

The **Autumn** Statement

WHAT SMALL BUSINESS
OWNERS NEED TO KNOW



WHAT WE ALREADY KNEW

**The chancellor
was going to raise
taxes and reverse
most, if not all of
the Truss Budget**



**UK Plc needs repaying for all the
support businesses got during
the Covid-19 Pandemic**

so small business
owners got **battered**
in the budget



Leaked and previously announced tax increases are still going ahead

- Corporation tax from April 1 2023 to increase to 25% for companies with profits over £250,000. Companies with profits under £50,000 will be taxed at 19%. Companies with profits between £50,000 and £250,000 will be taxed between 19% and 25%.
- Still support for energy bills. After April 2023 the Energy Price Guarantee will go up to £3000 per year for a 'typical' household.
- Income tax and National Insurance contributions thresholds are staying the same until April 2028
- The Upper rate tax band threshold will be lowered from £150,000 to £125,140 from 6th April 2023

But there was a painful sting in the tail for small business owners

- The National Living Wage will increase by 9.1% for individuals over 23 to £10.42 and the National Minimum Wage rates are all increasing by 9-10%
- The dividend allowance is being reduced from £2000 to £1000 in April 2023, then to £500 in April 2024
- The Capital Gains Tax Annual Exempt amount is being reduced from £12,300 to £6,000 from April 2023 and to £3000 from April 2024
- The National Insurance Secondary Threshold, i.e. the level at which employers start to pay Class 1 Secondary NICs for their employees, will be £9,100 from April 2023 until April 2028.
- The R&D tax relief is changing from 130% to 86% and the SME credit rate will decrease from 14.5% to 10%. This takes effect from the Autumn Finance Bill 2022.
- From April 1st 2023 business rates will be reevaluated to take account of a rise in property values since 2017

It's also going to be more expensive to own an electric vehicle

- Electric cars and vans will now pay road tax from 2025
- New electric cars registered in 2025 will pay £10 in road tax for the first year then move to the standard rate
- Existing electric cars will pay the standard rate from 2025
- The exemption for electric cars for the expensive car supplement has also been removed. This means electric cars costing over £40,000 will pay an (at current rates) extra £355 per year on top of the normal road tax of £165 per year.
- The benefit in kind tax for electric cars is going up to 5% by 2027/2028, with an increase of 1% per year taking effect in 2025/2026 until the 5% level is reached in 2027/2028

.... but you still get the 100% first-year allowance for electric vehicle charging points to 31st March 2025 for corporation tax purposes and 5th April 2025 for income tax purposes...

Were there any crumbs of comfort for small business owners?

- No introduction of a possible Online Sales Tax
- The business rates multipliers will be frozen in 2023-24 at 49.9p and 51.2p.
- There is a transitional relief scheme for business rates to support the changes in business rates from the reevaluation in 2023.
- There maybe more energy price support for business announced in the Spring Budget
- The reversing of the increase in National Insurance rates for employees (that started in Nov 2022) is still going ahead
- There is still the £5000 of National Insurance Allowance for small business owners

Not really...

What does this mean for your small business?

Your wage costs and National Insurance payments are going up from April 2023.



Paying yourself via dividends rather than PAYE is getting even less tax efficient



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

Actions you need to take now

- With the National Minimum Wage rises who in your staff will need a pay rise?
- Doing your personal tax planning has never been so important between now and April 5th 2023, i.e.
 - Decide on whether it would be better to pay yourself more via PAYE rather than PAYE and dividends? I.e. with changes to dividend tax credits and higher tax bands if your business is making over £50k in profit.
 - Decide whether you'd be better off closing your limited company and trading as a sole trader.
 - If you were thinking of selling your business or selling anything which would incur capital gains tax, it maybe worth doing so before April 2023.
- Model your cashflow and forecast your cost base for 2023