



AUTUMN BUDGET & SPENDING REVIEW 2021  
PRIVATE CLIENT ANNOUNCEMENTS

27 October 2021



LANCASTER KNOX

## AUTUMN BUDGET & SPENDING REVIEW 2021: PRIVATE CLIENT ANNOUNCEMENTS

The Chancellor of the Exchequer, The Rt. Hon. Rishi Sunak MP, delivered his Autumn Statement and Spending Review on 27 October 2021. After a year dominated by Government spending to support individuals and businesses impacted by the Covid-19 pandemic, many had speculated that this Review would include tax rises to boost the Treasury's income.

Instead, spending is increasing and taxes have either remained untouched or have been lowered. With a clear message from the Chancellor that economic recovery will be stimulated through tax collection, rather than further borrowing, the tax landscape remains unchanged for many private clients.

Many of today's announcements were already known in advance of the Autumn Statement, and whether Budget 2022 will see the dawn of widely-anticipated tax changes remains to be seen.

### HEALTH & SOCIAL CARE LEVY

As previously announced, the rates of National Insurance Contributions (classes 1, 1A, 1B and 4) will be temporarily increased from 6 April 2022 by 1.25%. From 6 April 2023, NIC rates will return to their current level and the 1.25% Health & Social Care Levy will stand as its own tax.

Dividends are not subject to NICs, but the rate of income tax on dividends will also be increased by 1.25% from 6 April 2022. This means the top rate of tax on dividends will be 39.35% (up from 38.1%).

### INCOME TAX

There were no specific announcements relating to Income Tax. The personal allowance remains frozen until at least 2026. The implementation of Making Tax Digital for Income Tax, which will require certain individual taxpayers to make quarterly reports to HM Revenue & Customs, has been delayed until 6 April 2024.

### CAPITAL GAINS TAX

There were no specific announcements relating to the rate of Capital Gains Tax and the annual exempt amount remains frozen until at least 2026. However, the time limit for making CGT returns to HMRC (and paying any tax due) on the disposal of UK property has been extended from 30 days to 60 days.

### INHERITANCE TAX

There were no specific announcements relating to Inheritance Tax. The tax-free nil rate band remains frozen at its current level of £325,000 until at least 2026.

### CORPORATION TAX

As announced in the March 2021 Budget, with effect from April 2023 we will see a return to staggered rates of Corporation Tax. These will be:

- A 'small profits rate' of 19% for companies with profits below £50,000
- A 'main rate' of 25% for companies with profits above £250,000
- A form of taper relief for companies with profits between £50,000 and £250,000

The small profits rate will not apply to closely-held investment companies, meaning that most Family Investment Companies and similar entities will be subject to the main rate of 25% from April 2023, regardless of the level of their profits.

### BUSINESS RATES

A temporary, one-year reduction of 50% to Business Rates for businesses in the retail, hospitality and leisure sectors will provide a welcome boost to these industries.

### OTHER BUSINESS TAXES

The Capital Allowances 'super-deduction' for qualifying expenditure will remain available until April 2023. The enhanced Annual Investment Allowance of £1million has been extended to 31 March 2023.

### CORPORATE RE-DOMICILIATION

The Government will consult on how it may introduce the ability for companies to re-domicile (changing their legal seat of incorporation) to the UK. This may be of substantial benefit to non-resident landlord companies who now have limited benefit to maintaining offshore entities.

### RESIDENTIAL PROPERTY DEVELOPER TAX

As previously announced, an additional tax of 4% will apply to annual profits over £25million for companies engaged in residential property development. However, the consultation response indicates that this will not apply to build-to-rent activities.

## CONTACT US

For more information or to discuss your circumstances in more detail, please get in touch.

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