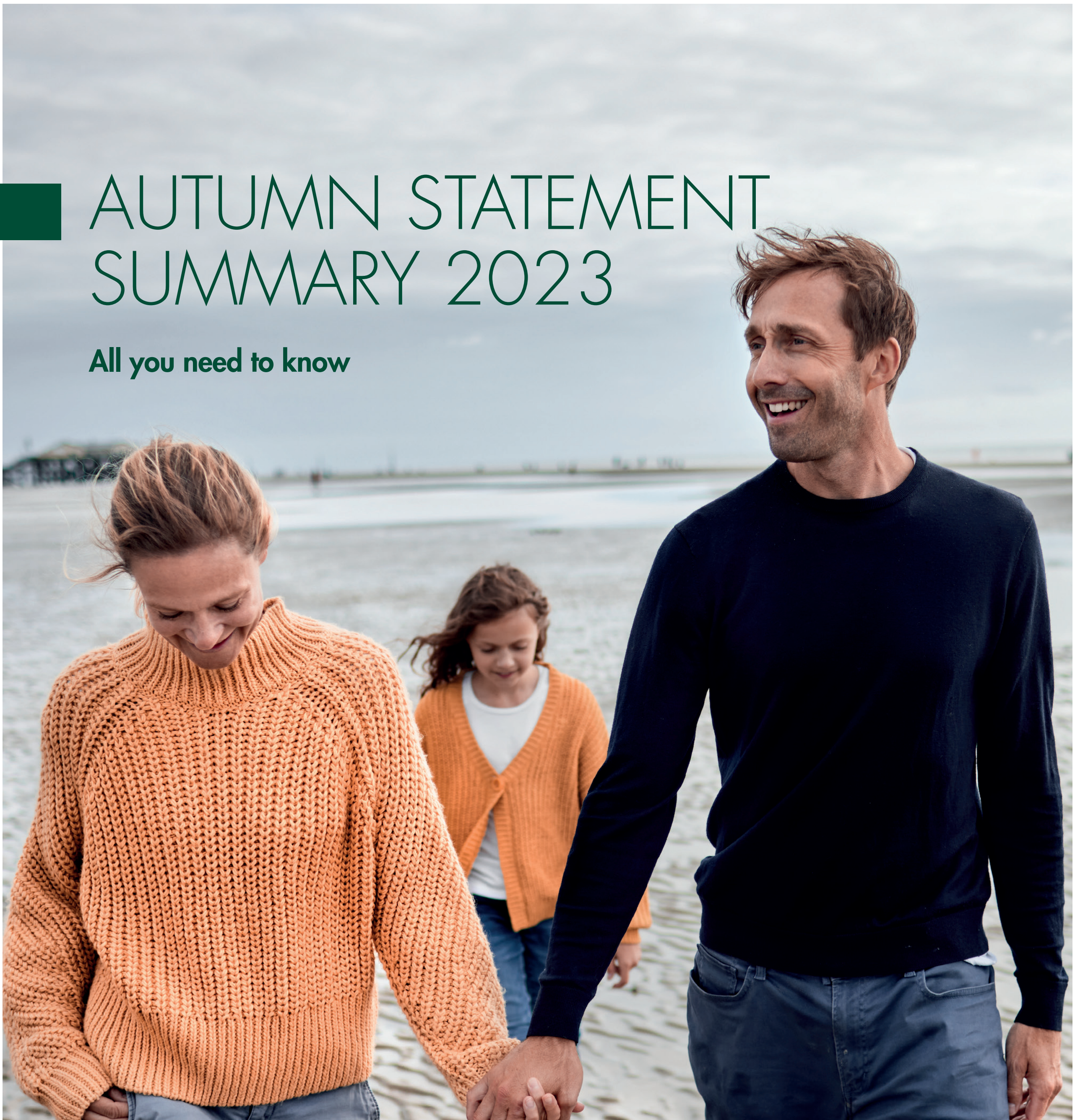
JUNIPER
FINANCIAL PLANNING

AUTUMN STATEMENT SUMMARY 2023

All you need to know



- Only for general consideration.
- Always seek professional advice before acting. This is for information only.
- Prepared based on our expert understanding of the Autumn Statement 2023 (as of 22/11/2023). This may change.

CONTENTS

INTRODUCTION

Jeremy Hunt's second Autumn Statement was set against a much less financially turbulent background than his first.

However, politics still loomed large with a likely election in the next 12 months prompting calls for tax cuts from within the Conservative party. Until recently the Chancellor had attempted to stall such demands with warnings of "difficult decisions" on the public finances owing to a worsened fiscal outlook since his Spring Budget. One reason that he highlighted for the deterioration was the sharply increased cost of government borrowing.

Nevertheless, the Chancellor, who had argued only two months ago that tax cuts were "virtually impossible", appears to have had a change of heart. Echoing the Prime Minister, Mr Hunt suggested that the achievement of halving inflation in 2023 marked an economic inflexion point that permitted a new policy approach.

