

Spring Statement 2022

Fuel Duty cut

- Cutting fuel duty on petrol and diesel by 5p per litre for 12 months.
- The cut takes effect from 6pm on 23rd March 2022.

Employment Allowance increase

- The Employment Allowance is a relief which allows eligible businesses to reduce their employer National Insurance contributions (NICs) bills each year.
- From April 2022 the Employment Allowance will increase from £4,000 to £5,000.

Reforming Research & Development credits

- From April 2023, businesses will be able to claim Research & Development tax relief on the storage of their vital data and pure maths research.
- Draft legislation will be published this summer with a review to try to improve the Research & Development incentives.

Greater Business Investment

- There will be a series of potential policy changes to the UK's existing capital allowances regime, which the government will consider ahead of April 2023.
- The aim is to encourage business investment to drive forward productivity growth.
- The government will be engaging with business organisations and other interested parties from now until the autumn.

National Insurance Threshold Raised

- From July 2022, the annual National Insurance Threshold will increase from £9,880 to £12,570 for both employees (Class 1 NIC) and self-employed (Class 4 NIC).
- From July 2022 onwards this will save a typical employee and self-employed individual over £330 and £250 per year respectively.
- From April 2022, self-employed individuals will not pay Class 2 NIC on profits between the Small Profits Threshold (£6,725) and the Lower Profits Limit (2022/23 £11,908 and 2023/24 £12,570). This will benefit around half a million self-employed by up to £165 per year.
- They will still be entitled to access entitlement to contributory benefits such as state pension, maternity allowance and employment & support allowance.

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Basic rate income tax cut

- The UK government will cut the basic rate of income tax by 1% from April 2024 to 19%. The current basic rate is 20%.
- Scottish resident taxpayers already enjoy a 19% income tax rate on the first £2,096 (£2,162 for 2022/23) of their taxable income.

Abolishing VAT on energy saving insulation

- The 5% VAT rate on energy saving insulation and solar panels will be reduced to zero for the next 5 years.
- This will positively affect homeowners having materials like solar panels, heat pumps or insulation installed.
- Due to the Northern Ireland Protocol this cut will not immediately apply to Northern Ireland. The Northern Ireland government will initially be compensated through the Barnett formula.
- The government will reverse the EU's decision to take wind and water turbines out of scope for VAT and zero rate them.