

23rd September – The mini budget and what it means for employers

The new Chancellor has announced several key changes to the nation's fiscal policy, representing one of the most major shake-ups in recent years and covering wide ranging changes to tax legislation, National Insurance and benefits as well as energy and stamp duty. Here are some of the changes that will affect businesses in the UK

Corporation tax

Next year's planned 6% corporation tax hike will be cancelled as part of a raft of changes to the tax system. In his first parliamentary statement as chancellor, Kwasi Kwarteng said the government was abandoning the planned tax hike, with corporation tax set to remain at 19% rather than increasing to 25%.

Income tax and NI cuts

The top rate of 45p on the pound will be axed from April 2023, which will benefit those earning over £150,000 per year. The basic rate of income tax will also be reduced from 20% to 19% at the same time. In England, Wales and Northern Ireland, the top rate of tax will be 40% on income over £50,270.

The 1.25% rise in National Insurance contributions will be abolished, returning to the previous rate, which will be some relief to employers and employees alike.

IR35 reforms scrapped

The Chancellor confirmed that the changes to off-payroll working rules, which place the onus for calculating tax on employers rather than contractors, and were brought in in 2017 in the public sector and 2021 in the private sector, will be repealed from April 2023, when original rules, where contractors were responsible for assessing their own tax obligations, will come back into force.

Universal Credit

The government has also threatened to reduce Universal Credit (UC) for those not seeking more work from January next year. Around 120,000 people receiving UC will be asked to take steps to seek more work, or face a reduction in their benefits.

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