The outcome was an Autumn Statement that had been initially trailed as focusing on longer-term issues, but which prioritised short-term tax cuts over maintaining expenditure in later years. On the long term front, the Chancellor confirmed as expected that 'full expensing' of corporate investment in plant and machinery would be made permanent at a cost of £10.7 billion a year by 2027/28. The most headline-grabbing moves were cuts to national insurance.

Some of the rumours, such as IHT reform, did not come to fruition, but there is still a chance – the Spring Budget is now less than four months away.

BUDGET HIGHLIGHTS

- The main rate of class 1 employee national insurance contributions (NICs) will be reduced from 12% to 10% with effect from 6 January 2024. The main rate of class 4 self-employed NICs will be cut from 9% to 8% from 6 April 2024 and class 2 will no longer be required.
- Full expensing of investments made by companies in qualifying plant and machinery will be made permanent and will therefore continue after April 2026.
- The main income tax allowances and thresholds, the main NICs thresholds plus the inheritance tax (IHT) nil rate bands will stay at their current levels for 2024/25.
- The new and old state pension as well as pension credit will rise by the full triple lock increase of 8.5% for 2024/25. Universal credit and most other benefits will increase by 6.7%.
- Investors will be allowed to make multiple subscriptions to ISAs of the same type each year from April 2024, when partial transfers of ISAs between providers will also be permitted.
- The national living wage will increase to £11.44 an hour.
- All alcohol duties have been frozen until August 2024.
- The government is seeking to persuade people with health conditions to find work. There is extra funding, as well as new sanctions for those who are found to be able to work but refuse to look for employment.
- The Mortgage Guarantee Scheme supports the availability of 95% Loan-to-Value mortgage products. While the scheme was due to close to new accounts on 31 December 2023, the Government will extend the scheme for an additional 18 months until the end of June 2025 to continue helping prospective borrowers with smaller deposits buy a home.

ECONOMIC UPDATE

The economic backdrop to the Autumn Statement was not as bad as might have been expected from a reading of the March 2023 projections by the Office for Budget Responsibility (OBR)

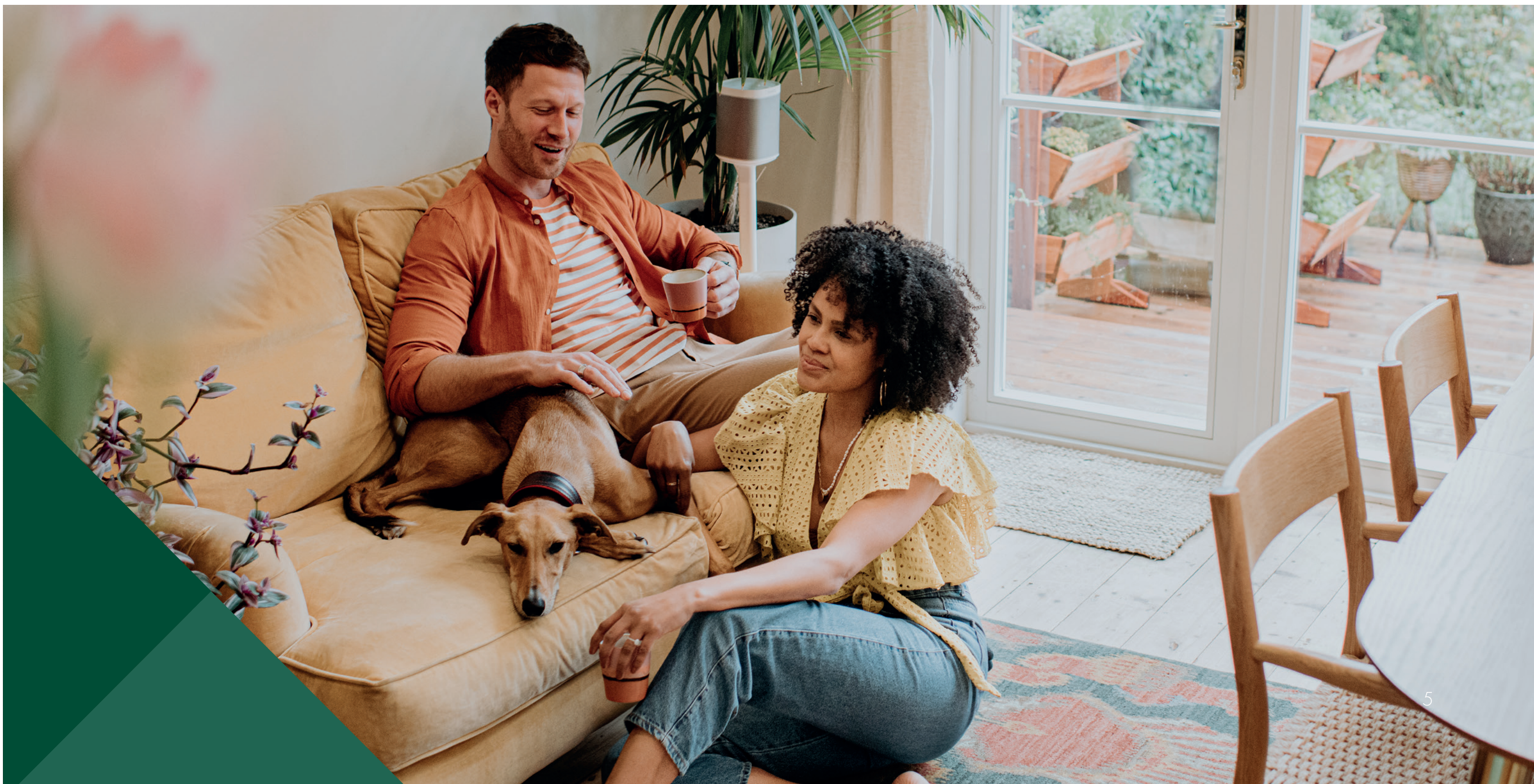
In the spring, the OBR's first Economic and Fiscal Outlook of 2023 envisaged that the government would borrow £131.6 billion. Seven months into the financial year, the OBR's projection has dropped by about £16 billion because of stronger than expected tax revenue, giving the Chancellor some extra wiggle room.

