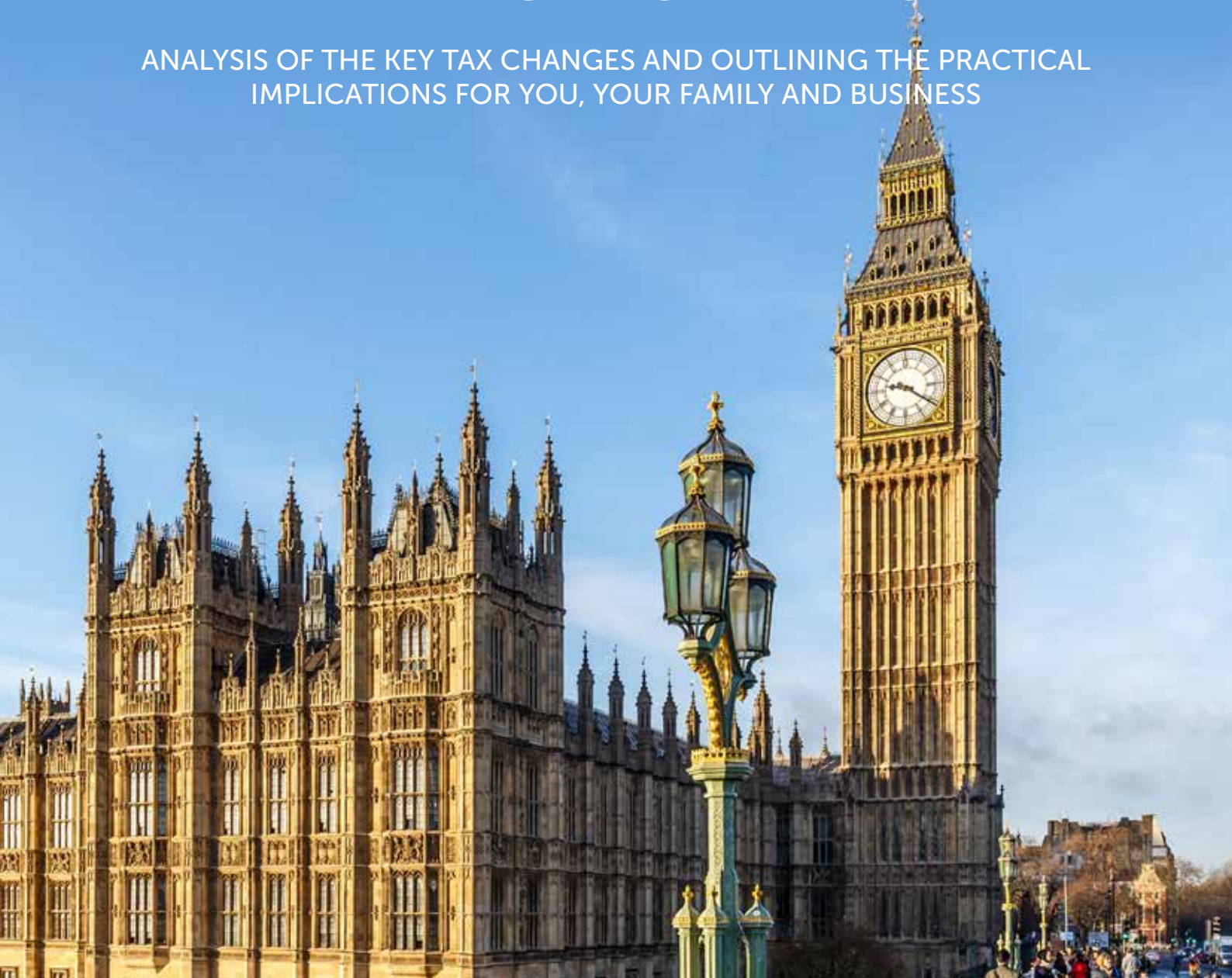


GUIDE TO THE
MINI-BUDGET 2022

ANALYSIS OF THE KEY TAX CHANGES AND OUTLINING THE PRACTICAL
IMPLICATIONS FOR YOU, YOUR FAMILY AND BUSINESS



Mini-Budget 2022 Growth Plan

What the Chancellor had to say

The Chancellor of the Exchequer, Kwasi Kwarteng, announced on Friday 23 September his Growth Plan 2022 to release the huge potential in the British economy by tackling high energy costs and inflation and delivering higher productivity and wages. This is the biggest package of tax cuts in generations and has been hailed a 'new era' for the UK economy.

