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Chancellor makes Full Expensing permanent in Autumn Statement.

Chancellor Jeremy Hunt used his Autumn Statement to make Full Expensing permanent for those businesses investing in IT equipment, plant and machinery. The Chancellor said he was aiming to stimulate economic growth and highlighted 110 measures for businesses in the Statement.

Full Expensing was first announced in the March Budget and was scheduled to last for three years. The rules allow a 100% write-off on qualifying expenditure on most plant and machinery (excluding cars) as long as it is unused and not second-hand. Mr Hunt has now made it permanent and said it represents the 'largest business tax cut in modern British history', worth £11 billion per annum.

The Chancellor also extended the tax reliefs and incentives for Freeports and the Investment Zones programme from five to ten years. In addition, he announced three advanced manufacturing Investment Zones, which will be established in Greater Manchester, the East Midlands and the West Midlands. There is also a business rates support package worth £4.3 billion over the next five years to help high streets and protect small businesses. This includes a rollover of the 75% retail, hospitality and leisure relief.

Rain Newton-Smith, Chief Executive of the Confederation of British Industry (CBI), said:

'Making full capital expensing a permanent feature of the tax system can be transformational for accelerating growth and improving living standards in the long-term. Helping firms to unleash pent-up investment is critical to getting momentum into the economy.'

National Insurance changes 'ease burden on strivers'.

The changes to National Insurance contributions (NICs) announced by Chancellor Jeremy Hunt in the Autumn Statement will help to 'ease the burden on strivers up and down the country', according to the Federation of Small Businesses (FSB).

Mr Hunt used his Autumn Statement speech to cut the main rate of employee NICs from 12% to 10% for 27 million workers across the UK. This is set to take effect from 6 January 2024. The Chancellor said that, for the average employee earning £35,400 per year, the change amounts to a £450 annual tax cut.

For the self-employed, the Chancellor also abolished Class 2 NICs and cut Class 4 NICs from 9% to 8%, effective from 6 April 2024.

Tina McKenzie, Policy Chair at the FSB, said:

'The Chancellor's decision to reduce the rate of self-employed NICs and abolish the Class 2 element is extremely welcome, easing the burden on strivers up and down the country.
'The FSB has long campaigned for the abolition of the Class 2 element of NICs and the reduction of Class 4, and we are therefore pleased that the Chancellor has acted.'

Advisory fuel rates for company cars.

New company car advisory fuel rates have been published and took effect from 1 December 2023.

The guidance states: *'you can use the previous rates for up to one month from the date the new rates apply'*. The rates only apply to employees using a company car.

The advisory fuel rates for journeys undertaken on or after 1 December 2023 are:

New company car advisory fuel rate
Engine size Petrol 1400cc or less 14p 1401cc - 2000cc 16p Over 2000cc 26p
Engine size LPG 1400cc or less 10p 1401cc - 2000cc 12p Over 2000cc 18p
Engine size Diesel 1600cc or less 13p 1601cc - 2000cc 15p Over 2000cc 20p

HMRC Guidance states that the rates only apply when you either:

- reimburse employees for business travel in their company cars
- require employees to repay the cost of fuel used for private travel.

You must not use these rates in any other circumstances. The Advisory Electricity Rate for fully electric cars is 9p per mile. Electricity is not a fuel for car fuel benefit purposes.

Real Living Wage to increase by 10%.

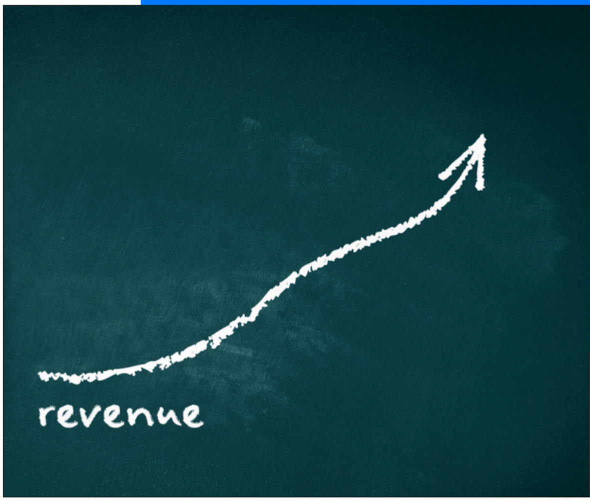
The Real Living Wage is set to increase by 10%, the Living Wage Foundation has announced. The rate will rise to £12 an hour across the UK and £13.15 an hour in London. The increase will affect over 460,000 people working for 14,000 Real Living Wage employers across the UK. Unlike the National Living Wage (NLW), the Real Living Wage is independently calculated based on rising living costs and applies to everyone over 18.