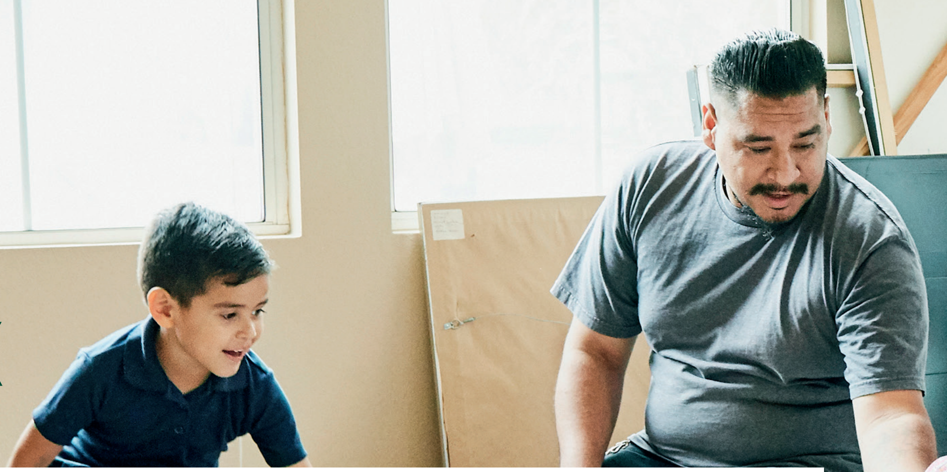
This tax windfall owes much to the impact of both price inflation and earnings growth being higher than projected in March. Back then the OBR had suggested that CPI annual inflation would fall to around 3% in the final quarter of 2023 against its latest projection of about 4.5%.

The higher-for-longer combination of inflation, earnings growth and interest rates has brought some significant changes to the OBR's projections for the economy:

- The OBR forecast says inflation will not now fall to 2% until the second quarter of 2025, a year later than previously forecast.
- The outlook for economic growth in the short term has improved, with +0.6% expected for 2023 against a 0.2% contraction in the March forecast. However, the OBR's growth projections for 2024 and 2025 are both 1.1% lower than their March figures.
- Ten-year government bond yields at 4.5% are 1.2% higher than the OBR's March projection. The OBR has now added this figure to its previous projections of government borrowing costs for the entire five-year forecast period. Base rate is now expected to average about 4% in 2027/28, just over 1% above the March projection.
- Government borrowing is projected to be £84.6 billion in 2024/25 and eventually to drop to just below £50 billion in 2027/28. But total government debt will then amount to £2,947 billion (93.2% of GDP) costing £98.4 billion a year to service.

The OBR says the Chancellor will meet his fiscal goal in 2028/29 by £13 billion (0.4% of GDP), double the amount it projected in March. That margin could prove a challenge to maintain for the next government.





PERSONAL TAX

Income Tax

The personal allowance will remain at £12,570 for 2024/25 and the higher rate threshold will stay at £50,270, both levels that first took effect in 2021/22. The blind person's allowance will be increased to £3,070 for 2024/25.

The 45% additional rate threshold will stay at £125,140. In Scotland, the intermediate, higher and top (additional) rate thresholds for non-savings, non-dividend income will be announced in the Scottish Budget, to be published on 19 December.

Dividend tax

The dividend allowance will be halved to £500 for 2024/25 as already announced.

Income tax for trusts and estates

The standard rate band for trusts will no longer apply in 2024/25, as previously announced and legislated. Instead, trusts with income of £500 or less will have no tax to pay. Where a settlor has created more than one trust, the threshold amount will be £500 divided by the total number of existing trusts, subject to a £100 minimum. If the threshold is exceeded, trust tax rates apply to all income.

There will be no tax for estates where the income does not exceed £500. In such circumstances, estate income paid to beneficiaries will also be free of tax.

