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The Autumn Statement 2023

22nd November 2023

Introduction

The Chancellor, Jeremy Hunt, has delivered another Autumn Statement, with the General Election looming and the cost of living crises still impacting upon many people's lives.

Here are some of the main outcomes which have come about as a result of this Statement.

Income Tax Allowance + National Insurance + Rate Bands

It is important to note that the tax rates and thresholds are complicated by the fact that the power to vary the tax rates and thresholds of Non-Savings, Non-Dividend income for Scottish taxpayers has been devolved to the Scottish Parliament since April 2017. With the exception of the tax thresholds, similar powers have been passed over to the National Assembly of Wales since April 2019 in respect of Welsh resident taxpayers. The Income Tax Personal Allowance and all other elements of the Income Tax system remain part of the Chancellor's responsibility. The Scottish and Welsh Budgets have been announced for Tuesday, 19th December 2023.

As was previously announced in the 2022 Autumn Statement, the Personal Tax Allowance currently set at £12,570, will remain at this level until 2028. The Basic Rate Tax Band, presently set at £37,700 will also stay the same until April 2028. Personal allowances will be reduced by £1 for every £2 a person's income exceeds £100,000.

UK Tax Rates 2024/25 (except Scotland)

Band	Rate
£0 to £12,570	0%
£12,571 to £50,270	20%
£50,271 to £125,140	40%
Over £125,140	45%

Scottish tax rates 2023/24 re non-savings, non-dividend income

Bands	Band Name	Rate
£0 to £12,570	Personal allowance	0%
£12,571 to £14,732	Starter rate	19%
£14,733 to ££25,688	Scottish basic rate	20%
£25,689 to £43,662	Intermediate rate	21%
£43,663 to £125,140	Higher rate	42%
Over £125,140	Top rate	47%

- From 6 April 2024, self-employed people with profits above £12,570 will no longer be required to pay Class 2 NICs, but will continue to receive access to contributory benefits, including the State Pension.
- The self-employed Class 4 NI rate will be reduced from 9% to 8% from 6th April 2024.
- The employee Class 1 NI rate will be reduced from the present 12% to 10% with effect from 6th January 2024.

National insurance (NI)	2024/25
Class 1 NI employees – earnings between £12,570 - £50,270	10%
Class 1 NI employees – earnings in excess of £50,270	2%
Class 1 NI employers – earnings in excess of £9,100	13.8%
Class 1A Benefits in kind	13.8%
Class 1B NI PAYE settlement agreements	13.8%
Class 4 NI self-employed – Profits between £12,570 - £50,270	8%
Class 4 NI self-employed earnings in excess of £50,270	2%
Class 2 NI	Abolished
Class 3 voluntary NI*	TBA

*2022/23 Class 3 NI weekly contributions can be paid up to 5th April 2025 to cover missing state pension years back to 2006.

Quick tip

If you have more than one employment you may pay too much employees' national insurance. HM Revenue & Customs can request the second employer to operate a lower rate to ensure the correct amount is paid. Refunds may be possible if national insurance has been overpaid in earlier years.

Quick tip

If you are self-employed and your accounts year does not end between 31st March – 5th April. Up to and including 2022/23 tax year you will have been taxed on the profits per the accounts which ended in that particular tax year. From April 2024 (the transitional year) you will be taxed on the profits per the tax year itself. Is it worthwhile changing your accounts year to tie in with the tax year?

Is it worth considering incorporating so that you can continue to be taxed on the profits per the accounting period rather than on a tax year basis.

If you do not intend to move your accounting year to coincide with the tax year end, the excess profit that arises under the new rules in the transitional 2023/24 tax year can be spread and taxed over 5 tax years. However it may be worth considering electing to bring forward some or all of those excess profits to be taxed in an earlier tax year. For example your total income in later years may take you into a higher tax bracket or the Government of the day may increase the tax rates.

Dividends

- As already announced , the zero rate of tax dividend threshold will fall from £1,000 to £500 from 6th April 2024.
- There will be no change to the dividend tax rate.

Band	2023/24	2024/25
Dividend ordinary rate	8.75%	8.75%
Dividend upper rate	33.75%	33.75%
Dividend additional rate	39.35%	39.35%

Quick tip

With the dividend zero rate threshold falling from £1,000 (2023/24) to £500 (2024/25), is it worthwhile transferring some shares to a spouse/civil partner to maximise it. Do you have control over when a dividend can be paid out? If so have you made use of the £1,000 zero rate threshold for this tax year?

