

# Spring

## 2022 Statement

### Highlights



#### **National Insurance:**

- The income threshold for people to start paying National Insurance will rise to £12,570 in July 2022
- The National Insurance Contributions rise of 1.25% from April 2022 will still go ahead to raise money earmarked for the NHS and social care.
- The Employment Allowance, which gives relief to smaller businesses' National Insurance payments, will increase from £4,000 to £5,000 from April 2022.

#### **Tax:**

- There is a planned 1% reduction in basic tax rate from 20% to 19% in April 2024 (not in Scotland).
- The income tax personal allowance and the threshold for the higher rate will be frozen until 2026, as announced in the 2021 Spring Budget.
- Fortunately, the 20% capital gains tax rate and the £1m Business Asset Disposal Relief limit remain intact.
- Fuel duty, also known as fuel tax, will be cut by 5 pence to reduce the price of fuel per litre. This will come into effect from 6pm on Wednesday 23<sup>rd</sup> March 2022 and remain until March 2023.

#### **Business:**

- A business rates discount is promised to come into effect in April 2022 for retail, hospitality, and leisure businesses. A typical pub will save around £5,000.
- To support businesses to invest and grow, the temporary £1 million level of the Annual Investment Allowance has been extended to 31 March 2023.
- Addressing the energy crisis, the Chancellor set out plans to remove VAT from investment in solar panels and heat pumps, but stopped short of offering grants

#### **General Announcements:**

- To combat the UK's 'fraud epidemic' the Spring Statement announced that the government will create a new public body called the Public Sector Fraud Authority
- HRMC is to receive a further £161m in funding over the next five years to increase its compliance and debt management capability, targeted in particular on large and medium sized businesses, which is projected to raise £3 billion in extra tax over a 5 year period. Also, under the badge of simplification and fairness, a review will be undertaken of tax reliefs and allowances, the implication being that some of these may be abolished.