The Growth Plan 2022 comes amid a cost-of-living crisis that has left millions of households struggling to pay their bills as fuel, food and energy prices soar. The government hopes that by cutting tax it will put more money in people's pockets and help boost the economy.

Mr Kwarteng said a major change of direction was needed to kick-start economic growth. Described as a Mini-Budget, or a fiscal event, there was enough affecting your finances in this statement to fill any full-scale Budget.

The Chancellor of the Exchequer said, 'Economic growth isn't some academic term with no connection to the real world. It means more jobs, higher pay and more money to fund public services, like schools and the NHS.

'This will not happen overnight but the tax cuts and reforms I've announced – the biggest package in generations – send a clear signal that growth is our priority.

'Cuts to Stamp Duty Land Tax will get the housing market moving and support first-time buyers to put down roots. New Investment Zones will bring business investment and release land for new homes in communities across the country. And we're accelerating new road, rail and energy projects by removing restrictions that have slowed down progress for too long.

'We want businesses to invest in the UK, we want the brightest and the best to work here and we want better living standards for everyone.'

The Chancellor also reiterated the important principle of people keeping more of what they earn, incentivising work and enterprise. He announced a 1p cut to the basic rate of Income Tax one year earlier than planned from 6 April 2023.

Alongside cutting the basic rate of Income Tax, the Chancellor also abolished the additional rate of tax, taking effect from 6 April 2023. In its place will be a single higher rate of Income Tax of 40%.

New measures were announced to help people on low incomes secure more and better paid work. Universal Credit Claimants who earn less than the equivalent of 15 hours a week at National Living Wage will be required to meet regularly with their Work Coach and take active steps to increase their earnings or face having their benefits reduced.

The Chancellor also set out plans to tackle the biggest drag on growth – the high cost of energy driven by Vladimir Putin's invasion of Ukraine, which has driven up inflation. To tackle this the government's Energy Price Guarantee will save the typical household £1,000 a year on their energy bill with the Energy Bill Relief Scheme halving the cost of business energy bills, reducing peak inflation by about 5 percentage points. ◀

WHAT DOES THE MINI-BUDGET 2022 GROWTH PLAN MEAN FOR YOU?

In our comprehensive guide to the *Mini-Budget 2022 Growth Plan*, we reveal the key announcements. If you have any questions or would like to discuss your situation – please contact us.

The majority of the Mini-Budget 2022 Growth Plan announcements are UK-wide; however the Scottish Government is expected to receive more than £600 million extra funding over the 2021 Spending Review period as a result of the changes to Income Tax and Stamp Duty Land Tax, and the Welsh Government will receive around £70 million over the same period as a result of the change to Stamp Duty Land Tax. The reversal of the Health and Social Care Levy will save 4.3 million people across Scotland, Wales and Northern Ireland more than £230 on average next year.

At a later date the government will set out further details of plans to speed up digital infrastructure, reform business regulation, increase housing supply, improve our immigration system, make childcare cheaper, improve farming productivity and back our financial services.

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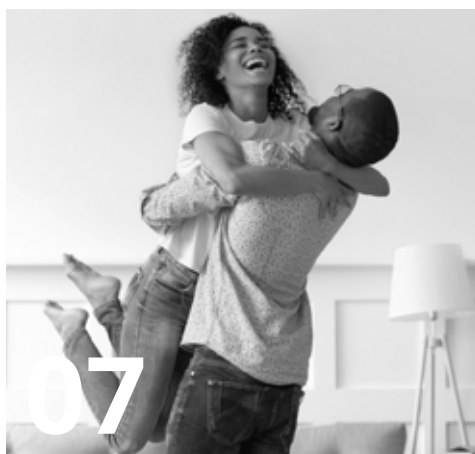
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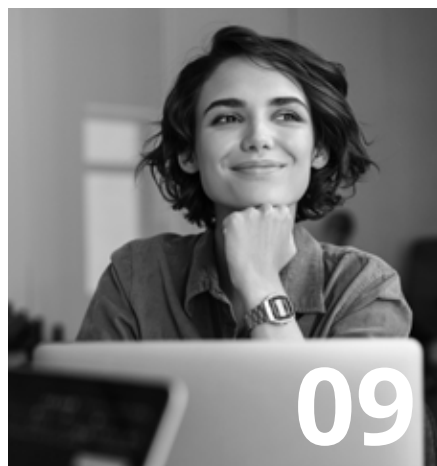
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Driving growth and unlocking housing
across the UK

The Chancellor of the Exchequer, Kwasi Kwarteng, on Friday 23 September delivered his Mini-Budget Growth Plan 2022 to Parliament. We look at the key announcements.