Pay as you earn (PAYE) – self assessment

Individuals with income taxed only through PAYE will no longer be required to file a self assessment return from 2024/25.

National insurance contributions (NICs)

The class 1 primary threshold and class 4 lower profits limit will remain aligned with the personal allowance (£12,570). The upper earnings limit and class 4 upper profits limit will remain aligned with the higher rate threshold at £50,270 through to April 2028. The lower earnings limit (£6,396) and the small profits threshold (£6,725) will remain unchanged in 2024/25.

From 6 January 2024 the class 1 primary (employee) contributions rate on earnings between £12,570 and £50,270 will be cut by 2% to 10%. The 2% rate on earnings above £50,270 will remain unchanged.

From 6 April 2024, class 2 contributions will no longer be required from the self-employed. However, those with profits below £6,725 (unchanged) who wish to retain access to contributory benefits (e.g. state pension) will continue to have the option to make voluntary contributions.

From the same date, the class 4 contribution rate on earnings between £12,570 and £50,270 will be reduced by 1% to 8%. The 2% rate on earnings above the upper limit will be unchanged.

The voluntary class 3 rate will be unchanged at £17.45 a week for 2024/25.

Off-payroll working (IR35)

HMRC will be able to reduce the PAYE liability of a deemed employer to account for taxes paid by a worker and their intermediary on payments received where an error has been made in applying the off-payroll working rules.

Company cars and vans

The benefit-in-kind appropriate percentages for all cars will remain unchanged for 2024/25. Car and van fuel benefit charges and the van benefit charge will also remain at 2023/24 levels.

Capital gains tax

The annual exempt amount for individuals and personal representatives will be halved to £3,000 in 2024/25, as previously announced. The annual exempt amount for most trusts will be cut to £1,500 (minimum £300).

Inheritance tax

The nil rate band for 2024/25 will remain at £325,000, which was the level first set in 2009/10. The residence nil rate band (RNRB) will likewise stay at £175,000 and the RNRB taper will continue to apply where the value of the deceased's estate is greater than £2 million.

Stamp duty land tax (SDLT)

The SDLT bands for residential property in England and Northern Ireland will remain unchanged until 1 April 2025. From that date, the 0% band threshold will be halved to £125,000 and a 2% rate applied between £125,000 and £250,000.

Enveloped dwellings (ATED)

The annual chargeable amounts for the ATED will be increased by 6.7% for 2024/25.

State pensions and social security benefits

The basic state pension, new state pension and pension credit standard minimum guarantee will be increased by 8.5% in April 2024, in line with May to July earnings growth under the triple lock provisions. All other UK-wide benefits will increase by 6.7% from April 2024.

Local Housing Allowance rates in Great Britain will be raised to the 30th percentile of local market rents in April 2024. At present they are based on April 2020 rental levels.

Pensions

Nine documents were published relating to the pensions framework. These included calls for evidence on a lifetime provider model to allow individuals to move towards having one pension pot for life and also on the creation of a 'public consolidator' for defined benefit schemes, to be run by the Pension Protection Fund.

Additional tax-related papers were issued about amending the relief at source arrangements, as previously proposed, and clarifying the impact of the abolition of the lifetime allowance from 6 April 2024.

Individual savings accounts (ISAs)

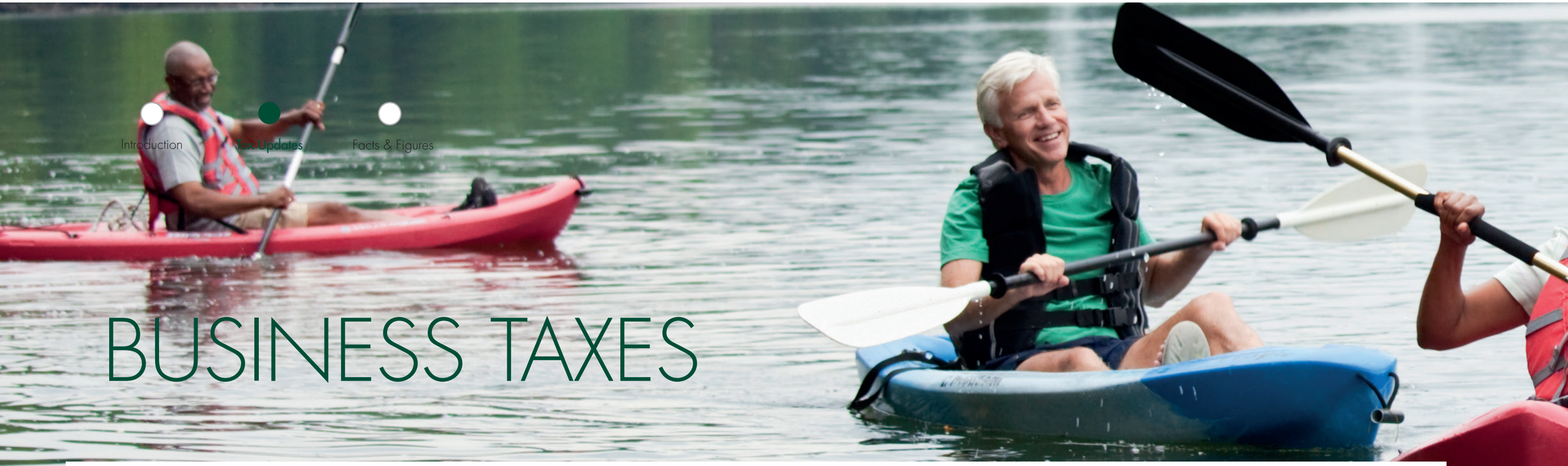
Various reforms were announced for ISAs.
From April 2024:

