



UK Autumn Statement Breakfast Briefing

18 November 2022



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Introduction

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With you today



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Agenda

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- 02** Autumn Statement
- 03** Jersey update and EU Code of Conduct
- 04** Guernsey update
- 05** Isle of Man update
- 06** Indirect tax
- 07** Questions

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Autumn Statement

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Key Announcements

Personal Matters



- Personal allowance (£12,570) and higher rate tax band (£50,270) frozen until April 2028
- The married couples' allowance to increase in line with inflation from April 2023
- Additional rate threshold to reduce from £150,000 to £125,140 from April 2023
- Taper threshold for personal allowance remains at £100,000
- Employees and employers NIC thresholds also frozen for 2023/24 and likely until April 2028
- Dividend allowance to reduce from £2,000 to £1,000 from April 2023 and then to £500 from April 2024; however, dividend tax rates remain unchanged
- CGT annual exemption to reduce from £12,300 to £6,000 from April 2023 and then to £3,000 from April 2024; however, CGT rates remain unchanged
- The IHT threshold and residence nil rate band will remain frozen at £325,000 and £175,000 respectively until 6 April 2028

Key Announcements

Personal Matters (continued)



- SDLT threshold reductions announced in mini-budget to come to an end on 31 March 2025
- Despite speculation, the taxation of non-doms remains unchanged except for a specific measure in relation to share for share exchanges involving a UK company and a non-UK company:
 - Anti-avoidance measure to prevent non-doms from accessing remittance basis of assessment where value has been built up in a UK business
 - WEF 17 November 2022 non-UK company shares acquired in exchange for UK company shares will be deemed to be located in the UK for CGT purposes and any distribution income will not be relevant foreign income for IT purposes
 - Applies to individuals holding > 5% shares/securities in UK close company and exchange all or some of those shares for non-UK company shares
 - Still a non-UK situs asset for IHT purposes
 - More detail to follow.....

Key Announcements

Corporate Matters

The annual charges under ATED will increase in line with inflation for 2023/24 period

The headline rate of Corporation Tax will increase from 19% to 25% for companies with over £250,000 in profits from 1 April 2023

The rate of Diverted Profits Tax will increase from 25% to 31% from 1 April 2023

The Annual Investment Allowance (AIA) will be permanently kept at its current level of £1 million

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Jersey update and EU Code of Conduct

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Jersey Update



Cost of living - immediate tax measures (already enacted)

- 12% increase in income tax thresholds and allowances
- 2023 income tax threshold will be £18,550
- Temporary 2% reduction in employee related social security contributions (Oct – Dec 2022)
- Delay GST registration for remote retailers to 1 July 2023



2023 Budget - Government Proposals

- 30 November – corporate tax return filing deadline
- Higher stamp duty on 2nd properties
- Post 2018 HVRs / 2(1)(e)s / 1(1)(k)s: minimum annual income tax contribution up to £170,000
- Bus passes / bicycles – tax free BIKs
- ITIS / collection changes
- Election to be independently taxed from 2024



Partnership changes

- Economic substance for partnerships has crystallised need for systematic reporting from partnerships
- Reporting will commence during 2023 (in respect of 2022 tax year)
- All partnerships will need to file a notification by 30 November in year following the tax year
- “Relevant partnerships” will need to provide more information – as yet not clear exactly what will be required



EU Code Group & OECD Pillar 2

- UK confirmed that they will implement Pillar 2 rules for accounting periods starting on or after 31 December 2023
- Consultation document and draft legislation released by the UK earlier this year
- Still along way to go on Pillar 2 – EU adoption? US adoption?
- Code of Conduct for Business Taxation – extended to “tax measures of general application” that may be potentially harmful
- Leveraging work on foreign source income exemptions as part of EU listing criteria – HK, Singapore

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Guernsey Update

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Guernsey – Budget 2023 and Fiscal Review



Budget 2023

- Increase in personal allowance by 7%
- Delayed phasing out of mortgage interest relief
- Interest relief on rented property phased out by 2026
- Increase in Document Duty on second properties