At a glance

Key announcements from *Mini-Budget 2022 Growth Plan*

The Chancellor of the Exchequer, Kwasi Kwarteng, on Friday 23 September delivered his Mini-Budget Growth Plan 2022 to Parliament. We look at the key announcements.

INCOME TAX

- Cut in basic rate of Income Tax to 19% from April 2023
- Government estimates 31 million people to receive £170 a year more
- Currently, people in England, Wales and Northern Ireland pay 20% on any annual earning between £12,571 to £50,270 – rates in Scotland are different. 45% higher rate of Income Tax abolished for England, Wales and Northern Ireland taxpayers
- One single higher rate of Income Tax of 40% from April next year

NATIONAL INSURANCE

- Reverse recent rise in National Insurance (NI) from 6 November
- Workers and employers have paid an extra 1.25p in the pound since April
- New Health and Social Care Levy to pay for the NHS will not be introduced

CORPORATION TAX

- Cancel UK-wide rise in Corporation Tax, which was due to increase from 19% to 25% in April 2023

BENEFITS

- Rules around Universal Credit tightened by reducing benefits if people don't fulfil job search commitments
- Around 120,000 more people on Universal Credit to be asked to take steps to seek more work, or face having their benefits reduced
- Jobseekers over 50 to be given extra time with work coaches to help them return to job market

WORK AND INVESTMENT

- IR35 rules – the rules which govern off-payroll working – to be simplified
- Annual investment allowance – the amount companies can invest tax free – remains at £1m indefinitely
- Regulations change so pensions funds can increase UK investments
- New and start-up companies able to raise up to £250,000 under scheme giving tax relief to investors
- Share options for employees doubled from £30,000 to £60,000

STAMP DUTY LAND TAX

- Cut to Stamp Duty Land Tax, which is paid when people buy a property in England and Northern Ireland
- No Stamp Duty Land Tax on first £250,000, and for first-time buyers that rises to £425,000

ENERGY

- Freeze on energy bills, which the government claims will reduce inflation by 5 percentage points
- Total cost for the energy package expected to be around £60 billion for the six months from October

BANKERS' BONUSES

- Rules which limit bankers' bonuses scrapped
- Package of regulatory reforms to be set out later in the autumn

SHOPPING

- VAT-free shopping for overseas visitors
- Planned increases in the duties on beer, cider, wine and spirits cancelled

INFRASTRUCTURE AND INVESTMENT ZONES

- Government discussing setting up Investment Zones with 38 local areas in England
- Tax cuts and liberalised planning rules to be offered to release land for housing and commercial use
- Investment Zones offered measures such as no business rates and stamp duty waived
- New legislation to cut planning rules, get rid of EU regulations and environmental assessments in an effort to speed up building

Income Tax

Allowing people to keep more of their money

During the Growth Plan 2022 statement from the Chancellor of the Exchequer, Kwasi Kwarteng, on Friday 23 September, changes were announced to the basic and additional rates of Income Tax.

The Chancellor said, 'The government's planned 1 percentage point cut to the basic rate is to be brought forward by 12 months to next April. To allow people to keep more of their money, the basic rate of Income Tax will now be cut from 20% to 19% from 6 April 2023, rather than from 6 April 2024.'

To incentivise enterprise and hard work and simplify the tax system, Mr Kwarteng also announced the government is abolishing the additional rate of Income Tax. From 6 April 2023, there will be a single higher rate of Income Tax of 40%, rather than an additional 45% on annual income above £150,000.

WHY HAS THE GOVERNMENT DONE THIS?

The government, the Chancellor commented, is committed to cutting the overall tax burden, making the UK more competitive as well as an attractive place to start, finance and grow a business.

Cutting personal tax rewards enterprise and work, and helps attract the best and brightest to innovate in the UK.

The government is also committed to simplifying the tax system, which also makes the UK more competitive. Moving to three rates (0%, 20% and 40%) will result in one of the simpler rate structures in the OECD. Mr Kwarteng pointed out that in 2021, 25 of 38 OECD countries had four or more central government personal Income Tax rates.

The Chancellor said, 'High tax rates damage UK competitiveness. They reduce the incentive to work, invest and start a business.'

