

AUTUMN STATEMENT

The UK Chancellor, Jeremy Hunt has made his Autumn Statement. To follow is a summary of the key points:

OF GENERAL INTEREST

- From April 2023 a company with profits above £250,000 will be subject to corporation tax at the rate of 25% (the rate for companies below £250,000 will be 20%) - and the rate of diverted profits tax (which applies where profits are diverted from the UK) will be 31%.
- The UK will implement the OECD's Pillar II reforms, for a minimum global tax rate of 15%, from 31 December 2023.
- From April 2023 the annual investment allowance a business can claim on capital expenditure (providing 100% in-year relief) will be set at £1 million.
- Individuals will, from 6 April 2023, pay the 45% rate of income on income over £125,000 (rather than £150,000 as at present) and the level of many reliefs/exemptions/allowances that apply to individuals is being frozen until April 2028.
- A non-UK domiciled, UK resident investor in securities of a closely held non-UK resident company acquired in exchange for securities in a UK company will be deemed to hold a UK situs asset. From today, this prevents an individual being taxed on the remittance basis for gains and distributions arising in connection with such securities.

MEASURES IMPACTING VARIOUS SECTORS

- A new Energy Generator Levy, which is expected to raise some £14 billion before it is withdrawn by 31 March 2028, will apply at the rate of 45% on profits that arise when electricity is sold for more than £75 MWh by a group generating more than 100 GWh a year (and subject to a £10 million allowance).

Profits arising from electricity generated under a contract for difference with a Low Carbon Contracts Company, profits generated from gas, coal, oil, pumped storage hydroelectricity and battery storage, will be exempt.

A review will take place of Electricity Market Arrangements. Draft legislation will be published in December 2023 and the Government is reaching out to electricity generators prior to then.

- The Energy Profits Levy on the "windfall" profits of the oil and gas sector will be chargeable, until end May 2028, at the rate of 35% (bringing the aggregate tax rate to 75%); this Levy is expected to raise £80 billion over a six year period. The reinvestment allowance will be reduced to 29% (other than for decarbonisation expenditure, where a 80% rate will apply, providing tax relief at the rate of 109.25%). A review will report by the end of 2023 on the taxation of the North Sea sector.

- The rate of climate change levy on electricity will be frozen in April 2024 but the rate on gas will be increased (to £0.00775 kWh) to equalise the two rates and the solid fuel rate will be raised to £0.06064.
- The cap on "bankers' bonuses" is to be abolished.
- The Solvency II regime is to be reformed (including by reducing the risk margin for long-term business by 65% and for general insurance business by 30%).
- The retail, hospitality and leisure sector is to benefit from reforms to business rates worth £13.6 billion over the next five years.
- Some 100 import tariffs (including in relation to cycle frames and ingredients used by food producers) are to be cut for a 2-year period.
- Large multinational businesses operating in the UK will be required to maintain Master/Local files in line with OECD guidance from April 2023.
- The UK will not introduce an online sales tax.
- Retained EU law in the digital technology, life sciences, green industries, financial services and advanced manufacturing sectors are to be reviewed during 2023.
- A limited number of "investment zones" are to be introduced (no further detail on the associated tax benefits have been published).
- Electric cars, vans and motor cycles will be subject (as petrol/diesel vehicles already are) to vehicle excise duty from April 2025.

There were some more detailed measures announced; please don't hesitate to get in contact to discuss items of particular relevance to you or your business.

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