



Following the mini-Budget on 23rd September, an unprecedented U-turn on some of the measures that were first announced was confirmed on Monday by new Chancellor Jeremy Hunt. Here's a breakdown of the impact that Monday's announcement had on the original measures in the mini-Budget that affected small business clients.

The measures that have been changed or cancelled:

IR35 reforms

The mini-Budget had laid out plans to repeal the 2017 and 2021 reforms to IR35 legislation. However, it was confirmed on Monday that this change will not go ahead and the current rules for off-payroll working will remain in place.

Cut to the basic rate of Income Tax

Instead of reducing the basic rate of Income Tax in England and Northern Ireland to 19% as announced in the mini-Budget, it was confirmed on Monday that this rate will remain at 20% indefinitely. In Scotland, the Scottish rate of Income Tax will continue to apply, while the Welsh Income Tax rates will continue to apply in Wales.

Reversal of tax rate increase on dividends

In April 2022 the rate of Income Tax charged on dividend income was increased by 1.25% and the mini-Budget had originally laid out plans to reverse this increase in April 2023. This reversal has now been cancelled, which means that the rates of Income Tax charged on dividend income will remain 1.25% higher until further notice.



Support for energy bills

The Energy Bill Relief Scheme for businesses and the Energy Price Guarantee for households were both announced last month prior to the mini-Budget.

The Energy Bill Relief Scheme is designed to support all business owners in England, Scotland and Wales with the rising cost of energy by applying automatic discounts to their energy usage. An equivalent scheme for businesses in Northern Ireland is also in place.

Although the Energy Bill Relief Scheme was initially introduced for two years, it was announced on Monday that it will only run for six months. This means that the automatic discounts applied to the energy usage of all businesses in the UK will only be in effect between 1st October 2022 and 31st March 2023.

A Treasury-led review will assess the support that could be offered to businesses and households after both the Energy Bill Relief Scheme and Energy Price Guarantee end in April 2023.

The measures that have stayed in place

National Insurance rate increase reversal

The Chancellor confirmed on Monday that the National Insurance rate increase reversal first announced in the mini-Budget will go ahead as planned.

Annual Investment Allowance level set at £1m permanently

The limit for the Annual Investment Allowance - which had been set permanently at £1m in the mini-Budget - will remain unchanged.

You can find out more about the changes announced on Monday on the government's website.