BASIC RATE CUT BY 1PPT FROM 6 APRIL 2023 – FROM 20P TO 19P

- This is the first cut to the basic rate of Income Tax in 15 years (the last cut to the basic rate was in 2008/09).
- 19% is the lowest the basic rate has ever been in the modern Income Tax system.



- This is a tax cut worth over £5 billion for workers, savers and pensioners.
- 31 million taxpayers will benefit from this policy in 2023/24, with an average gain of £170.

TAXPAYERS BETTER OFF BY RATE CUT

There will be a four-year transition period for Gift Aid relief to maintain the Income Tax basic rate relief at 20% until April 2027. This will support almost 70,000 charities and is worth over £300m.

'On average', Mr Kwarteng said, 'basic rate taxpayers will be £130 better off, and higher rate taxpayers will be £360 better off, in 2023/24 thanks to the cut to the basic rate.'

The cut will apply to the basic rate which applies to non-savings, non-dividend income for taxpayers in England, Wales and Northern Ireland; the savings basic rate which applies to savings income for taxpayers across the UK; and the default basic rate which applies to non-savings and non-dividend income of any taxpayer that is not subject to either the main rates or the Scottish rates of Income Tax.

ADDITIONAL RATE (45P) OF INCOME TAX ABOLISHED

The government is also removing the additional 45% rate of Income Tax on annual income above £150,000 from 6 April 2023.

This means that all annual income above £50,270 will be taxed at 40%, the current higher rate of Income Tax.

Currently, the 45% rate is higher than the top national rate of Income Tax for G7 countries like the US and Italy. And it is

higher than social democracies like Norway.

The additional rate was reduced in 2013 to 45%. Pre-April 2010, the top rate of Income Tax was 40%. Removing the Income Tax additional rate will cut tax for around 660,000 individuals from April.

This will apply to the main rates which apply to non-savings, non-dividend (NSND) income for taxpayers in England, Wales and Northern Ireland; the savings rates which apply to savings income for taxpayers across the UK; and the default additional rate which applies to non-savings and non-dividend income of any taxpayer that is not subject to either the main rates or the Scottish rates of Income Tax.

The dividend additional rate will also be removed to align with the dividend upper rate, which is being reduced to 32.5% from 6 April 2023.

Those who would otherwise have been additional rate taxpayers will from 6 April 2023 benefit from a Personal Savings Allowance of £500, in line with higher rate taxpayers. This was not previously available to them.

The rates and bands for Scottish Income Taxpayers for NSND income are set by the Scottish Government (SG) (except for the PA). The Income Tax rate cuts announced during the Growth Plan 2022 statement do not apply to Scottish taxpayers.

Welsh rates of Income Tax for NSND income for Welsh taxpayers are set by the Welsh Government (on top of reduced UK rates). The Income Tax rate cuts announced therefore apply to Welsh taxpayers rather than providing additional funding for the Welsh Government. ◀

Cancellation of National Insurance rise and Health and Social Care Levy

Government is committed to a low-tax, high-growth economy

Chancellor of the Exchequer, Kwasi Kwarteng, during his Growth Plan 2022 announcement on Friday 23 September reconfirmed that April 2022's National Insurance rise and April 2023's Health and Social Care Levy will be cancelled.

The Chancellor said, 'The government is committed to a low-tax, high-growth economy – to make sure people keep more of the money they earn and for businesses to have the right conditions to drive investment, growth and productivity.'

'The government is cancelling the Health and Social Care Levy – initially introduced via a 1.25 percentage point rise in National Insurance contributions (NICs) – which took effect in April 2022.'

THIS WILL BE DELIVERED IN TWO PARTS:

- The government will reduce National Insurance rates from 6 November 2022, in effect removing the temporary 1.25 percentage point increase for the remainder of the 2022/23 tax year;
- The 1.25% Health and Social Care Levy will not come into force as a separate tax from 6 April 2023 as previously planned.

This tax cut reduces 920,000 businesses' tax liabilities by £9,600 on average in 2023/24. This is 60% of the UK's businesses with employer NICs liabilities.

Mr Kwarteng commented that it means 28 million people across the UK will keep an extra £330 a year, on average, in 2023/24.

HOW DOES CANCELLING THE HEALTH AND SOCIAL CARE LEVY HELP SPUR GROWTH?