- Investors will be allowed to make multiple subscriptions each year to ISAs of the same type.
- Partial transfers of ISA funds in-year between providers will be allowed.
- There will no longer be a requirement to reapply annually for an existing dormant ISA.
- The Innovative ISA will be expanded to allow investment in Long-Term Asset Funds and open-ended property funds with extended notice periods.
- The minimum account-opening age for adult ISAs will be harmonised at 18, removing the current cash-only adult ISA for 16 to 17-year-olds.
- Contribution limits will be unchanged.

The government will engage with providers about permitting certain fractional shares contracts as eligible ISA investments.

Venture capital schemes

The sunset clauses for the enterprise investment scheme (EIS) and venture capital trusts (VCTs) will be extended from 6 April 2025 to 6 April 2035.



BUSINESS TAXES

Capital allowances: full expensing

Full expensing, which was originally due to expire on 31 March 2026, is to be made permanent. This allows companies incurring qualifying expenditure on the provision of new plant and machinery to claim a 100% first-year allowance for main rate expenditure and a 50% allowance for special rate expenditure.

Expenditure on plant and machinery for leasing remains excluded, but the government will consult on a potential removal of this exclusion. The government will also consult on wider changes to simplify capital allowances legislation.

Research and development (R&D) tax reliefs

The R&D expenditure credit and the small or medium enterprise (SME) schemes will be merged for accounting periods beginning after 31 March 2024. The rate under the merged scheme will be 20% and the notional tax rate applied to loss-makers will be the corporation tax small profit rate of 19%.

The enhanced support for R&D-intensive SMEs will continue. The intensity threshold for the level of R&D expenditure required to qualify for enhanced support will be reduced from 40% to 30% from 1 April 2024. Loss-making companies claiming the existing SME tax relief will be eligible for a higher payable credit rate of 14.5% if they meet the definition of R&D intensity.

For claims made after 31 March 2024, the use of nominations for R&D tax credit payments will be removed, meaning that payments must go directly to the claimant company.

Creative industries

The government intends to increase the generosity of the Audio-Visual Expenditure Credit for visual effects expenditure and will work with the industry on how best to design this with the intention of implementing changes from April 2025.

Business rates

The small business multiplier will be frozen for another year and the 75% relief for retail, hospitality and leisure properties will be extended for 2024/25. The standard multiplier will be uprated by 6.7%.

Investment zones

The investment zones programme will be extended from five to ten years. New investment zones have been announced in Greater Manchester, the West Midlands and the East Midlands, with specific focuses. There will also be two investment zones in Wales: in the Cardiff and Newport area and the Wrexham and Flintshire region.

Freeport tax reliefs

The sunset date for the freeport tax reliefs will be extended to 30 September 2031 for freeports in England, conditional on agreement of delivery plans. For freeports in Scotland and Wales the reliefs will be extended from five to ten years, subject to agreement with the devolved administrations.

Making tax digital (MTD)

The £30,000 threshold for MTD for income tax self assessment will remain. This means people with gross income from self-employment and property below this threshold will not have to file tax returns using MTD. Foster carers and people unable to get a national insurance number will also be exempt.

The government will also simplify the requirements for all taxpayers providing quarterly updates and for taxpayers with more complex affairs, such as landlords with jointly-owned property. An end of period statement will no longer have to be provided.

Cash basis

The income tax cash basis will be expanded for self-employed individuals and partnerships from 6 April 2024. The cash basis will become the default method for small businesses and the current turnover, interest and loss relief restrictions will be removed.

Training costs for self-employed people

HMRC will rewrite guidance about the tax deductibility of training costs for sole traders and the self-employed to provide more clarity to business on what costs are deductible.

VAT: energy-saving materials

VAT relief on the installation of energy-saving materials will be extended to additional technologies, such as water-source heat pumps. Buildings used solely for a relevant charitable purpose will be brought within scope. The changes will take effect from February 2024.

Construction industry scheme (CIS)

Compliance with VAT obligations will be added to the CIS gross payment status test. HMRC will also gain extended powers to remove gross payment status immediately in cases of serious non-compliance involving VAT, income tax and corporation tax self assessment and PAYE. The majority of payments by landlords to tenants will be removed from the scope of the CIS. The changes will take effect from 6 April 2024.