Capital Gains Tax (CGT)

- A reminder that the CGT annual exemption (AE) for individuals, personal representatives (PR) and Trustees is set to fall next tax year.

UK CGT Annual Exemption

Tax Year	Individuals/PR *	Trustees**
2023/24	£6,000	£3,000
2024/25	£3,000	£1,500

*Note - the AE is only available to PRs for 2 tax years following the tax year in which the Deceased died.
** Note – the AE is divided equally between the number of Trusts set up by the Settlor (the AE is presently capped at £300 per Trust if 5 or more, or 10 or more if for the benefit of a disabled person),

- There is no change as to how the capital gain above the annual exemption will be taxed. The CGT rate will be dependent upon a combination of the taxpayers status, total income and the type of asset disposed of.

Status	Residential property	Other Asset
Individual	18%/28%	10%/20%
Personal Representatives	28%	20%
Certain Trusts	28%	10%/20%*

*If the Trust asset disposed of has been used in the beneficiary's business, the gain may attract a 10% CGT rate

Quick tips

Before you sell an asset, such as shares or property for example, come and speak to us, as there may be planning that can be carried out prior to the sale to mitigate the capital gains tax hit?

Remember, if you are a UK resident taxpayer and sell a UK residential property, which could trigger off a gain liable to capital gains tax (CGT), to avoid penalties from arising, you need to complete a CGT Return within 60 days of completion and pay the tax over within the same time frame.

Pensions

- The annual pension allowance will remain at £60,000 for 2024/25.
- The money purchase annual allowance will remain at £10,000.
- The minimum Tapered Annual Allowance will remain at £10,000 for individuals who's adjusted income for the year is £260,000 or more.
- From 6th April 2024, in the event of a pension member dying under the age of 75, any lump sum tax free limit not utilised by the deceased will remain tax free in the hands of qualifying beneficiaries. Any excess above that limit will be taxed at the beneficiaries marginal rate of tax.
- The pension tax free lump sum percentage will remain at 25% of the pension value up to a maximum of £268,275. However those individuals who have protected rights already in place can take a higher tax free amount.
- There are some individuals who save into an occupational pension under the net pay arrangements, but whose taxable income is below the personal allowance, thereby missing out on tax relief relating to those pension contributions.
- With effect from the 2024/25 tax year onwards the intention is to remove this unfairness.
- Shortly after the end of that tax year, HMRC will aim to contact those impacted by this and request their bank account details. Upon receipt they will pay the 'tax relief' amount into that account.

Quick tip

If you are a member of a UK registered pension scheme who is thinking of leaving the UK, you may want to consider topping up your pension scheme in the tax year in which you leave the UK in order to maximise your UK tax relief and enhance your pension provision. This should be done in conjunction with your accountant and a suitably qualified IFA.

One option to consider when wanting to help your children/grandchildren for the future is to contribute up to £2,880 into a stakeholder pension scheme each year. The government will top that up to £3,600. It could help with your inheritance tax position as well.

Quick tip
The profits from furnished holiday let homes are treated as pensionable earnings, which means they count towards calculation of the maximum pension contribution you will receive tax relief on. This means that not only can you use the pension to save for your future, but the government will contribute as well.

State Pension (SP)

- Under the triple lock, SP rises in line with the highest of average earnings, inflation or 2.5% based upon September 2023 figures.
- The highest figure was the average earnings rate for September 2023 of 8.5%,.
- The Government have decided that the SP will increase by 8.5% from April 2024.

Quick tip
Consider making voluntary national insurance contributions to fill gap years in your state pension history. Up until 5th April 2025 you can go as far back as April 2006. Each year would cost you just over £824. After that date you can go back 6 tax years. The cost for each year would then be based upon the voluntary Class 3 national insurance rate applicable for that current year. Each additional year could result in an extra £325 state pension (based upon 2024/25 figures) on an annual basis.

Quick tips
Did you claim child benefit (CB) before May 2000? The Government have recently admitted that CB claimants before May 2000 may have lost out on some of their state pension entitlement. This could affect those already in receipt of state pension, deceased estates and those yet to reach state pension age. Each year of error could cost the individual up to £325 per annum lost state pension entitlement. You may want to check to see if it affects you or your loved ones.