The Chancellor announced the government's central mission is to raise living standards for all in the UK through growing the economy through the private sector. As a result of this tax cut, businesses will have more money to invest in becoming more productive, pay higher wages, create more jobs and support the overall growth of the UK economy.

Approximately 60% (920,000) of businesses with NICs liabilities will see a



reduction their National Insurance bills, with 20,000 of these businesses taken out of paying NICs entirely due to the Employment Allowance, a relief which allows eligible businesses to reduce their employer National Insurance bills each year.

At Spring Statement, on 23 March 2022, the previous government announced this would be rising by £1,000 from £4,000 to £5,000, which means 40% of businesses with NIC liabilities do not pay NICs.

The average saving for businesses is £9,600 in 2023/24. For small and medium businesses who see their NICs bills reduced, the average saving is £4,200 and £21,700 respectively in 2023/24.

The sectors benefitting most from the reversal are professional, scientific and technical; wholesale and retail trade; repair of motor vehicles and motorcycles; and construction.

WHEN WILL PEOPLE RECEIVE THE EXTRA AMOUNT?

Most employees will receive the cut in their November 2022 pay directly via their payroll. Basic rate taxpayers will on average see a gain of approximately £75 in 2022/23 rising to £175 in 2023/24.

For higher rate taxpayers, these figures are on average approximately £300 in 2022/23 rising to £700 in 2023/24. For additional rate taxpayers, the gain will be on average approximately £1,650 in 2022/23 rising to £3,890 in 2023/24.

Due to the complexities of some payroll software systems, there will be some people who receive the cut backdated in December 2022 or January 2023.

Although individuals should contact their employer for refunds as a first port of call in all circumstances, there may be circumstances where individuals may need to apply to HM Revenue & Customs for a refund (for example, if their employer is no longer trading, or if an individual has moved roles and their previous employer has confirmed they are unable to issue a refund retrospectively themselves).

WILL THERE BE LESS FUNDING FOR HEALTH AND SOCIAL CARE AS A RESULT?

The Levy and increased dividend tax was expected to raise approximately £13 billion a year to fund health and social care. Funding for health and social care services will be maintained at the same level as if the Levy was in place.

WHAT DOES THIS MEAN FOR THE SELF-EMPLOYED?

Self-employed people and company directors will pay a blended rate of National Insurance – taking into account the changes in rates throughout the year – when they submit their annual self-assessment return.

WHAT IS HAPPENING TO INCOME TAX ON DIVIDENDS?

From 6 April 2023, the government is reversing the 1.25 percentage point increase to the rate of Income Tax on dividends which took effect in April 2022.

This move is designed to support entrepreneurs and investors as we seek to raise living standards through economic growth. ◀

Stamp Duty Land Tax

Help for first-time buyers to get on the property ladder in two ways

The Chancellor of the Exchequer, Kwasi Kwarteng, announced during his Growth Plan 2022 statement on Friday 23 September 2022 changes to the Stamp Duty Land Tax in England and Northern Ireland.

The Chancellor reiterated the government is committed to an economy based on high growth and low tax, to help people keep more of the money they earn and drive business investment as a result.

To help achieve these aims, the government is reforming Stamp Duty Land Tax by doubling the level at which people begin paying this from £125,000 to £250,000.

This government, Mr Kwarteng commented, is also committed to helping first-time buyers get on the property ladder in two ways. Firstly, by increasing the level first-time buyers start paying stamp duty from £300,000 to £425,000.

In addition, the government is allowing first-time buyers to access the relief when they buy a property costing less than £625,000 rather than the current £500,000.

These measures will reduce Stamp Duty Land Tax across the board for all movers by up to £2,500 with first-time buyers able to access up to £8,750 in relief.

HOW WILL THIS HELP STIMULATE GROWTH?

Mr Kwarteng announced growth is this government's top priority and by taking these measures will boost the property market, in turn helping businesses expand to help fuel the wider economy's growth.

Doubling the nil-rate band will enable up to 29,000 more people to move home each year, in turn boosting household consumption, which will increase confidence in the economy and support thousands of businesses that rely on the property market. This includes, for example, estate agents, cleaners, builders, contractors, removals companies, plumbers, decorators and others.

'This policy', the Chancellor said, 'is a tax cut for hard-working people and will allow them to keep more of the money they earn. This tax cut will boost household consumption, increase economic confidence and support jobs.'

'The government is committed to fiscal sustainability by ensuring the economy grows faster than our debts and keeping debt as a proportion of our economy on a downward path.'

