



## Businesses



- **Business rates** – the current system is to be retained but with some key reforms (from 1 April 2023) including increasing the frequency of revaluations to 3 years and introducing new reliefs for investment in property improvements and green technology. In addition, temporary business rates reliefs were also announced for 2022-23: a freeze in the business rates multiplier and a 50% discount for the Retail, Hospitality and Leisure sectors (capped at £110k per business).
- **R&D tax reliefs** – will be reformed from April 2023 to improve their effectiveness by expanding qualifying expenditure to include data and cloud computing costs and to refocus support on innovation in the UK.
- **Annual Investment Allowance** – the temporary £1m allowance is to be extended to 31 March 2023.
- **Banking surcharge** – the surcharge rate will reduce from 8% to 3% with effect from 1 April 2023 and the annual allowance for groups will also be raised from £25m to £100m, which will help to remove more smaller UK banks from the scope of the surcharge.
- **Residential property developer tax** – a new 4% tax (on relevant group profits over £25m) that certain companies derive from UK residential property development was confirmed to apply from April 2022.

## Individuals



- The Chancellor respected his manifesto pledge to keep **Income Tax** rates stable and he chose not to announce changes to **Capital Gains Tax (CGT)** or **Inheritance Tax (IHT)**. However, the true impact on the taxation of individuals flows from the previous announcements below.
- The **personal allowance**, **basic rate** and **higher rate** limits have been frozen at £12,570, £37,700 and £150,000 respectively until April 2026. Alongside the previously announced **Health and Social Care Levy** and **dividend tax rate** increase of 1.25% (taking effect from April 2022), tax receipts should rise.
- Similarly, the **IHT Nil Rate Band**, **CGT Annual Exempt Amount** and **pensions lifetime allowance** will be frozen until April 2026. Combined with inflation, CGT and IHT receipts are forecast to rise.
- The Chancellor reiterated changes relating to the digital agenda, confirming the delay to **"Making Tax Digital" for Income Tax Self-Assessment** until April 2024 and giving further detail on other administrative reforms for self-employed and partners.
- The **CGT reporting and payment window** following the sale of UK residential property has been extended to 60 days, from the existing 30 days, a modest yet welcome change.

## Employers



- **National Living Wage** – as anticipated, an increase such that employees aged 23 years and over will be entitled to £9.50 per hour for pay periods starting from 1 April 2022.
- **Pension tax relief for low earners in net pay arrangements** – the government will introduce direct top-up payments for affected net pay arrangement scheme members from 6 April 2024.
- **Public sector pensions** – following the *McCloud* case, legislation will be introduced to ensure that compensation payable is not taxable and individuals are not taxed on any retrospective breaches of pension savings limits.
- **High skilled migration** – a new Scale-Up visa will launch in Spring 2022 to help eligible growth businesses recruit key overseas talent who meet certain language requirements and have a salary of at least £33,000.
- **National Insurance Contributions (NIC)** – the previously announced 1.25 percentage point increase (to fund social care prior to the introduction of the separate Health and Social Care Levy) becomes effective from 6 April 2022.



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