

TAX Changes Summary

1

The threshold for the top rate of income tax (personal tax) has been cut from £150,000 to £125,140, dragging hundreds of thousands of workers into the highest tax band.

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The windfall tax targeting the profits of energy companies is being extended. From January 1st until March 2028, the Energy Profits Levy will rise from 25pc to 35pc.

5

The National Living Wage will increase next year by 9.7pc, pushing up the hourly rate to £10.42 from April.

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The income tax personal allowance, higher rate threshold, main national insurance thresholds and the inheritance tax thresholds will be frozen for a further two years until April 2028. This fiscal drag effect will mean that millions of people will either start paying certain taxes or be dragged into higher bands.

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The Chancellor said that electric vehicles will no longer be exempt from Vehicle Excise Duty from April 2025.

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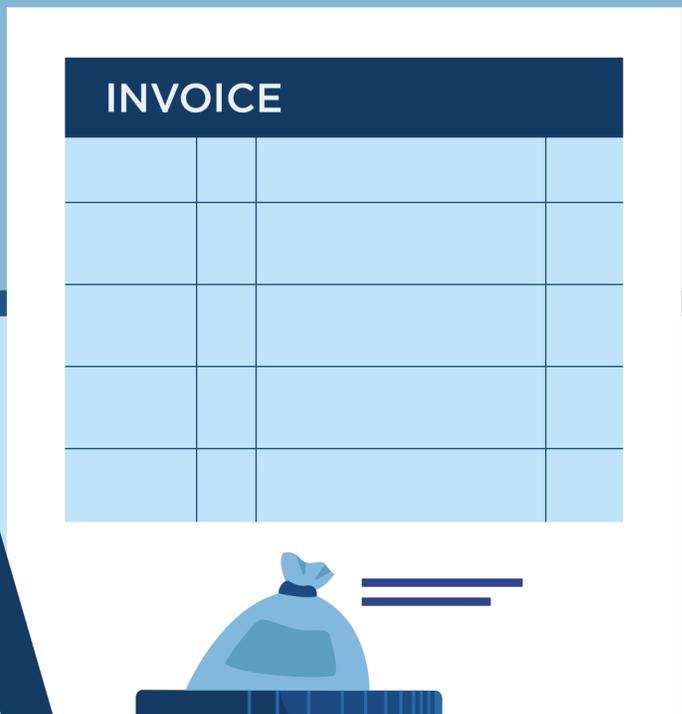
From 1 April 2023, the Corporation Tax main rate for will be increased to 25% applying to profits over £250,000. A small profits rate (SPR) will also be introduced for companies with profits of £50,000 or less so that they will continue to pay Corporation Tax at 19%. Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective Corporation Tax rate. More details on this will be shared once formalised.

4

Mr Hunt slashed tax-free allowances on dividends and capital gains tax. The dividend allowance will be cut from £2,000 to £1,000 next year and then to £500 from April 2024. The Annual Exempt Amount for capital gains tax will be cut from £12,300 to £6,000 next year and then to £3,000 from April 2024.

7

The Employers NICs threshold will be frozen until April 2028 but the employment allowance will be kept at its high level of £5,000.



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