HOW IS THE GOVERNMENT HELPING FIRST-TIME BUYERS?

For a first-time buyer, the expenses that come with buying a new home can be off-putting. To help them, Mr Kwarteng announced the government is raising the amount they can spend on a new house without paying any Stamp Duty Land Tax.

The nil-rate threshold will be raised from £300,000 to £425,000. The government is also increasing the maximum property purchase price that will qualify for First-Time Buyers' Relief from £500,000 to £625,000. ◀



CASE STUDY 1 – FIRST-TIME BUYER IN LONDON

- Average London house price (Land Registry Data July 2022) – £543,500
- Original SDLT bill – £17,175 (first-time buyers wouldn't have been eligible for First-Time Buyer's Relief under the old system)
- New SDLT bill – £5,925
- Saving is £11,250 (-65%) (£2,500 due to nil-rate band up to £250k and £8,750 due to First-Time Buyer's Relief changes)

CASE STUDY 2 – STANDARD HOME MOVER

- Average England House Price (Land Registry Data July 2022) – £312,000
- Current SDLT bill – £5,600
- New SDLT bill – £3,100
- Saving is £2,500 (-45% of original bill)

BACKGROUND ON STAMP DUTY LAND TAX

- Stamp Duty Land Tax (SDLT) is a tax you pay whenever you purchase a house in England or Northern Ireland.
- Different rates of SDLT are paid on properties depending on their price once they pass a threshold, which from today will be £250,000.

TABLE OF POTENTIAL STAMP DUTY LAND TAX SAVINGS

SDLT charge for standard home mover (£)				SDLT charge for first-time buyer (£)		
Price (£)	As at 22 September 2022	As at 23 September 2022	Saving	As at 22 September 2022	As at 23 September 2022	Saving
200,000	1,500	0	1,500	0	0	N/A
400,000	10,000	7,500	2,500	5,000	0	5,000
600,000	20,000	17,500	2,500	20,000	8,750	11,250

STANDARD RESIDENTIAL SDLT RATES FROM 23 SEPTEMBER 2022

Property Value	Standard Residential Rates
£0 – £250,000	0%
£250,000 – £925,000	5%
£925,000 – £1,500,000	10%
£1,500,000	12%

The Higher Rates on Additional Dwellings apply to purchases of additional properties and are three percentage points above standard residential rates.

The Non-Resident surcharge applies to purchases of residential property by non-UK residents and is two percentage points above standard residential rates.

This is a permanent measure and will apply only in England and Northern Ireland. Stamp duty is not charged in Scotland; instead home purchasers pay Land and Buildings Transaction Tax, with rates set by the Scottish Government. Stamp Duty is also not charged in Wales, where purchasers pay Land Transaction Tax, with rates set by the Welsh Government.



Under the previous government's plans, the rate of Corporation Tax was to increase from 19% to 25% from 6 April 2023 for firms making more than £250,000 profit, around 10% of actively trading companies.

Corporation Tax

Significantly lower than the rest of the G7 and the lowest in the G20

Under the previous government's plans, the rate of Corporation Tax was to increase from 19% to 25% from 6 April 2023 for firms making more than £250,000 profit, around 10% of actively trading companies.

Companies making profits between £50,000 and £250,000 would also face a rise in Corporation Tax, with the rate increasing incrementally from 19% to 25% depending on how much profit a firm was making. For the remaining 70% of actively trading companies, those who make profits of £50,000 or less, Corporation Tax was to remain at 19%.

The Chancellor of the Exchequer, Kwasi Kwarteng, announced on Friday 23 September as part of his Growth Plan 2022 that the government has now cancelled this planned increase. Rather than rising to 25% from 6 April 2023, the rate will remain at 19% for all firms, regardless of the amount of profit made. He commented that, at 19%, the UK

Corporation Tax rate is significantly lower than the rest of the G7 and the lowest in the G20.

HOW DOES CUTTING CORPORATION TAX HELP GROW THE ECONOMY AND RAISE LIVING STANDARDS?

The Chancellor said, 'Competitive business taxes are important to growing the economy as they can incentivise investment and enterprise. The government wants to grow the economy by creating the conditions for businesses to thrive, which will create jobs and increase investment in the UK.'

Large businesses employ over 10 million workers and the government, Mr Kwarteng commented, wants to support them to deliver the growth needed to boost living standards across the UK.

