



## Autumn Statement 2023 – Points of Note for Businesses

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On Wednesday 22 November 2023, Jeremy Hunt, the Chancellor of the Exchequer, delivered his Autumn Statement. Now that the dust has had chance to settle, we are going to take a look here not at the Party Politics or the Macro-Economics of it and certainly not the prospects of The Conservatives remaining in power next year; our viewpoint is simply what will it mean for hard-working businesses and entrepreneurs up and down the UK.

### Salary Costs

Businesses with a significant ‘wage bill’ need to be aware that from 6 April 2024 the National Minimum Wage (NMW) will be increased to £11.44, from £10.42. Not only is this a 9.7% increase, but more employees will be eligible from April 2024 too; the age from which this will apply will be reduced to cover 21 year olds and over, reduced from 23 year olds and over.

The government also confirmed that those aged between 18 and 20 will see their minimum wage rise from £7.49 per hour to £8.60 per hour, an increase of 14.8%. Apprentices will see their minimum wage rise from £5.28 an hour to £6.40 an hour; an increase of 21.2%.

### National Insurance (NI) for Employees

From 6 January 2024, Employee Class 1 NI, which is the main rate of NI that employees pay on their annual earnings between £12,570 and £50,270 has been reduced from 12% to 10%. For someone earning £35,400 which is the average UK wage, this 2% reduction will result in a tax savings of £456 per year.

The NI rate which applies to wages above the upper limit (£50,270) has not been changed, this remains at 2%.

Whilst this change does not impact business owners directly, it has been included here because it does directly impact ‘workers’. This change represents a pay increase for all employees and the benefit will first be felt in the January 2024 pay-packet. Business owners have a reason to cheer because you know what they say about a happy workforce?

## National Insurance (NI) for the Self-Employed

From 6 April 2024, Class 4 NI, the headline rate of NI for the self-employed will be reduced to 8% from 9%. This rate of NI applies to taxable profits between £12,570 and £50,270. In addition, the Chancellor announced that the Self-Employed will no longer be subject to Class 2 NI which amounts to £179.40 per year. Combined, these measures equate to an annual saving of £556.40 for those fortunate enough to earn £50,270 or more.

## Full Expensing

Full expensing was first announced in the 2023 Spring Budget; it gives companies full tax relief for qualifying plant and machinery with no limit on amount spent. The measure when first introduced was a temporary measure designed to kick-start our economy. In his 2023 Autumn Statement, Jeremy Hunt made this measure permanent which means that businesses now have certainty that investment made in their business will be met with full tax relief on amounts spent. For example, a business that buys a new van costing (say) £30,000 will only pay tax on profits after accounting for the full cost of the van. However, it should be noted that this only applies to Limited Companies, it does not apply to unincorporated businesses.

## Business Rates Multiplier

From 6 April 2024, the small business rates multiplier in England will be frozen for a fourth consecutive year at £0.499, while the standard rates multiplier will be increased in line with inflation. For qualifying businesses in the retail, hospitality, and leisure industry, the current 75% relief for eligible properties, is being extended to cover the 2024/25 tax year. Welcome news for all small businesses which own business property.

## CONTACT US

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