate between lower profits limit and upper profits limit	10.25%	9.00%
Class 4 rate above upper profits limit	3.25%	2.00%

Pensions

With effect from 6 April 2028 the earliest age at which most pension savers can access their pensions without incurring an unauthorised payments tax charge will increase from 55 to 57.

Capital gains tax annual exempt amount (after personal allowance)

These are frozen at £12,300 for individuals and £6,150 for trusts.

Capital Gains Tax (CGT): property payment window

From 27 October 2021 the deadline for residents and non-residents to report and pay CGT after selling UK residential property increases from 30 days after the completion date to 60 days. This will be a welcome measure for taxpayers, giving them sufficient time to report and pay CGT.

Dividend allowance

The tax-free dividend allowance is unchanged at £2,000. The dividend tax rates are increased by 1.25% for each category of taxpayers for 2022 -23.

Dividend tax rates	2022-23	2021-22
Dividend ordinary rate (for dividends within basic rate band)	8.75%	7.50%
Dividend upper rate (for dividends within higher rate band)	33.75%	32.50%
Dividend additional rate (for dividends above higher rate band)	39.35%	38.10%

Directors loan accounts s.455 rate will also increase from April 2022, from 32.5% to 33.75%.

Corporation tax

The corporation tax rate will remain at 19% but from April 2023 the applicable corporation tax rates will be 19% and 25%. Businesses with profits of £50,000 or below will still only have to pay 19% under the small profits rate.

Enhanced capital allowances: super deduction

This introduces increased reliefs for expenditure on plant and machinery. For qualifying expenditures incurred from 1 April 2021 up to and including 31 March 2023, companies can claim in the period of investment:

- a super-deduction providing allowances of 130% on most new plant and machinery investments that ordinarily qualify for 18% main-rate writing-down allowances
- a first-year allowance of 50% on most new plant and machinery investments that ordinarily qualify for 6% special rate writing down allowances

Annual Investment Allowance (AIA)

Annual Investment Allowance of £1m was due to end by December 2021. This will now be extended until 31 March 2023. Businesses will therefore have longer to consider bringing forward capital investments of between £200,000 and £1m, accessing upfront support by claiming tax relief on such costs in the year of investment.

Rates

Business rates in England will move to a more frequent revaluation cycle of every three years from 2023. A new temporary relief of 50% (up to £110,000) will be introduced for retail, hospitality and leisure properties in 2022/23. The rate multiplier will also be frozen for 2022/23.

Multipliers, revaluations and reliefs for the devolved nations remain subject to policy decisions by devolved governments.

From 2023 a new rates investment relief will be available to ensure qualifying property improvements do not result in a higher rates liability for a year following improvements, to support investments in green technologies, improvements to productivity and expansion of premises.

Recovery Loan Scheme

The Recovery Loan Scheme is extended six months until 30 June 2022 for small and medium sized enterprises and from 1 January capped at a finance level of £2m per business with the government guarantee reducing to 70%.

Apprenticeship funding

In England, the government will continue to meet 95% of the apprenticeship training cost for employers who do not pay the Apprenticeship Levy. The £3,000 apprenticeship hiring incentive payment (per new hire) has been extended four months to 31 January 2022.

In Wales, apprenticeships are funded by the Welsh government, and apprenticeship incentive payments ranging from £1,500 – £4000 are available until 28 February 2022.

In Scotland, the type of funding you can access will depend on the type of apprenticeship. Additionally, the Adopt an Apprentice scheme provides employers with £5,000 for employing a redundant apprentice.

Making Tax Digital (MTD)

MTD for ITSA will be introduced from 6 April 2024. This impacts sole traders and landlords, with income over £10,000. General partnerships will not be required to join MTD for ITSA until 6 April 2025.

VAT

VAT	2022/23	2021/22
Standard rate	20%	20%
Registration threshold	£85,000	£85,000
Deregistration threshold	£83,000	£83,000

The VAT registration and deregistration thresholds will not change for a further period of two years from 1 April 2022.

The reduced rate of VAT of 12.5% ends on 31 March 2022 for the hospitality sector returning to the standard rate of VAT of 20% from 1 April 2022.

Self-Employment Income Support Scheme (SEISS) and other support

The amounts received through the support schemes are taxable income and is required as a separate entry on tax returns.

Losses

Trading losses will have more flexibility to carry them back over three years. This applies only for losses incurred by companies for accounting periods ending between 1 April 2020 and 31 March 2022, and for individual for trade losses of tax years 2020/21 and 2021/22.

Cross-Border Group Relief (CBGR) and other related loss reliefs have been removed from 27 October 2021.

Entrepreneurs' relief

The lifetime limit on gains eligible for entrepreneurs' relief is £1m for qualifying disposals.

Employment allowance reform

The allowance is £4,000 but continues to be limited to employers with an employer NIC bill below £100,000 in the previous tax year.

R&D

SMEs applying for R&D tax credits will be eligible to a maximum of £20,000 in repayments per year plus three times the company's total PAYE and NIC liability.

Inheritance tax (IHT)

The nil-rate band remains at £325,000 frozen until 2026. The residence nil-rate band for deaths in the following tax years are:

- £100,000 in 2017/18
- £125,000 in 2018/19
- £150,000 in 2019/20
- £175,000 in 2020/21
- £175,000 in 2021/22 and subsequent tax years to 2026.

Powers

HMRC will have new powers relating to offshore tax avoidance schemes, allowing them to target the UK based entities which act as go-betweens. The rules would allow HMRC to impose additional penalties on UK facilitators, apply to the courts for freezing orders to prevent funds being dissipated and for winding up orders against companies or partnerships 'operating against the public interest'. The rules also create a power to name promoters and share the details of their schemes. Although the powers would not come into force until Royal Assent, they can be used in respect of evidence or activities predating Assent.

New powers will also allow HM Treasury to make temporary modifications to support taxpayers in the event of a disaster or emergency of national significance including exempting benefits in kind and specified reimbursements or providing relief for specified expenses.

Time to pay

Taxpayers can set up a payment plan online via GOV.UK.

Pensions

The pension lifetime allowance will remain at its current level of £1,073,100 until April 2026.

Interest relief for landlords

Landlords will be able to obtain relief as follows:

	<i>Finance cost allowed in full</i>	<i>Finance cost allowed at basic rate</i>
Year to 5 April 2020	25%	75%
Year to 5 April 2021	0%	100%

Annual Tax on Enveloped Dwellings (ATED)

The ATED charge increases automatically each year in line with inflation (based on the previous September's Consumer Prices Index).

Annual tax on enveloped dwellings (ATED)	2022/23	2021/22
More than £0.5m but not more than £1m	£3,800	£3,700
More than £1m but not more than £2m	£7,700	£7,500
More than £2m but not more than £5m	£26,050	£25,300
More than £5m but not more than £10m	£60,900	£59,100
More than £10m but not more than £20m	£122,250	£118,600
More than £20m	£244,750	£237,400

October 2021

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