The UK's internationally competitive corporate tax system can boost business investment which drives up productivity and powers economic growth. This can result in

lower prices for consumers, higher wages for employees, more jobs created as businesses grow and higher living standards in the UK.

The government, the Chancellor commented, believes that robust growth is crucial to funding vital public services in the UK and keeping taxes low for working families across the UK, so that people keep more of what they earn.

WHAT'S THE EVIDENCE THAT CUTTING CORPORATION TAX CAN BOOST GROWTH?

The Chancellor made references to the range of academic evidence which suggests that cutting Corporation Tax can boost investment and growth by providing immediate support to businesses in the short term, and increasing business investment, productivity and growth in the medium term to long term.

But the strength of this relationship can be difficult to measure and is

‘Competitive business taxes are important to growing the economy as they can incentivise investment and enterprise. The government wants to grow the economy by creating the conditions for businesses to thrive, which will create jobs and increase investment in the UK.’

dependent on different macroeconomic factors, for example, economic uncertainty or regulatory environments, with different studies suggesting different levels of impact.

WHAT ELSE IS BEING DONE TO DRIVE INVESTMENT AND GROWTH?

The Annual Investment Allowance threshold has been permanently set at £1 million, rather than reverting to £200,000. This is a 100% capital allowance for qualifying expenditure on plant and machinery up to a specified annual limit and covers the investment needs of 99% of the UK's businesses.

To improve the ability of small British companies to raise money and attract talent to grow and succeed, the government is expanding the Seed Enterprise Investment Scheme (SEIS) to help more UK start-ups raise higher levels of finance. This package will help over 2,000 start-up companies access finance.

The government is also expanding the availability and generosity of the Company Share Option Plan (CSOP) scheme. As a result, hundreds more companies are expected to benefit from the CSOP scheme each year.

Investment Zones will drive growth and unlock housing across the UK through lowering taxes and liberalising planning frameworks to encourage rapid development and business investment. ◀



The Chancellor of the Exchequer, Kwasi Kwarteng, announced on Friday 23 September that, as part of his Growth Plan 2022, he is to repeal the changes to the IR35 rules introduced from 2017 to 2021.

IR35

Reforms to off-payroll working repealed

The Chancellor of the Exchequer, Kwasi Kwarteng, announced on Friday 23 September that, as part of his Growth Plan 2022, he is to repeal the changes to the IR35 rules introduced from 2017 to 2021.

IR35 came into effect for public sector workers in April 2000. The rules determine whether a non-payroll worker is really a contractor or a disguised employee. In 2017, HM Revenue and Customs (HMRC) transferred responsibility for assessing whether someone was a disguised employee from the individual to the organisation.

Recent reforms had moved to stop freelancers effectively acting as employees while working through an intermediary – often their own private companies.

The Chancellor says workers, rather than businesses or public authorities, will once again be responsible for determining their employment status.

Mr Kwarteng said, ‘To achieve a simpler system, I will start by removing unnecessary costs for business. We can also simplify the IR35 rules and we will. In practice, reforms to off-payroll working have added unnecessary complexity and cost for many businesses.

‘So, as promised by the Prime Minister, we will repeal the 2017 and 2021 reforms. Of course, we will continue to keep compliance closely under review.’

The Chancellor commented the government will keep compliance under review – the rules were changed because HMRC thought 90% of contractors weren't applying the rules correctly – so if HMRC thinks this is still the case, we may well see further changes, albeit in a different form.

The change means self-employed workers providing their service through their own companies will again be responsible for paying the appropriate amount of tax and National Insurance Contributions.

YOU MAY BE AFFECTED BY IR35 RULES IF YOU ARE:

- A worker who provides their services through their intermediary (normally their own private company)
- A client who receives services from a worker through their intermediary
- An agency providing workers' services through their intermediary



As part of the government's Growth Plan 2022, Chancellor of the Exchequer, Kwasi Kwarteng, announced he is in discussions with local authorities to establish Investment Zones in England.

Investment Zones

Driving growth and unlocking housing across the UK

As part of the government's Growth Plan 2022, Chancellor of the Exchequer, Kwasi Kwarteng, announced he is in discussions with local authorities to establish Investment Zones in England.

The government, the Chancellor commented, intends to work closely with the devolved administrations and local partners to deliver this opportunity to drive local growth in Scotland, Wales and Northern Ireland.

Investment Zones will drive growth and unlock housing across the UK through lowering taxes and liberalising planning frameworks to encourage rapid development and business investment.

