

TODAY'S AUTUMN STATEMENT – HIGHLIGHTS

22 NOVEMBER 2023

- **NATIONAL LIVING WAGE AND NATIONAL MINIMUM WAGE**

The National Living Wage (i.e. the minimum wage for workers over 23) will increase from £10.42 to £11.44 from April 2024 (9.8%). This equates to a pay rise of £1,800 per annum for a full-time worker.

From April 2024, the National Living Wage will also apply to 21-22 year olds (12.4%). The rate was previously £10.18.

Other National Minimum Wage rates from April 2024:

- 18-20 years – increasing from £7.49 to £8.60 (14.8%)
- 16-17 years – increasing from £5.28 to £6.40 (21.2%)
- Apprentice rate – increasing from £5.28 to £6.40 (21.2%)

- **NATIONAL INSURANCE**

The main rate of National Insurance for employees is being cut from 12% to 10% with effect from 6 January 2024. This rate applies for annual earnings between £12,570 and £50,270. Excess earnings over £50,270 will continue being charged at 2%.

Self-employed individuals with annual profits over £12,570 currently pay Class 2 National Insurance of £179 per annum, along with Class 4 National Insurance at a rate of 9% on profits between £12,570 and £50,270 and at 2% on excess profits over £50,270. With effect from 6 April 2024, Class 2 will effectively be abolished for such individuals and the 9% rate will be reduced to 8%. Provided that profits are at least £6,725, individuals will still get credits towards their state pension.

Self-employed individuals with profits below £6,725, and other individuals currently paying Class 2 National Insurance on a voluntary basis, can continue paying Class 2 voluntarily in order to build up their state pension entitlement. The rate is being maintained at £3.45 per week (£179 per annum) until 6 April 2025.

For those paying Class 3 voluntary National Insurance, the rate is being maintained at £17.45 per week (£907 per annum) until 6 April 2025.

Employers hiring veterans will continue paying no employer National Insurance for the first year of a qualifying veteran's employment in a civilian role, until April 2025.

- **CAPITAL ALLOWANCES - PERMANENT FULL EXPENSING FOR COMPANIES INVESTING IN PLANT AND MACHINERY**

In the Spring Budget 2023, the Government introduced two new temporary first year allowances for 3 years from 1 April 2023. The temporary introduction has now been confirmed to be permanent. The allowances are as follows:

- 100% first year allowance for main rate expenditure ('full expensing')
- 50% first year allowance for special rate expenditure

- **BUSINESS RATES RELIEF**

The small business multiplier of 49.9p per £ of rateable value is to be frozen for the year ended 31 March 2025.

The relief for retail, hospitality and leisure of 75% is to be extended for another year to 31 March 2025. The maximum relief that can be received in each billing year is £110,000 per business.

- **PENSIONS**

The £1,073,100 lifetime limit on the total value of a pension fund which can attract tax relief was effectively abolished from 6 April 2023. It will be abolished entirely with effect from 6 April 2024.

The state pension triple lock is being honoured. Therefore, from April 2024, the full new state pension will increase by 8.5% to become £221.20 per week, representing an extra £900 per annum.

- **VENTURE CAPITAL SCHEMES**

Individuals investing in certain trading companies directly and via venture capital trusts can benefit from income tax and capital gains tax reliefs via the SEIS (Seed Enterprise Investment Scheme), EIS (Enterprise Investment Scheme) and VCT (Venture Capital Trust) schemes. For EIS and VCT, this is available for shares issued before 6 April 2035 (extended from 2025). There continues to be no deadline for SEIS.

- **RESEARCH & DEVELOPMENT (R&D) TAX RELIEF REFORMS**

The current RDEC and R&D SME schemes for accounting periods beginning on or after 1 April 2024 will merge.

For accounting periods beginning on or after 1 April 2024, the rate offered under the merged scheme will be implemented at the current RDEC rate of 20%.

The notional rate applied to loss-makers in the merged scheme will be the small profits rate of 19%, rather than the 25% main rate set in the current RDEC.

For loss-making small or medium enterprises whose Research & Development expenditure constitutes at least 40% (for expenditure incurred on or after 1 April 2023) or 30% (for accounting periods ending on or after 1 April 2024) of total expenditure, referred to as 'R&D Intensive SMEs' will be eligible for a higher payable credit rate of 14.5%.

- **REFORM OF AUDIO-VISUAL CREATIVE TAX RELIEFS**

The film, TV and video games tax reliefs will be reformed to expenditure credits, following the same approach as the Research & Development expenditure credit (RDEC). The new Audio-Visual Expenditure Credit (AVEC) will replace the current film, high end TV, animation and children's TV tax reliefs. The Video Games Expenditure Credit (VGEC) will replace the Video Games Tax Relief (VGTR). Film, high end TV and video games will be eligible for a credit rate of 34% and animation and children's TV will be eligible for a rate of 39%.

For existing productions, AVEC will apply from 1 January 2024. For new productions, these must be claimed under AVEC from 1 April 2025 and all productions must claim AVEC from 1 April 2027 when the existing schemes will cease. The same transitional dates apply to the transition from VGTR to VGEC.

- **ANNUAL TAX ON ENVELOPED DWELLINGS (ATED)**

The ATED annual charges will rise by 6.7% from 1 April 2024.

