

Key Tax Changes 2022/23

Plan now to manage the impact of these tax changes on your investments and financial business plans.

April | 2022

1

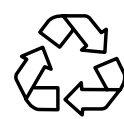


National Insurance contributions

The threshold at which primary (employee and self-employed) NICs is paid rises to £12,570 from 6 July 2022.

Key action: Employers could consider offering tax advantaged share schemes to incentivise key staff members rather than traditional cash bonuses.

2



Plastic Packaging Tax

New tax will hit UK businesses reliant on imports on 1 April 2022

Key action: Businesses who purchase goods and packaging materials from outside the UK must obtain evidence from their international suppliers of the recycled content of packaging.

3

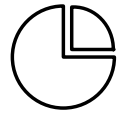


Making Tax Digital for VAT

This requirement has been extended to VAT-registered business with a turnover below £85,000 from 1 April 2022

Key action: Small businesses need to look into cost-effective solutions as quickly as possible to help overcome the challenges this digital switch poses.

4



Dividend Income

The tax rates on dividend income over £2,000 will increase for the tax year 2022/23. The addition of 1.25% is a result of the increases in National Insurance Contributions and the new Health and Social Care Levy.

Key action: Individuals could consider tax free stocks and shares ISA's rather than a simple investment portfolio.

5



Uncertain Tax Treatments

Effective from 1 April 2022, very large companies and partnerships must notify HMRC where they take a tax position in their returns for VAT, corporation tax or income tax (including PAYE) that is 'uncertain'.

Business Rate Relief

A new temporary business rates relief for eligible retail, hospitality and leisure properties for 2022/23, giving 50% relief up to a £110,000 per business cap.

6



Residential Property Developer Tax

A new tax on profits that companies and corporate groups derive from UK residential property development will come into force in April 2022. RPDT applies to developers that have an annual turnover in excess of £25m.

Key action: Companies should ensure they have the mechanisms in place to identify their residential profits and update forecasts to take account of the additional tax.

7



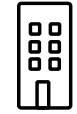
Annual Investment Allowance

The current £1m allowance for capital allowances will remain in place until 31 March 2023.

Key action: Businesses should review their investment plans to consider how and when this allowance can be used.

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1



Corporation Tax

Main rate will increase from 19% to 25% effective from 1 April 2023.

Key action: Companies accounting for deferred tax will need to factor in the increased corporation tax rate in their deferred tax calculations for year-end accounts purposes.

2



VAT default surcharge regime

To be replaced by a new penalty system with separate penalties for late submission of VAT returns and late payment of VAT, coming into force from 1 January 2023.

Key action: If you are unable to pay your VAT bill, we recommend filing your return on time and then approach HMRC for a Time To Pay (TTP) Agreement, to stop a penalty from accruing.

3



Health & Social Care Levy

A new UK-wide Health and Social Care Levy will be introduced from April 2023

Key action: Employees could consider increasing their pension contributions, which would lower the income charged.

4



Business Rates Relief

The business rates multiplier has been frozen for a second year, from 1 April 2022 to 31 March 2023.

5



R&D Tax Reliefs

Restriction of overseas relief and extending the qualifying software expenditure which can be claimed to include data and cloud costs, effective from 1 April 2023.

2024 and beyond

1



Making Tax Digital for Income Tax

Delayed for sole traders and landlords with income over £10,000 until the tax year 2024/25. General partnerships will not be required to join the system until 6 April 2025.

2



Freeports

Enhanced tax reliefs will include 10% Structures and Buildings Allowances (instead of 3%), 100% First Year Allowances for plant and machinery, full relief from Stamp Duty Land Tax, full Business Rates relief for five years, and relief from Employer's NIC. The reliefs will depend on designation as a 'tax site' within a Freeport and will run until 30 September 2026, with a possible extension to April 2031. The Autumn 2021 Budget clarified that VAT reliefs will also apply.

3



Income Tax

The basic rate of income tax, currently payable on income up to £50,270, will be cut from the current 20% rate to 19% from 6 April 2024.

Control now, freedom tomorrow

Managing your tax affairs in a complex and evolving tax system is a challenge that needs sound planning and good advice. Whether for compliance or long-term planning, business or personal affairs, we have a solution.

For a more in-depth look at the upcoming tax changes, go to: mha-uk.co.uk/spring-2022-forecast-statement

Now, for tomorrow

