



WEEK 39
NEWSLETTER
2021
THE AUTUMN BUDGET: HERE'S WHAT IT MEANS FOR YOU

15
YEARS OF
EXPERIENCES



THE AUTUMN BUDGET: HERE'S WHAT IT MEANS FOR YOU

Rishi Sunak announced plans for the financial year 2022-2023 in his autumn budget statement on 27th October. He promised to deliver a stronger economy for everyone, but what does it mean for you?

Continue reading at page 2

STARTUP

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THE AUTUMN BUDGET

In this post, we present a quick-fire autumn budget summary, showing you precisely what's changed, and how it is likely to affect you financially. Contrary to expectations, we did not see a raid on inheritance tax or any changes to capital gains, as recommended by various advisory bodies. Instead, it appears that ordinary working people will shoulder most of the tax burden associated with the COVID-19 pandemic over the following years.

REVENUE & CUSTOMS



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NATIONAL INSURANCE WILL RISE

The government confirmed a 1.25 percent increase in National Insurance from April 2022 during the autumn budget statement, confirming previous announcements by government ministers over the summer. National insurance thresholds will rise with inflation, meaning that workers will be allowed to earn more before attracting the tax.

In 2021-2022, the Class 1 tax rate on earnings above £9,568 but below £50,270 was 12 percent. However, in 2022-2023 that will rise to 13.25 percent, but only on earnings between £9,880 and £50,270.

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NO NEW FUEL DUTY

Motorists had feared that Sunak would introduce yet more increases in fuel duty, either in line with, or above, inflation. However, that threat failed to materialise. In his address, Sunak said that the proposed fuel duty increase would be cancelled, saving drivers an estimated £8 billion over the next five years.



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Page 4 of 8 - Taxcare Accountancy Newsletter



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Business rate discount for retail and hospitality

Given the effects of COVID-19 restrictions and government-backed social distancing measures, Sunak announced a 50 percent business rate discount for firms in the retail and hospitality sector. The new benefits will apply up to a cap of £110,000, designed to help small companies get back on their feet.

Increase in living wage

Sunak also took action on the living wage. The current living wage is £8.91 per hour. From April 2022, it will rise to £9.50 per hour.

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Increase in the work allowance

The work allowance will increase by £500. Those on Universal Credit will be able to earn £500 more per year before credit starts to be affected.

Introduction of “Draught Relief”

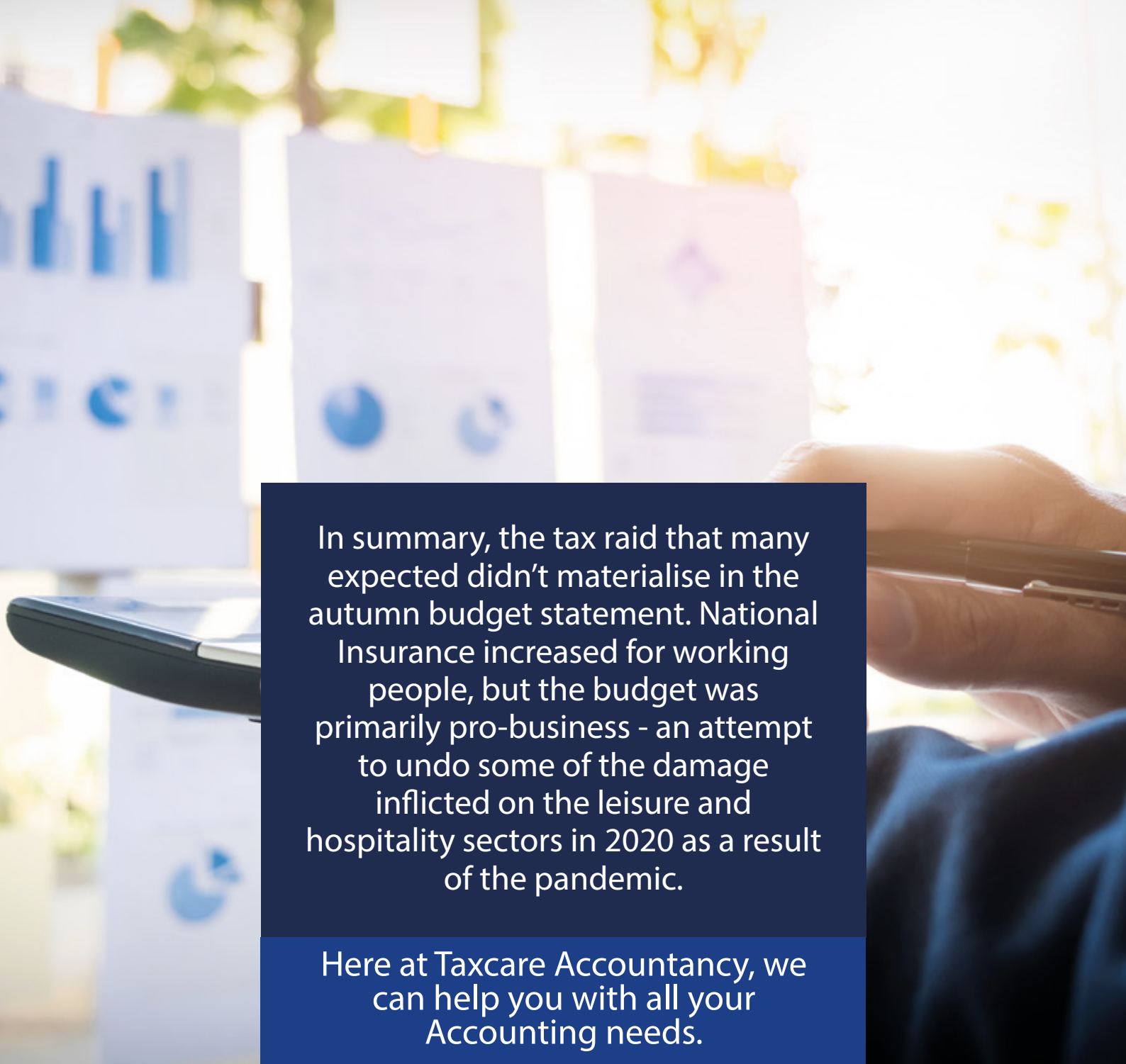
The new “Draught Relief” scheme will cut the duty on beer and cider sold in pubs. According to the government, it is the largest reduction in tariffs on alcoholic beverages since the 1920s.

The tax means that the price of a pint will fall, on average, by 3 pence. The measures will also include some additional reliefs for cider makers and some small brewers. The reforms, the chancellor says, are possible because of the UK’s decision to leave the EU.

Taxes will go down overall

Despite the vast increase in debt created by the furlough scheme and lacklustre 2020 tax receipts, Sunak promised that the overall tax burden would go down by the end of the parliament.

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In summary, the tax raid that many expected didn't materialise in the autumn budget statement. National Insurance increased for working people, but the budget was primarily pro-business - an attempt to undo some of the damage inflicted on the leisure and hospitality sectors in 2020 as a result of the pandemic.

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Page 7 of 8 - Taxcare Accountancy Newsletter



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