Katherine Chapman, Living Wage Foundation Director, said:

'As inflation eases, we cannot forget that low paid workers remain at the sharp end of the cost-of-living crisis. Low paid workers continue to struggle with stubbornly high prices because they spend a larger share of their budget on food and energy.

'During these tough economic times, it is heartening that record numbers of employers are signing up to join the Living Wage movement, protecting everyone who works for them - including cleaners - from rising prices and seeing the benefits of a more motivated and engaged workforce.'

Autumn Statement cuts won't stop tax revenues rising to highest ever levels.



The tax cuts announced in the 2023 Autumn Statement won't prevent tax revenues rising to their highest ever levels, the Institute for Fiscal Studies (IFS) has warned.

The IFS stated that announcing tax cuts in response to 'highly uncertain' changes in assumptions about the UK's medium-term economic prospects 'does not feel like a recipe for good management of the public finances'. It also acknowledged that the Chancellor's cuts to the rates of National Insurance contributions (NICs) put money back into the pockets of 27 million workers. However, it said the bigger picture means that the changes give back less than £1 of every £4 that has been taken away from households through changes to NICs and income tax announced since March 2021. However, the business group did welcome the Chancellor's decision to make Full Expensing permanent but noted that the move indicates that the Autumn Statement was an event focused on medium-term growth.

Paul Johnson, Director of the IFS, said:

'The growth outlook has weakened. Inflation is expected to stay higher for longer. Higher inflation pushes up tax receipts by more than it pushes up spending on debt interest or social security benefits. 'His immediate cut to national insurance will put more money into workers' pockets when it comes in but won't be enough to prevent this from being the biggest tax-raising parliament in modern times. These cuts will also not stop tax revenues rising to their highest ever levels.'

Government agrees to crack down on crypto tax evasion.

The UK government has agreed an 'historic' commitment with 48 countries to combat criminals using crypto assets to evade tax. The landmark agreement follows on from the UK's tax deal made in 2021 to clamp down on corporate tax avoidance and 'ensure the right tax is paid in the right place'.

The new Crypto-Asset Reporting Framework is the Organisation for Economic Co-operation and Development's (OECD's) flagship tax transparency standard that will require crypto platforms to begin sharing taxpayer information with tax authorities. The new framework will allow international authorities to exchange information in order to enforce tax compliance and builds on the existing Common Reporting Standard system authorities utilise to share information.

Victoria Atkins, Financial Secretary to the Treasury, said:

'I am proud that the UK is once again demonstrating leadership on tackling global tax evasion, helping to secure the revenue that's essential for the public services we all use.
'We are sending out a strong message that we will not allow criminals to use crypto to avoid paying their fair share.'

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HMRC is 'Making Tax Difficult' with MTD programme.

HMRC is 'Making Tax Difficult' for taxpayers as Making Tax Digital (MTD) adds to the burdens they face, according to a report by the Public Accounts Committee (PAC).

The report says that HMRC has lost sight of the need to put taxpayers at the heart of changes to the tax system.

The PAC says that HMRC is increasing the burdens imposed on some taxpayers through the MTD initiative. It said that in seeking further investment in MTD, HMRC has not been transparent enough about the 'substantial costs' MTD will impose on many taxpayers. According to the Committee, the design of MTD fails to take into sufficient account the realities facing business taxpayers and agents.

It said that while MTD will 'substantially benefit' HMRC by improving its systems, taxpayers are asked to spend more and do more in order to be compliant. The report revealed that HMRC excluded more than £2 billion in upfront transitional MTD costs for taxpayers from its 2022 and 2023 business cases for the scheme. It also found that 'widespread and repeated' failures in HMRC's planning, design and delivery of MTD have led to increased costs and delays to the initiative.

Meg Hillier, Chair of the PAC, said:

'When reporting on proposals for digitalising the tax system, our committee should not have to be recommending that HMRC start with what taxpayers need – in an ideal world, one would hope this would simply go without saying. But seven years and £640 million into the MTD programme, we are concerned HMRC is also succeeding in making tax difficult.'