Inheritance Tax (IHT)

- As stated within the 2022 Autumn Statement, the 40% IHT rate, the £325,000 IHT Nil Rate Band and the £175,000 Residence Nile Rate Band (RNRB) will remain in place until April 2028.
- The commencement of the tapering off of the RNRB will remain at £2 million.

Quick tips
Did the deceased gift an asset away within 7 years prior to death but the value of it was lower at the time of the gift? Normally the market value at the date of the gift comes back into the deceased's estate for inheritance tax purposes. However if the value was less at the time of death you can make a loss relief claim and use that value instead to mitigate the inheritance tax burden.

Quick tips
If you are contemplating setting up an investment company or you already have an existing one, consider turning it into a Family Investment Company. Any increase in company value could immediately be outside your Estate for inheritance tax purposes.

Quick tip
If the gross sale value of land or property sold within 4 years of the deceased's death turns out to be less than the probate value, you may want to consider putting in an inheritance tax loss relief claim. You could do the same, if within 12 months of death, the disposal of listed shares or unit trusts resulted in the gross sale value being less than at probate.

Cultural Reliefs

- At Spring Budget 2023, the government extended the temporary higher rates of three cultural tax reliefs - Theatre Tax Relief (TTR), Orchestra Tax Relief (OTR), Museums & Galleries Exhibition Tax Relief (MGETR).
- Legislation will be introduced to clarify the workings of such tax reliefs.
- The film, TV and video games tax reliefs will be reformed to expenditure credits, following the same approach as the Research and Development Expenditure Credit (RDEC).
- The new Audio-Visual Expenditure Credit (AVEC) will replace the current film, high-end TV, animation and children's TV tax reliefs.
- The Video Games Expenditure Credit (VGEC) will replace the Video Games Tax Relief (VGTR).
- Film, high-end TV and video games will be eligible for a credit rate of 34% and animation and children's TV will be eligible for a rate of 39%.
- Companies claiming creative tax reliefs will be required to complete and submit an online information form.

Construction Industry Scheme (CIS)

- From 6th April 2024, subcontractors will have to demonstrate compliance with VAT obligations to be granted and keep gross payment status.
- HMRC will be able to immediately cancel gross payment status to include cases where they have reasonable grounds to suspect fraud involving VAT, Corporation Tax, Income Tax and Pay As You Earn.

Back to work plan

- The aim is to expand the employment support and treatment available and reform the ways that people with disabilities or health conditions interact with the state.
- As part of the Back to Work Plan the government will invest over £1.3 billion during the next five years to help tackle long-term unemployment by establishing an end-to-end process that supports and incentivises unemployed Universal Credit claimants to find work.
- The government is boosting four key programmes – NHS Talking Therapies, Individual Placement and Support, Restart and Universal Support – to benefit up to 1.1 million people over the next five years and help those with mental or physical health conditions stay in or find work.
- The intention is to trial reforms to the fit note process to make it easier and quicker for people to get specialised work and health support, with improved triaging and signposting.
- Stricter benefit sanctions will also be enforced by the Department for Work and Pensions for people who are able to work but refuse to engage with their Jobcentre or take on work offered to them.
- Benefit claimants who continue to refuse to engage with the Jobcentre will face having their claim closed.
- Universal Credit claimants will be asked to take part in work placements requiring them to take a job at the end or risk losing their income.
- Benefit sanctions will be ramped up meaning people who don't seek employment will lose all support after 6 months – including losing free prescriptions and legal aid.
- Universal Credit benefits will increase by 6.7%.

Quick tip

If you are an employer considering providing a one off/exceptional payment to your lower paid employees to mitigate the impact of the cost of living crises, then it may be better to do so in the form of non-cash vouchers, as opposed to cash itself, as it will not impact upon their universal credit payments.

Quick tips

Have you been in a co-habiting relationship involving children and your partner has died since 9th April 2001?
Dependent upon when your partner passed away, you may be entitled to either widowed parents allowance or bereavement support payments. For retrospective claims you have to make the claim by 8th February

Off payroll working (IR35)

- The off-payroll working rules (commonly known as IR35) were first introduced in 2000.
- The rules set out that where an individual is working like an employee, they should pay tax like an employee — regardless of whether they are working through their own intermediary (for example, a Personal Services Company).
- HMRC will have the power to set off amounts of tax and National Insurance (NI) contributions already paid by a worker and their intermediary on income from engagements under the IR35 rules against a subsequent PAYE liability settlement with the deemed employer.
- This will apply to income tax and NI liabilities assessed under PAYE on or after 6th April 2024, which arise as a result of an error in operating the off-payroll working rules in respect of deemed direct payments made from 6th April 2017.

