



SPRING STATEMENT 2022 – WHAT'S CHANGED?

As you may have seen on the news, the Chancellor announced his Tax Plan on 23rd March.

Here is a quick overview of the key changes which may apply personally and/or to your business(es):

Employing staff and taking a salary from your business:

- The threshold for paying National Insurance Contributions (“NIC”) will be aligned with the personal allowance from July 2022. This will mean employees pay less NIC on their income. NIC will be paid on income over £12,570 (increased by around £3k) from this date. The change is expected to save employees over £330 per year.
- The rate of income tax is planned to be reduced from 20% to 19% in April 2024 provided the UK meets its economic targets.
- The rate of employment allowance given to employers with more than 1 member of staff will increase from 6th April 2022 by £1,000. This means employers’ NIC bill will be reduced by £1,000 next tax year.

Self-Employed Individuals:

- From April 2022, self-employed individuals with profits between the Small Profits Threshold and Lower Profits Limit will continue to build up National Insurance credits but will not pay any Class 2 NICs. This will ensure the first £12,500 earned is tax-free.
- From July 2022, the Lower Profits Limit will be aligned to the personal allowance of £12,570 (to be on par with employed individuals).

R&D Tax Reliefs:

- From April 2023, R&D costs incurred outside of the UK will no longer be eligible expenditure for R&D tax relief. On 23rd March 2022, it was announced that R&D costs incurred overseas are still claimable provided there is a material or regulatory requirement for this work to be carried out overseas.
- Also from April 2023, your business will be able to claim for all cloud costs along with all mathematics as part of your R&D Tax Relief claim. This change will mean more businesses can claim for R&D costs incurred next year and in turn, increases the money they will receive back from HMRC either as a tax credit or reduction in their corporation tax bill.
- Later this year, we expect some further reforms of the R&D tax reliefs to be announced. Further updates will be provided in due course.



Capital Investments made by businesses:

- No changes have been announced to tax relief on capital investments made by businesses as there are currently enhanced tax reliefs in place until April 2023. Later this year, we are expecting an announcement on new tax reliefs for capital investments post-April 2023. We will keep you updated on the changes in due course.

VAT on energy-saving materials:

- VAT will be cut to 0% on purchases of energy-saving materials (a 5% saving) until 31 March 2027. This change comes in on 1st April 2022 and applies to businesses that provide and install energy-saving materials and customers who have them installed in England, Wales and Scotland.

If you have any questions on the changes or want to find out more about tax reliefs you can claim personally or as a business, please contact me.