



The **2022** Mini Budget

WHAT SMALL BUSINESS
OWNERS NEED TO KNOW





The government has listened... real financial help is coming for small businesses

01.

**The 1.25% increase in National Insurance has
been scrapped from November 2022**

02.

**Corporation tax increase from 19% - 25% planned
for April 2023 scrapped**

03.

**Energy price guarantee and support for
businesses for next 6 months**

The Government has changed **years of fiscal discipline and bet the house on **growth****

Scrapped: Increase in corporation tax from 19% to 25%



Corporation tax from April 6th 2023 will now remain at 19%



Reduced: Personal income tax reducing to 19%



From April 6th 2023 personal income tax will reduce from 20% to 19% and the 45% higher rate of income tax has been scrapped.



Reversed: Increase in National Insurance and Health and Social Care Levy

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The April 2022 1.25% increase in National Insurance for employers and employees has been reversed from November 2022. The 1.25% increase to Dividend Tax has been reversed from April 2023. The planned Health And Social Care Levy to be introduced in April 2023 has been scrapped. There are no changes to the £5000 employment allowance or the NI threshold for individuals.



Repealed: Changes to off payroll working (IR35) introduced in 2017 and 2021

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The 2017 and 2021 changes to off-payroll working are to be repealed from April 2023. This means workers providing their services via an intermediary will once again be responsible for determining their employment status and paying the appropriate amount of tax and National Insurance contributions.

The Energy Price Guarantee and Energy Bill Relief Scheme

The Energy Price Guarantee

Under the energy price guarantee, the highest amount domestic households will have to pay is 34p per kWh of electricity and 10.3p per kWh of gas. The standing charge - the fee customers pay for being connected to the energy grid - will be 46p per day for electricity and 28p per day for gas. This energy price guarantee will last 2 years. A typical household can expect to pay about £2500 a year for their energy.

Energy Bill Relief Scheme

Businesses will pay no more than £211 per megawatt hour for electricity and £75 per megawatt hour for gas. This applies to all energy supply contracts entered into after 1st April. The energy companies will apply the discount. The energy bill relief scheme will operate until March 31st 2023 and potentially be extended after this date for businesses in certain sectors.

What does this mean for your small business?

Your wage costs, National Insurance payments, income and corporation tax bills are reducing.



Your energy bills are being fixed for 6 months at a management level.



We can help you understand what this means for your profits and how to take money out of your business tax efficiently.

**What else was
announced in the
budget that is **relevant**
for small business
owners?**

Other announcements

- The Annual investment allowance which was raised to £1m temporarily is now permanently set at £1m
- New investment zones are being created will benefit from tax incentives, planning liberalisation and wider support for the local economy.
- Visitors to the UK will be able to claim back VAT on goods bought in the high street, airports and other departure points and exported from the UK in their personal baggage. The date for this scheme to go live is currently unknown.
- Changes to the Seed Enterprise Scheme (SEIS)
 - The amount a company can raise under SEIS has been raised from £150k to £250k
 - The amount an individual can invest in SEIS shares has been doubled from £100k to £200k
 - The scheme has been extended to companies with gross assets under £350k
- From April 2023 companies can now grant up to £60k (up from £30k) of share options to each eligible employee.

What you need to do now

1. Payroll

If you run your own payroll, then you will need to check that your payroll software provider will be implementing the changes to National Insurance in time for November. If we run your payroll, we will ensure that the changes happen seamlessly.

3. Do a new budget and reforecast your cashflow

The energy price guarantee and changes to employers' national insurance rates mean that your business's costs have materially changed for the year. Please contact us if you want help to see how this changes your business's cost structure going forward.

2. Personal Tax Return

The changes to income tax rates and national insurance take effect for the 2022/2023 tax year. They will not impact your personal tax bill for the 2021/2022 tax year. With 2 rates of National Insurance, this will make your 2022/2023 personal tax return more complicated than normal. Please contact us if you would like us to do your personal tax return for the 2022/2023 tax year.

4. Revisit your personal and business tax planning strategy

This was anything but a mini-budget. It is a massive change in fiscal policy and direction. This means you may need to rethink your personal and business tax planning strategy going forward. Changes, in particular to the SEIS scheme, may mean there are more tax planning options now open to you and your business. Once again get in touch with us if you have any questions or need help.