



The Spring Statement

WHAT SMALL BUSINESS
OWNERS NEED TO KNOW

glow
accounts



WHAT WE ALREADY KNEW

Spiralling costs particularly fuel and wages are causing a cost of living and profit squeeze





Previously announced rises in taxes, National Insurance and national minimum wage 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%.
- The dividend tax rate for basic rate taxpayers will increase from 7.5% to 8.75% from April 2022. Higher rate and additional rate taxpayers will see their dividend tax rates increase by 1.25 percentage points.
- In April 2022 all 3 rates of National Insurance Contributions (NIC) will increase by 1.25%. Then in April 2023, the 3 rates of NIC will reduce back down to their current levels and the new Health and Social Care Levy, equal to the increase in NICs will come into place.
- The National Living Wage is increasing from £8.91 to £9.50 an hour from April 2022

The Chancellor announced some respite for small business owners



- **A 5p per litre cut in fuel duty for 12 months starting 6pm 23rd March.** This is a saving of approx £100 per year for the average car driver, £200 for the average van driver and £1500 for the average haulier.
- **Employment allowance will increase by £1000 to £5000 per year from April 2022.** For businesses with employees, this will help to offset some of the extra Employer NI costs coming in from April 2022.
- **From July 2022 the National Insurance Primary Threshold will increase to be in line with the income tax personal allowance, i.e. from £9880 to £12570.** This means anyone earning less than about £35,000 will pay less National Insurance during the year.

Future change ahead for the tax system



- **April 2023:** Planned changes to reduce taxes on business investment - by reforming Capital Allowances and R&D tax credits.
- **April 2024:** The basic rate of income tax reduces from 20% to 19%
- Intention to further simplify the 1,000+ tax reliefs and allowances currently available



March 2022

Cutting fuel duty on petrol and diesel by 5p per litre



April 2022

Cutting taxes on small businesses by up to £1000 by raising the Employment Allowance to £5,000



July 2022

Aligning the annual National Insurance Primary Threshold and Lower Profits Limit with the income tax personal allowance, making the first £12,570 of earnings tax free. No change to employer NI though...



April 2023

Cutting taxes on business investment - by reforming Capital Allowances and R&D tax reliefs



April 2024

Cutting the basic rate of income tax from 20% to 19%

What does this mean for your small business?



Your wage costs and National Insurance payments are still going up considerably from April 2022.



Paying yourself via dividends rather than PAYE is getting 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.



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



Other announcements

- VAT on the installation of energy-saving materials, e.g. solar panels, to be cut from 5% to 0% (not applicable to Northern Ireland)
- The qualifying expenditure for R&D tax credits will now include data, pure maths and cloud computing costs



Contact Details

If you want to get in touch to discuss the Spring Statement, contact Glow Accounts on:



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