Tax avoidance and fraud

It will become a criminal offence for promoters of tax avoidance to continue to promote schemes after receiving a Stop Notice requiring them to stop promoting schemes described in that notice.

HMRC will be able to bring disqualification action against directors of companies involved in promoting tax avoidance. The changes will take effect from the date of Royal Assent to Autumn Finance Bill 2023, together with the doubling of the maximum sentences for tax fraud to 14 years announced in the Spring Budget 2023.

Top-up tax

There will be amendments to the multinational and domestic top-up taxes to reflect recent internationally agreed guidance and make clarifications following consultations. The Undertaxed Profits Rule will be added to the multinational top-up tax for accounting periods beginning on or after 31 December 2024.

Planning

A new planning service will be introduced to speed up planning decisions. Applicants will have to pay the full cost of the process, which will be refunded if the planning authority does not meet the stated timescale. Some planning constraints will be removed to accelerate the expansion of electric vehicle charging infrastructure.

FACTS & FIGURES

Your Financial Adviser will reach out to talk you through if and how these changes effect you.

Personal taxation

Main personal allowances and reliefs	2022/23	2023/24	2024/25 (where known)
Personal allowance*	£12,570	**£12,570**	£12,570
Marriage/civil partner's transferable allowance	£1,260	**£1,260**	£1,260
Married couple's/civil partner's allowance at 10%† – maximum	£9,415	**£10,375**	£11,080
(if at least one born before 6/4/35) – minimum	£3,640	**£4,010**	£4,280
Blind person's allowance	£2,600	**£2,870**	£3,070
Rent-a-room relief	£7,500	**£7,500**	£7,500
Property allowance	£1,000	**£1,000**	£1,000
Trading allowance	£1,000	**£1,000**	£1,000

** Personal allowance reduced by £1 for every £2 of adjusted net income over £100,000*
† Married couple's/civil partner's allowance reduced by £1 for every £2 of adjusted net income over £31,400, until minimum reached

High Income Child Benefit Charge:
1% of benefit per £100 of adjusted net income between £50,000–£60,000

Non-domicile remittance basis charge after UK residence in at least:	2022/23	2023/24
7 of the last 9 tax years	£30,000	**£30,000**
12 of the last 14 tax years	£60,000	**£60,000**

Income tax rates and bands

UK taxpayers	2022/23	2023/24	2024/25 (where known)
20% basic rate on first slice of taxable income up to	£37,700	£37,700	£37,700
40% higher rate on next slice of taxable income over	£37,700	£37,700	£37,700
45% additional rate on taxable income over	£150,000	£125,140	£125,140

Scottish taxpayers (non-dividend, non-savings income only)	2022/23 Band	2022/23 Rate	2023/24 Band	2023/24 Rate
Starter - First taxable income above the personal allowance	£1 - £2,162	19%	£1 - £2,162	19%
Basic	£2,163 - £13,118	20%	£2,163 - £13,118	20%
Intermediate	£13,119 - £31,092	21%	£13,119 - £31,092	21%
Higher	£31,093 - £150,000	41%	£31,093 - £125,140	42%
Top	£150,001+	46%	£125,140+	47%

All UK taxpayers		2022/23	2023/24	2024/25 (where known)
Starting rate at 0% on band of savings income up to**		£5,000	£5,000	£5,000
Personal savings allowance at 0%:	Basic rate	£1,000	£1,000	£1,000
	Higher rate	£500	£500	£500
	Additional rate	£0	£0	£0
Dividend allowance at 0%: All individuals		£2,000	£1,000	£500
Tax rates on dividend income:	Basic rate	8.75%	8.75%	8.75%
	Higher rate	33.75%	33.75%	33.75%
	Additional rate	39.35%	39.35%	39.35%