WHERE WILL INVESTMENT ZONES BE LOCATED?

The government is in discussions with 38 local authorities to establish Investment Zones in

England and also intends to work closely with the devolved administrations and local partners to deliver this opportunity to drive local growth in Scotland, Wales and Northern Ireland.

HOW WILL INVESTMENT ZONES WORK?

Areas hosting Investment Zones will benefit from:

Lower taxes – businesses in designated sites will benefit from time-limited tax benefits.

Accelerated development – there will be designated development sites to both release more land for housing and commercial development, and to support accelerated development. The need for planning applications will be minimised and where planning applications remain necessary, they will be radically streamlined. Development sites may be co-located with, or separate to,

tax sites, depending on what makes most sense for the local economy.

Wider support for local growth – subject to demonstrating readiness, Mayoral Combined Authorities hosting Investment Zones will receive a single local growth settlement in the next Spending Review period.

HOW WILL INVESTMENT ZONES BE SET UP?

In England, the government will deliver Investment Zones in partnership with Upper Tier Local Authorities and Mayoral Combined Authorities.

In Scotland, Wales and Northern Ireland, Investment Zones will be delivered in partnership with Devolved Administrations and local partners.

The Secretary of State for the Department for Levelling Up, Housing and Communities

will shortly set out the selection criteria to become an Investment Zone and the process for designating sites within it.

WHO DECIDES WHERE INVESTMENT ZONES ARE LOCATED?

The government has written to local leaders in every part of England to invite them to begin discussions with government to agree Investment Zone(s) in that area. The areas in The Growth Plan 2022 are the areas keen to be involved now, with more to come.

The government intends to work with the devolved administrations and other local partners to deliver Investment Zones across all parts of the UK as quickly as possible.

HOW WILL INVESTMENT ZONES GROW THE ECONOMY?

The Investment Zones tax offer will be carefully designed to encourage investment and new economic activity, supporting growth and jobs.

In addition to the tax offer, planning flexibilities will remove a significant barrier to economic growth, and together tax and planning flexibilities will enable businesses to benefit from the positive effects of co-locating (also known as 'agglomeration effects').

WHAT ARE THE TAX BENEFITS FROM INVESTMENT ZONES?

Businesses in designated areas in Investment Zones will benefit from 100% business rates relief on newly occupied and expanded premises. Local authorities hosting Investment Zones will receive 100% of the business rates growth above an agreed baseline in designated sites for 25 years.

In addition, businesses will receive full Stamp Duty Land Tax relief on land bought

for commercial or residential development and a zero rate for Employer National Insurance contributions on new employee earnings up to £50,270 per year.

To incentivise investment, there will be a 100% first year enhanced capital allowance relief for plant and machinery used within designated sites and accelerated Enhanced Structures and Buildings Allowance relief of 20% per year. ◀



WHERE ARE THE 38 LOCAL AUTHORITIES?

- | | | |
|---|------------------------------------|--------------------------------------|
| ■ Blackpool Council | ■ Hull City Council | ■ Southampton City Council |
| ■ Bedford Borough Council | ■ Kent County Council | ■ Southend-on-Sea City Council |
| ■ Central Bedfordshire Council | ■ Lancashire County Council | ■ Staffordshire County Council |
| ■ Cheshire West and Chester Council | ■ Leicestershire County Council | ■ Stoke-on-Trent City Council |
| ■ Cornwall Council | ■ Liverpool City Region | ■ Suffolk County Council |
| ■ Cumbria County Council | ■ North East Lincolnshire Council | ■ Sunderland City Council |
| ■ Derbyshire County Council | ■ North Lincolnshire Council | ■ South Yorkshire Combined Authority |
| ■ Dorset Council | ■ Norfolk County Council | ■ Tees Valley Combined Authority |
| ■ East Riding of Yorkshire Council | ■ North of Tyne Combined Authority | ■ Warwickshire County Council |
| ■ Essex County Council | ■ North Yorkshire County Council | ■ West of England Combined Authority |
| ■ Greater London Authority | ■ Nottinghamshire County Council | ■ West Midlands Combined Authority |
| ■ Gloucestershire County Council | ■ Plymouth City Council | ■ West Yorkshire Combined Authority |
| ■ Greater Manchester Combined Authority | ■ Somerset County Council | |

Mini-Budget 2022: What the Growth Plan means for your money

If you want to find out or discuss how the measures announced will affect your personal finances or business, please contact us for more information.

We look forward to hearing from you.

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