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Growth Plan Update

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After less than four days in the role, the new Chancellor of the Exchequer, Jeremy Hunt, has announced that almost all the tax measures announced as part of former Chancellor Kwasi Kwarteng's growth plan on 23 September 2022 will be reversed. The key exceptions are to be those which have already begun to be formally legislated.

The Chancellor confirmed that the energy price guarantee and the energy bill relief scheme will continue to operate until April 2023. A Treasury-led review will now be launched to consider how to continue to support businesses and households after that date, with the intention being to develop an approach that will cost significantly less than the current plans.

The key tax measures, and details on the current state of these, are ***set out on the following page.***

CONTACT US

If you have any queries or need any advice, please do not hesitate to contact us on:

Tel: **0161 330 3067**

Email: **admin@sherlockandco.uk**

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| Measure | Detail |
|---|--|
| Reduction in the main rate of income tax from 20% to 19% from 6 April 2023 | Reversed – the main rate will remain at 20% indefinitely |
| Removal of the additional rate of income tax from 6 April 2023 | Reversed – as announced on 3 October |
| Reduction in dividend tax rates by 1.25% from 6 April 2023 | Reversed |
| Reduction in NIC rates from 6 November 2022 | Kept |
| Cancellation of the health and social care levy due to come into effect from 6 April 2023 | Kept |
| Increase in the nil-rate threshold for stamp duty land tax on residential property | Kept |
| Increase in the thresholds for stamp duty land tax first-time buyer's relief | Kept |
| Repeal of the off-payroll working rules introduced in 2017 and 2021 | Reversed – the off-payroll working rules will remain in place |
| Cancellation of the plan to increase the main rate of corporation tax to 25% | Reversed – it was announced on 14 October that the main rate of corporation tax will increase to 25% from 1 April 2023 |
| Annual investment allowance to be set at a permanent level of £1 million | Kept |
| Introduction of investment zones in which various tax incentives are intended to be available | To be confirmed |
| Extension of enterprise investment scheme and venture capital trusts past 2025 | To be confirmed |
| Increase in the limits to the seed enterprise investment scheme | Kept |
| Increase in the limit to the value of options that can be granted under a company share option plan | Kept |
| Introduction of a new digital scheme to allow for VAT-free shopping by visitors to the UK | Reversed |
| Abolition of the Office of Tax Simplification | To be confirmed |