



Autumn Statement 2023

Healthcare

What the Autumn Statement means for the Healthcare sector

With a General Election probable in the not-too-distant future, the announcements made in the Autumn Statement 2023 were, probably unsurprisingly, quite modest. Aside from the more headline grabbing reductions to National Insurance, many of the other measures were largely administrative, as Parliamentary time would be short for enacting more complex measures.

The main announcements affecting the healthcare sector were as follows.

Changes to National Insurance for the Self Employed

The Chancellor announced the abolition of Class 2 National Insurance and the reduction in the main rate of Class 4 National Insurance from 9% to 8%, both measures taking effect from 6 April 2024.

The main rate of Class 4 National Insurance currently applies to profits between £12,570 and £50,270, so this 1% reduction gives a potential £377 maximum annual saving.

Class 2 National Insurance is currently a flat rate of around £180 pa and it is this which currently builds the entitlement to various contributory benefits, including the state pension.

Those with profits between £6,725 and £12,570, and so not paying Class 4 National Insurance, will continue to get access to these contributory benefits through a National Insurance credit as they do now, whilst those with profits under £6,725 who choose to pay Class 2 voluntarily to access these benefits will continue to be able to do so.

Changes to National Insurance for Employees

In an unusual move, which will no doubt cause some headaches for payroll software providers, the rate of National Insurance that employees pay is being reduced mid-tax year.

From 6 January 2024 the main rate of employee National Insurance will reduce from 12% to 10%. This rate applies to salaries between £12,570 and £50,270 so this is a potential maximum annual saving for employees of £754.

Claiming tax relief on training costs for the self employed

It was announced that HMRC will in due course clarify guidance on what training costs can be deductible for tax purposes. This is helpful recognition that the current rules are not entirely clear, and it's an area that affects many Healthcare professionals.

Off-payroll working (IR35): calculation of Pay As You Earn (PAYE) liability in cases of non-compliance

Where HMRC deem that an engagement breached the Off-Payroll working rules (often referred to as IR35), this is likely to give rise to PAYE tax and National Insurance liabilities for the deemed employer.

In changes announced in the Autumn Statement, from 6 April 2024, the amount that the deemed employer would need to pay following a breach would take account of the tax and National Insurance contributions already paid by a worker and their intermediary on that engagement.



Business Rates

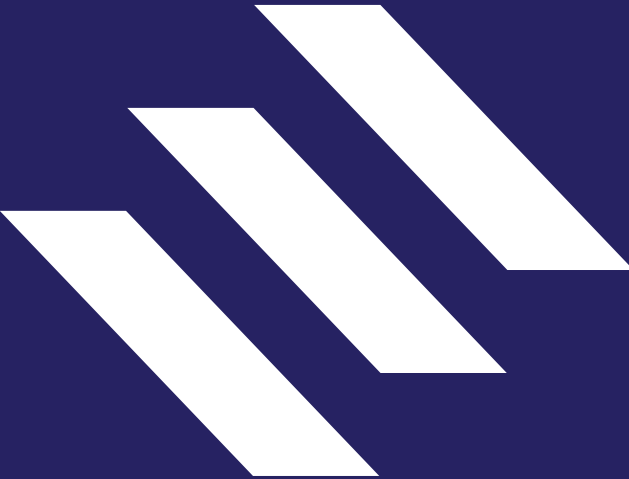
The small business multiplier has been frozen for another year at 49.9p. The standard multiplier will rise in line with September's CPI to 54.6p and will take effect for April 2024 in England. The 75% relief available on Retail, Hospitality and Leisure properties has been extended for 2024-25.

Minimum Wage

The Legal Minimum Wage (or the National Living Wage) is to increase from £10.42 to £11.44 an hour from April 2024.

Update on Making Tax Digital

In announcing the outcome of the review into the impact of Making Tax Digital (MTD) for Income Tax Self-Assessment (ITSA) on small businesses the government announced that it would maintain the previously announced threshold of £30,000 of gross income, but introduce changes to simplify and improve the system. MTD will take effect from April 2026.





Tax Return Reporting Requirements

As announced on 27 April 2023, from the 2025/26 tax year, taxpayers completing self-assessment tax returns will be required to provide details of the dividend income and the percentage shareholding in owner-managed businesses separately to other dividend income. Trading businesses will also need to show the start and end dates of self-employment.

However, from 2024-25 the Government will no longer require individuals whose only income is taxed through Pay As You Earn to file a Self-Assessment return.

Expansion of the Cash Basis of Accounting

The cash basis is a simplified way of calculating sole trade and partnership taxable profits but can currently only be adopted where profits are below £150,000 and must be exited when turnover exceeds £300,000. There are also restrictions on interest claims and loss relief.

The Autumn Statement announced changes which take effect from 6 April 2024 to set the cash basis as the default method for eligible small businesses, and to remove the turnover, interest, and loss relief restrictions that currently apply. Businesses will therefore need to elect to apply the accruals basis and we would expect this to continue to be the norm.

ISA changes

Whilst the annual contributions limits were left unchanged at £20,000 for adult ISAs, £9,000 for Junior ISAs and £4,000 for the Lifetime ISA, the government will make changes to ISAs to simplify the scheme, including allow multiple subscriptions in each year to ISAs of the same type from 6 April 2024. It will also widen the scope of investments that can be included in ISAs.

EIS and VCT Investments

Currently the EIS and VCT legislation contains sunset clauses which limit Income Tax relief to shares issued before 6 April 2025. Those sunset clauses have now been extended to 6 April 2035, continuing the availability of Income Tax relief for investors in qualifying companies and VCTs.

The Legal Minimum Wage is to increase from £10.42 to £11.44 an hour from April 2024.

If you have any questions in relation to what we have mentioned here, please get in touch with your usual BHP contact.

Spending Plans — Mental Health

There was an announcement of an expansion to the Individual Placement and Support for Severe Mental Illness, the employment support service within community mental health teams, offering an additional 100,000 places over five years.

There will also be an expansion to Talking Therapies. Funding will be provided to increase the number of sessions per course of treatment as well as broaden access.

Pharmaceutical Industry Agreement

It was announced that the Government has reached an in-principle agreement with the pharmaceutical industry on the 2024 Voluntary Scheme for Branded Medicines Pricing, Access, and Growth.

The scheme is expected to deliver around £14 billion in savings to the NHS across the next five years, as well as supporting rapid patient access to new clinically and cost-effective medicines.

A £400 million fund will also be established by industry to support investment in the UK life sciences ecosystem, including improved clinical trial capacity.

Further information in respect of these announcements is awaited.

Abolition of the Pensions Lifetime Allowance

As announced at Spring Budget 2023, the government will introduce legislation in the Autumn Finance Bill 2023 to complete the work to remove the Lifetime Allowance.



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