Fiscal Review

- Review to be published later in November & debated in January
- Likely significant changes to regime:
 - income tax changes
 - possible GST
 - changes to corporate tax (but not Zero-10)

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Isle of Man Update

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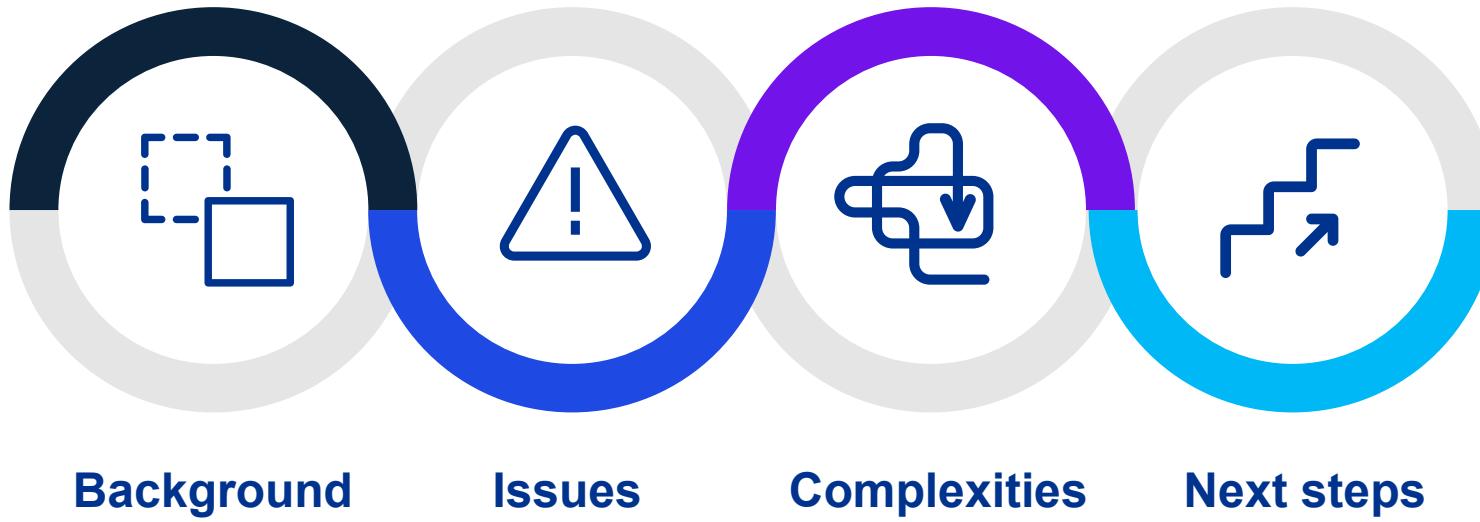
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Isle of Man Update

IOM Government Consultation on National Insurance reform

- [Consultation Paper National Insurance Reform Proposals July 2022.pdf \(gov.im\)](#)



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Indirect Tax

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Budget



Autumn Statement

- Maintaining the VAT registration (£85k) and deregistration (£83k) thresholds at the current levels until 2026.
- Tariff Suspensions on over 100 goods for two years to help reduce costs for UK producers.
- Vehicle Excise Duty on Electric Vehicles from April 2025.



Other Developments

- From 1 January 2023, new points based penalty system in the UK / IOM for late submission of VAT returns.
- Points don't make prizes!
- Also new late VAT payment penalties designed to be fairer and more proportionate.

Place of Supply



IOMC&E has recently published a reminder on the VAT “place of supply” rules.



Determines the place of taxation for VAT purposes.



Relevant to all IOM businesses, including those in the finance, professional and fiduciary sectors.



Impacts whether VAT is chargeable by businesses on invoices.



Reminder that VAT legislation and practice changes from time to time.



Businesses should be aware of the current rules and check they have been applying them correctly.



Where incorrect VAT treatment has been applied, this may require remedial action.

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Questions?



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Thank You



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