

The Autumn Statement

The new Chancellor, Jeremy Hunt, delivered his Autumn Statement to the House of Commons against a backdrop of a worsening cost of living crisis and with confirmation from the Office for Budget Responsibility (OBR) that the UK has now entered into a recession.

As expected, the Chancellor set out billions of pounds in tax increases and spending cuts to continue the restoration of market stability after the disastrous mini-budget.

The Income Tax additional rate threshold will be reduced from £150,000 to £125,140 with effect from 6 April 2023. This move will see an estimated 250,000 further taxpayers pay the additional rate of Income Tax of 45% from next April. The higher rate threshold will remain frozen at £37,700 and the personal tax allowance will remain at £12,570 through to April 2028.

The current £2,000 dividend tax-free allowance is to be reduced to £1,000 from April 2023 and to £500 from April 2024. The 1.25% increase in the tax rates payable on dividend income, which took effect in April 2022 remains in place.

No changes to present rates and allowances of Inheritance Tax were announced. These rates and allowances will remain frozen at current levels until April 2028. The nil-rate band will continue to be £325,000 and the residence nil-rate band at £175,000, for this period.

The 1.25% rise in National Insurance contributions (NICs) that came into effect at the start of the 2022-23 tax year on 6 April 2022, was reversed on 6 November 2022.

The Chancellor announced a significant reduction in the annual exempt amount applicable to Capital Gains Tax (CGT). This rate had previously been fixed at £12,300 from April 2021 to April 2026 for individuals, personal representatives, and some types of trusts for disabled people. The exempt amount will now be reduced to £6,000 from April 2023 before being further reduced to £3,000 from April 2024.



There will be no changes to the VAT 20% rate. The £85,000 registration limit and the £83,000 deregistration limit will now remain at these levels until 31 March 2026.

For a full breakdown of the Autumn Statement, including cost of living payments and benefits uprating, visit: www.gov.uk/government/publications/autumn-statement-2022

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