



Autumn Statement 2022

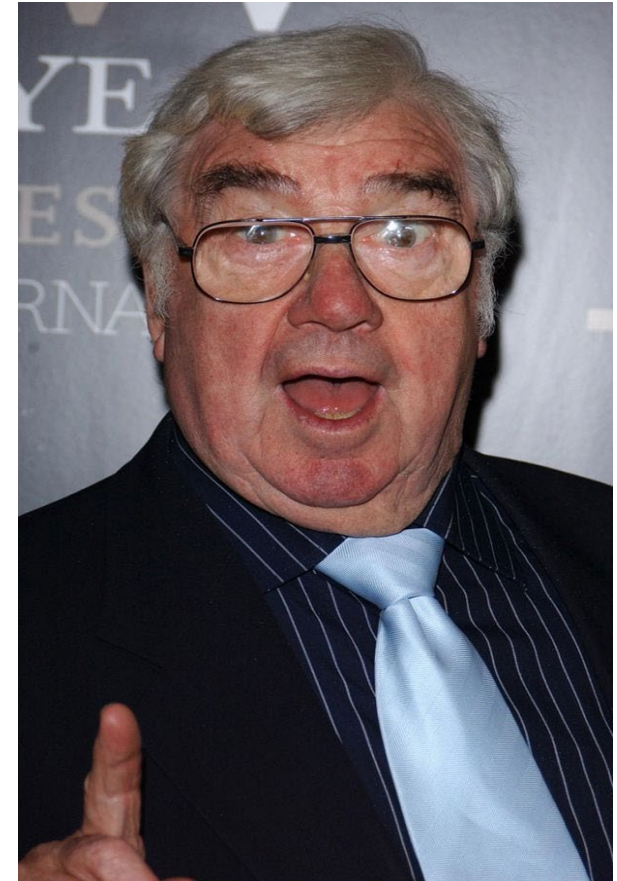
The Ill-fated Mini Budget!

- Biggest package of Tax Cuts in 50 years
- £45bn of tax cuts to herald a new era for Britain.
- Reverse gear fully engaged in relation to measures introduced by the same government.
- Coupled with the energy support package will fuel a £72bn rise in government borrowing.
- Immense pressure on Sterling
- Significant pressure on Bank of England to prop the pound up.
- Poor market reaction



It's the way I tell 'em !

- Delivery as important as the content.
- Jeremy Hunt seen as a safe pair of hands to settle the Market.
- Reduce pressure on Sterling
- Reduce pressure on Bank of England to prop the pound up.
- World Confidence that we can pay our way.
- Funded programme to fill £56m funding gap.
- Balance between tax increases and spending cuts.



Corporation Tax

- Rate of corporation tax confirmed as increasing from 19% to 25% from April 2023 where profits exceed £250,000.
- Companies making between £50,000 and £250,000 also face a rise in corporation tax increasing incrementally from 19% to 25%.
- Marginal rate of 26.5%.
- Definition of Associated Companies extended to include those under common control.
- Limits above divided by number of associated companies



Deferred Tax

- An accounting entry to smooth tax charges relative to profits.
- Generated by timing differences and also under FRS 102 on unrealised gains on investment properties.
- Increase in provisions as provision made at rate of 25% so significant impact on tax charge in profit and loss account.
- Current year movement but also catch up charge.

Journal Entry Examples

Particulars	Debit(\$)	Credit(\$)
Accounts Receivable A/C.....Dr.	25000	
Sales A/C		25000

Particulars	Debit(\$)	Credit(\$)
Purchase A/CDr.	25000	
To Accounts Payable A/C		25000

Particulars	Debit(\$)	Credit(\$)
Machinery A/C.....Dr.	100000	
To Accounts Payable A/C		100000



Capital Allowances

- Annual Investment Allowance threshold now permanently set at £1,000,000 rather than reverting to £200,000.
- Covers the investment needs of 99% of UK businesses.
- No extension to the Super Deduction.....got this wrong !
- But reflects increase in rate to 25%.
 - 130% @ 19% = 24.7%
 - 100% @ 25% = 25.0%
- Timing of relief and expenditure



Research and Development

- SME Scheme
 - Focus of government at the moment.
 - Movement to a unified scheme.
 - Removal of the “Snake Oil salesmen”
 - Enhancement reduced to 86%.
 - But relief given at 25% and qualifying costs extended.
 - If claim repayment then reduction from 14.5% to 10%
- RDEC scheme for large companies.
 - Relief increased to 15% from 10.53%.



Allowances

- Stealth Tax
- Income Tax and National Insurance thresholds frozen until April 2028.
- Inheritance Tax threshold frozen also until April 2028.
- Additional Rate Threshold reduced to £125,140 from April 2023
- Tax Free Dividend threshold
 - Reduce to £1,000 from April 2023
 - Reduce to £500 from April 2024.
- Annual CGT exemption
 - Halved to £6,000 from April 2023
 - Reduced further to £3,000 from April 2024.

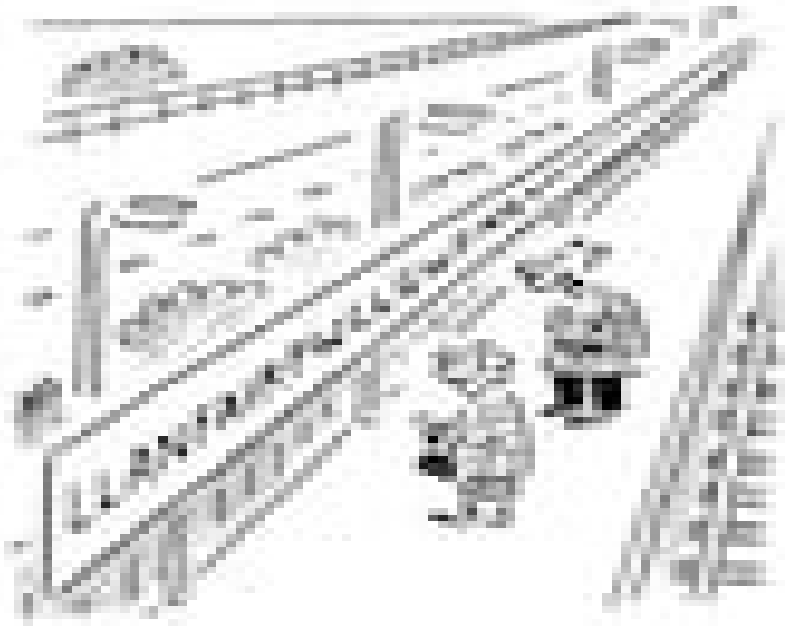


National Insurance Contributions

- The 1.25% increase to all 2022/2023 class 1 and Class 4 NIC rates scrapped with effect from 6 November 2022.
- Health and Social Care levy of 1.25% abandoned for 2023/2024.
- But no such reduction for dividend income....
 - Basic Rate – 8.75%
 - Higher Rate – 33.75%
 - Additional Rate – 39.35%
- Massive U-turn which would have saved additional rate taxpayers 6.85%



MATT



"I suspect it's saying something unflattering about the England football team"

MATT



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Questions ?

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