*** Not available if taxable non-savings income exceeds the starting rate band*

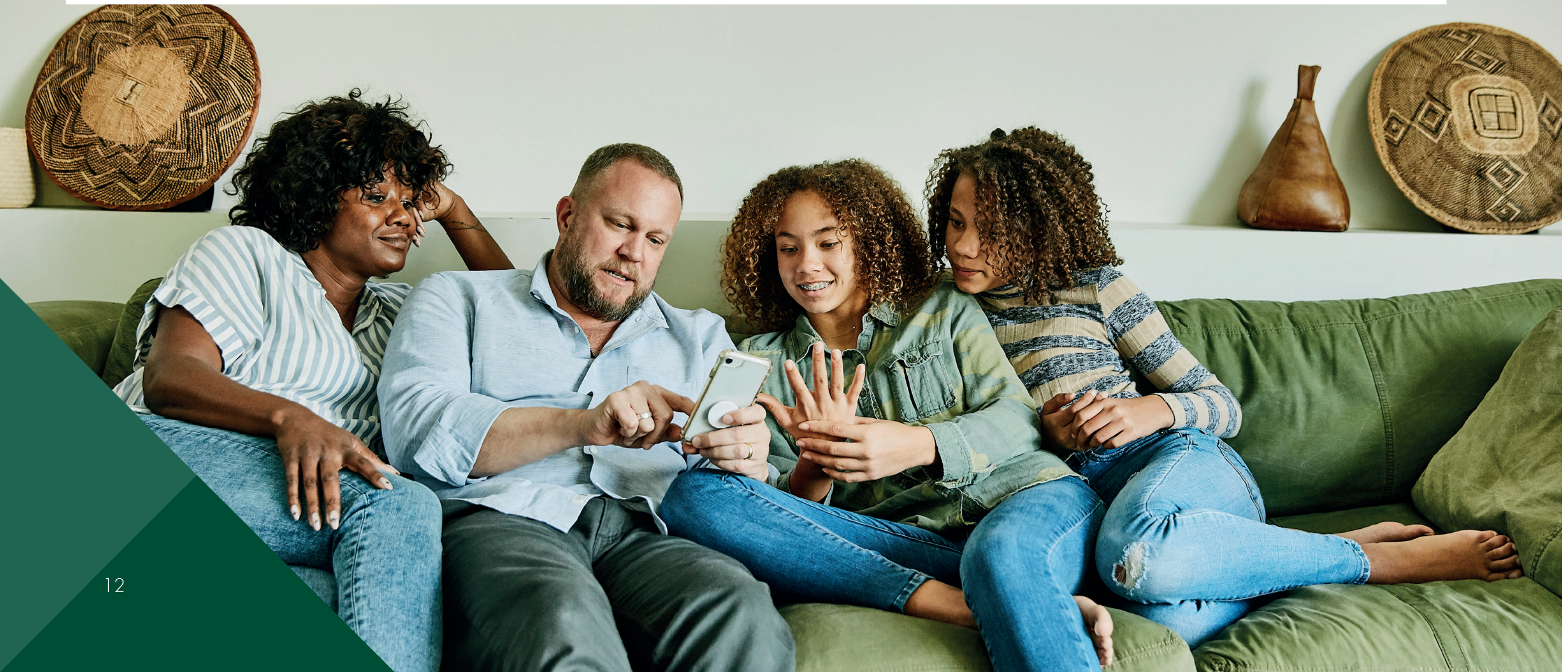
Capital Gains Tax

Allowances	2022/23		2023/24		2024/25 (where known)	
Annual Exempt Amount	£12,300		£6,000		£3,000	
Business Asset Disposal Relief - Lifetime limit	£1,000,000		£1,000,000		£1,000,000	
Rates	**Basic Rate**	**Higher Rate**	**Basic Rate**	**Higher Rate**	**Basic Rate**	**Higher Rate**
Main rate	10%	20%	10%	20%	10%	20%
Residential property	18%	28%	18%	28%	18%	28%
Business Asset Disposal Relief - Rate within lifetime limit	10%		10%		10%	

Rates for trusts 24/25

Income Tax		
Rate applicable to trusts	Dividends	39.35%
	Other income	45%
Initial £500 free from tax	£500 (min £100)	0%

Capital Gains Tax		
Rate applicable to trusts	Main rate	18%
	Residential property	28%
Annual Exempt Amount	up to £1,500 (min £300)	



Inheritance Tax

Nil rate band	
Nil rate band	£325,000 (frozen until April 2028)
Residence nil rate band	£175,000 (frozen until April 2028)

Rates	
Main Rate	40%
Reduced Rate (Where 10% of the estate is left to charity)	36%
Lifetime Rate (CLT entry charge)	20%

Taper relief	Death after	Relieved rate
Reduced rate of IHT for taxable gifts where death occurs within 7 years	0 - 3 Years	40%
	3 - 4 Years	32%
	4 - 5 Years	24%
	5 - 6 Years	16%
	6 - 7 Years	8%

Gift exemptions		
Gifts to Spouse / Civil Partner	Unlimited	
To non-UK domicile Spouse / Civil Partner	£325,000 lifetime limit	
Annual exemption	£3,000	
Small gift allowance	£250 per recipient	
Excess Income: Unlimited exemption where three conditions are met	1. The payment is intended to be regular / habitual	
	2. The payment is made from excess income	
	3. The payment does not cause a reduction in standard of living	
Gifts for wedding or civil partnerships	to a child	£5,000
	to a grandchild / great grandchild	£2,500
	to any other person	£1,000

Tax Incentivised Investments

	2022/23	2023/24
Total Individual Savings Account (ISA) limit, excluding Junior ISAs (JISAs)	£20,000	£20,000
Lifetime ISA	£4,000	£4,000
JISA and Child Trust Fund	£9,000	£9,000
Venture Capital Trust (VCT) at 30%	£200,000	£200,000
Enterprise Investment Scheme (EIS) at 30%*	£2,000,000	£2,000,000
EIS eligible for CGT deferral relief	No limit	No limit
Seed Enterprise Investment Scheme (SEIS) at 50%	£100,000	£200,000
SEIS CGT reinvestment relief	50%	50%