Business Rates (England)

- There is a business rates support package worth £4.3 billion over the next 5 years for small businesses and the high street.
- The small business multiplier will be frozen for a fourth consecutive year.
- Retail, hospitality and leisure 75% business rates relief will be extended.

Corporation Tax

- The corporate tax rates for those companies who do not make profits from oil extraction or oil rights in the UK or UK continental shelf have not presently been changed in respect of the Financial year 2024 (starting 1st April 2024). So at present it is as follows:

Rates for corporation tax years starting 1st April

Rate	2023	2024
Small profits rate (Companies with profits under £50,000)	**19%**	**19%**
Main rate (Companies with profits over £250,000)	**25%**	**25%**
Marginal relief fraction (Companies with profits between £50,000 and £250,000)	**3/200**	**3/200**

Quick tip
Does your company have cash reserves which are not required for working capital? Consider paying your corporation tax early as the interest return on early payments is competitive.

VAT

- The taxable turnover threshold for determining whether a person must register for VAT presently remains at £85,000 and the point at which a person can apply to deregister also remain at £83,000 until 31st March 2026.

Quick tip
Are you a struggling VAT registered business with less than £20,000 of VAT owing? Consider whether you are eligible to set up a VAT payment plan online to help with the cashflow.

Quick tip
If you are a partially exempt business for VAT purpose, you normally cannot claim the VAT input tax on costs attributable to any VAT exempt supplies that you make. However, if the total value of your exempt input tax is not more than £625 per month on average and it represents no more than 50% of your total VAT input tax then this can be recovered.

Quick tips
When first registering for VAT, you are able to claim input VAT on goods purchased in the 4 year period before registration where those goods have been used in the business and are still owned on the first date of registration. This includes both stocks and assets.
When first registering for VAT, you are able to claim input VAT on services purchased in the previous 6 months for business purposes, unless already recharged to a customer prior to registration.
If the supplies you make are outside the scope of UK VAT (e.g. a provision of services to an overseas customer), but they would be taxable VAT supplies if they were made in the UK, then VAT input tax on expenditure incurred in relation to that supply may be claimed back.

Capital Allowances

- As announced in the 2023 Spring Budget, for qualifying expenditure incurred on or after 1st April 2023, companies can claim a 100% first year allowance for main rate expenditure (known as full expensing) and 50% first year allowance for special rate expenditure.
- Full expensing was due to end on 31st March 2026. This sunset clause has now been removed.

Research & Development (R&D) and Patent Box

- The 10% Corporate Patent Box relief in respect of profits arising from a patent you hold or where you have an exclusive licence over it has been left untouched.
- For accounting periods beginning on or after 1st April 2024 there will be the merger of the existing research and development tax relief scheme for small and medium-sized companies (SME) and the research and development expenditure credit (RDEC) used by large companies.
- The SME rules restricting relief where part of the project expenditure has been subsidised have been removed.
- Loss-making companies claiming the existing SME tax relief will be eligible for a higher payable credit rate of 14.5% if they meet the definition for R&D intensity.
- For accounting periods beginning on or after 1st April 2024, the intensity threshold will be reduced from 40% to 30%.
- There will be a one-year grace period that allows a company which fails to meet the intensity threshold, for example due to a one-off shock or small fluctuations in expenditure (for companies close to the threshold), to continue claiming the enhanced support in that year if it met the intensity threshold and successfully claimed enhanced support in the previous year.

Quick tip

If your company is carrying out innovative work is it worthwhile applying for a patent? Bearing in mind the increase in the corporation tax rates, the benefit of having a patent or you exclusively licence the rights to those patents, could result in the associated profits tied to the patent attracting a corporation tax rate of only 10%.

Quick tips

The R&D criteria is quite wide, and many eligible companies are missing out on it. Since 1st April 2023, you only have 6 months from the end of the accounting period in which R&D activity has occurred to make a claim, unless you have made a similar claim in the previous 3 years. If in doubt, ask for a free R&D check to see if a legitimate claim can be made.

Ignoring the cost of the land, where you have incurred the cost of acquiring a property which is used for R&D purposes, you may be entitled to a 100% first year allowance. Where the R&D part of the building represents 75% or more of it, the 100% applies to the full cost. If less than 75% it is apportioned.