**Above £1,000,000 investment must be in knowledge-intensive companies*

Registered Pensions

	2022/23	2023/24
Lifetime allowance	£1,073,100	No LTA excess charge from this date
Money purchase annual allowance	£4,000	£10,000
Annual allowance	£40,000*	£60,000**
Annual allowance charge on excess is at applicable tax rate(s) on earnings		
Lifetime allowance charge if excess is drawn as cash 55%: as income 25%. LTA excess charge removed from 2023/24		
Pension commencement lump sum up to 25% of pension benefit value (up to lifetime allowance) capped from 2023/24 at £268,275		

** Reduced by £1 for every £2 of adjusted income over £240,000 to a minimum of £4,000, subject to threshold income being over £200,000.*

*** Reduced by £1 for every £2 of adjusted income over £260,000 to a minimum of £10,000, subject to threshold income being over £200,000.*

Corporation tax rate

	Profits	Rate
Small	£0 - £50,000	19%
Marginal	£50,001 - £250,000	19% - 25%
Main rate	£250,000 +	25%

Property Taxes

Property transaction taxes have different rates and names depending on where in the UK a purchase takes place.

England & N Ireland – Stamp Duty Land Tax (SDLT) on slices of value			
Residential property	%	Commercial property*	%
Up to £250,000	0	Up to £150,000	0
£250,001 – £925,000	5	£150,001 – £250,000	2
£925,001 – £1,500,000	10	Over £250,000	5
Over £1,500,000	12		
First time buyers: 0% on first £425,000 for properties up to £625,000, 5% on portion above £425,000			
Non-resident purchasers: 2% surcharge on properties £40,000 or more			
Residential properties bought by companies etc. over £500,000: 15% of total consideration, subject to certain exemptions			

**0% for freeport qualifying property in England only*

Scotland – Land and Buildings Transaction Tax (LBTT) on slices of value			
Residential property	%	Commercial property	%
Up to £145,000	0	Up to £150,000	0
£145,001 – £250,000	2	£150,001 – £250,000	1
£250,001 – £325,000	5	Over £250,000	5
£325,001 – £750,000	10		
Over £750,000	12		
First time buyers: 0% on first £175,000			

Property Taxes

Wales – Land Transaction Tax (LTT) on slices of value			
Residential property	**%**	**Commercial property**	**%**
Up to £225,000	0	Up to £225,000	0
£225,001 – £400,000	6	£225,001 – £250,000	1
£400,001 – £750,000	7.5	£250,001 – £1,000,000	5
£750,001 – £1,500,000	10	Over £1,000,000	6
Over £1,500,000	12		

Higher rates for additional residential property		
England	3% surcharge on top of standard rates	
Scotland	6% surcharge on top of standard rates	
Wales	Separate rates apply:	
	Band	Rate
	Up to £180,000	4%
	£180,000 - £250,000	7.5%
	£250,001 - £400,000	9%
	£400,001 - £750,000	11.5%
	£750,001 - £1,500,000	14%
	£1,500,000 +	16%

Stamp Duty and Stamp Duty Reserve Tax (SDRT):	%
Stocks and marketable securities	0.5%

National Insurance contributions 24/25

Class 1

Employee – Primary	Employer – Secondary*
£242–£967pw: 10.00%** Over £967 pw: 2.00%	Over £175 pw: 13.80%

** No employer NICs on the first £967pw for employees generally under 21 years, apprentices under 25 years and veterans in first 12 months of civilian employment. No employer NICs on the first £481pw for employees at freeports in Great Britain in the first three years of employment starting from 6 April 2022*

*** Class 1 National Insurance rates reduced from 12% to 10% from January 2024.*

Employment allowance	£5,000
Per business - not available if sole employee is a director or employer's NICs for the prior tax year were £100,000 or more	

Limits and thresholds	Weekly	Annual
Lower earnings limit	£123	£6,396
Primary threshold	£242	£12,570
Primary threshold for company directors	N/A	£11,908
Secondary threshold	£175	£9,100
Upper earnings limit (and upper secondary thresholds for younger/veteran employees)	£967	£50,270
Upper secondary threshold for freeport employees	£481	£25,000

Class 1A Employer On car and fuel benefits and most other taxable benefits provided to employees and directors		14.53% pa
Class 2 Self-employed Flat rate	£0.00	
Small profits threshold		£6,725
Class 4 Self-employed On profits	£11,909 to £50,270:	8% pa
	Over £50,270:	2% pa
Class 3 Voluntary flat rate	£17.45 pw	£907.40 pa

THANK YOU FOR READING THIS SUMMARY.

The guide represents our understanding of the law, the Autumn Statement Summary 2023 and HM Revenue & Customs practice as at 22 November 2023, which are subject to change.

It is important to remember that this guide is for general information only. As such, your tax treatment will vary according to your individual circumstances and is subject to change.

The value of pensions and investments can fall as well as rise and you can get back less than you invested.

We recommend you speak to your Financial Adviser before making or foregoing any changes based on this publication's content.

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