Investment Zones and Freeports

- The 5 year Investment Zone programme in England, announced in the Spring 2023 Budget, will be extended to 10 years.
- A similar extension will operate in respect of the Freeports programme.
- Both Investment Zones and Freeports offer tax incentives for businesses setting up within their tax designated areas.
- The UK government will work with their Welsh and Scottish counterparts to offer a similar package within their jurisdictions.
- The next set of investment zones were announced in Greater Manchester, the West Midlands and the East Midlands in England and in Wrexham and Flintshire in Wales.
- Discussions will continue with the various Northern Ireland parties to achieve similar ends.

Share Option Schemes

- Companies who grant Enterprise Management Incentive (EMI) share options will have an extended time limit to notify HMRC of a grant of EMI options, from 92 days following the grant to 6th July following the end of the tax year in which the grant was made.

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Quick tip

There are a number of approved share option schemes, as well as the non-tax advantages share scheme arrangements, which should all be considered when looking at incentivising employees, before deciding which, if any, is appropriate for your business. There are pros and cons to each type of incentive arrangement, both for the employer and the employee.

Quick tips

Are you going to receive shares from your employer as a result of your employment? Subject to the way those shares are provided, you could be liable to an immediate income tax charge (in some cases national insurance as well), based upon the actual market value (AMV) of the shares at the time. You and your employer may want to elect, within 14 days of receiving the shares, to be taxed on the unrestricted market value (UMV) instead. More tax is likely to be paid upfront but it may result in considerable overall tax savings further down the line.

Plastic Packaging Tax (PPT)

- The rate of PPT will increase from 1st April 2024 from £210.82 per tonne to £217.85 per tonne.

National Minimum Wage (NMW) and National living Wage (NLW)

- A reminder that the NMW and NLW are due to increase from the beginning of April 2024.

Age Group/Status	2023/24 rate per hour	2024/25 rate per hour
Worker 23 years+	£10.42	£11.44
Worker 21 -22	£10.18	£11.44
Worker 18 - 20	£7.49	£8.60
Worker under 18	£5.28	£6.40
Apprentice	£5.28	£6.40

Quick tip

Businesses need to be careful that they do not fall foul of the NMW complex legislation as penalties can be exceedingly high. One should carry out a NMW review to ensure that the business is NMW compliant. Please do not hesitate to contact us if you require assistance.

Stamp Duty Land Tax (SDLT) – England & Northern Ireland

- The SDLT residential rates and thresholds will remain as they are until 31st March 2025 inclusive.
- The Devolved Parliaments of Wales and Scotland set their own land transaction tax rates.

England + Northern Ireland SDLT residential rate

Property/Lease premium/Transfer value*	SDLT rate**
Up to £250,000	Zero
£250,001 to £925,000	5%
£925,001 to £1,500,000	10%
Above £1,500,000	12%

*First time buyers relief - no SDLT up to £425,000 then 5% between £425,0001 and £625,000.
If property in excess of £625,000 then no relief due..
**Non-UK resident person may have to pay an additional 2% SDLT surcharge

Wales residential Land Transaction Tax (LTT) present rates

Property (freehold/leasehold) value	LTT rate
Up to £225,000	Zero
£225,001 to £400,000	6%
£400,001 to £750,000	7.5%
£750,001 to £1,500,000	10%
Over £1,500,000	12%

Scotland's residential Land & Buildings Transaction Tax (LBTT) present rates

Property purchase value	LBTT rate
Up to £145,000*	Zero
£145,001 to £250,000	2%
£250,001 to £325,000	5%
£325,001 to £750,000	10%
Over £750,000	12%

*For first time buyers the zero rate band increases to £175,000

- The SDLT surcharge on acquiring an interest, in excess of £40,000, in a second residential property presently remains at 3%.

Quick tips

Don't forget that if you incurred the 3% SDLT Surcharge (England and Northern Ireland) or the Welsh 4% Land Transaction Tax Higher Rate charge upon acquiring a new main residence but before having disposed of your previous one, then you may be able to claim a refund if you sell your old property within 36 months of purchasing the new one.

Don't forget that if you incurred the Scottish 6% (previously 4%) Additional Dwellings Supplement upon acquiring a new main residence before having disposed of your previous one, then you may be able to claim a refund if you sell your old property within 18 months of purchasing the new one.
If you are buying 2 or more residential properties in a single or linked transaction you may be eligible to claim Multiple Dwellings Relief (MDR) thereby reducing the amount of land taxes (SDLT/LTT/LBTT) you have to pay.

If you are buying 6 or more residential properties in a single or linked transaction, you could apply the commercial rate of land taxes against the purchase price, rather than the residential rate. This may be more beneficial than MDR and it may avoid the additional higher rate residential land taxes.

Mortgage Guarantee Scheme (MGS)

- The MGS which was due to come to an end in December 2023 has been extended for a further year.
- The MGS, launched in April 2021, involves the government 'guaranteeing' 95% mortgages for first time buyers and current homeowners with 5% deposits on homes up to £600,000.
- Under the terms of the scheme, the government guarantees the portion of the mortgage over 80% (so with a 95% mortgage, the remaining 15%).

Tobacco Duty Rates

- The duty rate on all tobacco products will increase by the tobacco duty escalator of 2% above RPI inflation.
- The duty rate for hand-rolling tobacco will rise by an additional 10%, to 12% above RPI inflation.
- These changes will apply from 6pm on 22nd November 2023.

Tax Avoidance Scheme Promoters

- These measures are designed to clamp down on the remaining players in the tax avoidance scheme market.
- A new criminal offence will apply to promoters of tax avoidance who fail to comply with a Stop Notice under the Promoters of Tax Avoidance Schemes (POTAS) regime issued in respect of tax avoidance arrangements.
- HMRC will have new powers to apply to the court for a disqualification order against directors of companies involved in promoting tax avoidance, including other individuals who control or exercise influence over a company.

Tax Fraud

- The maximum prison term for individuals convicted of the most egregious examples of tax fraud will increase from 7 to 14 years.

Post Office Compensation Schemes

- With retrospective effect from 19th April 2021 there will be an exemption from corporation tax on compensation payments from the various schemes.
- Furthermore, any individual who receives the onward payment of compensation will be taxed as though they received the payment directly. The tax impact varies from scheme to scheme.

Further Announcements

- From 1st April 2024 Air Passenger Duty rates will rise in line with the Retail Price Index.
- The Aggregates Levy rate will increase to £2.03 per tonne from 1st April 2024.
- The tax reliefs associated with investing in Enterprise Investment Schemes and Venture Capital Trusts due to end in 2025 has been extended until 5th April 2035.
- Landfill tonnage rates will increase from 1st April 2024 – standard rated £103.70 per tonne and lower rated £3.30 per tonne.
- The government has provided £3 million of additional funding this year to the Community Security Trust, an organisation established to protect British Jews from antisemitism and related threats. This funding will be maintained next year.
- The devolved administrations are receiving over £1 billion in additional funding through the Barnett formula over 2023-24 and 2024-25.
- The Scottish Government is receiving £545 million, the Welsh Government £305 million, and the Northern Ireland Executive £185 million.

Quick tip

If you are a non-agricultural farmer or a market gardener and your profits have been fluctuating over the past few years have you considered whether it is beneficial to average your profits over either a two or five year period as it may reduce your overall tax and national insurance liability.

The same consideration should be given if you are carrying out a trade/profession or vocation within the creative works field but this time only over a two year period.

Quick tip

If you are setting up a Trust remember that in the vast majority of cases you will need to register its existence with HMRC through the Trust Registration Service. Failure to do so can result in penalties arising.
Remember with most Trusts there is a potential 6% inheritance tax charge on each 10th anniversary the trust is in existence based upon the market value of the assets at that date. It is wise to review the Trust well in advance of that deadline to consider whether or not to distribute the assets before that date as the pro-rated 6% charge will be based upon the market value at the previous anniversary date.

Quick tip

If you have separated from your spouse or partner with the intention for it to be a permanent separation, or if you divorce, then it is important to revisit the child benefit claim. Failure to do so could result in you being hit for the high income child benefit charge even though the child may no longer be living with you.

Quick tips

Are you an employer who retains an element of the tips, gratuities or service charges to meet any employers national insurance liability which may arise in respect of that income? Be aware that the Employment (Allocation of Tips) Act will come into force from April 2024. Under the legislation an employer will not be able to retain any monies of this ilk, as it all has to be paid out to the employee.

Consider setting up an independently controlled Tronc scheme which should help you avoid suffering the employers national insurance liability in the first place.

Be aware that tips, gratuities or service charges allocated to the employees do not count as wages when applying the national minimum wage legislation.