

Further Urgent Comment on Chancellor's Spring Statement from Blick Rothenberg

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/EINPresswire.com/ -- Energy Saving Material



Alan Pearce, VAT Partner said: "The 5% reduced rate of VAT that currently applies to eligible energy saving materials will be reduced to zero. In addition, the strict limitations introduced by the EU will also scrapped. These meant that the VAT relief was often limited to certain residential properties and to eligible persons such as those in receipt of benefits and the over 60s.

"The Chancellor appeared to sweep these restrictions aside and open up the relief to all. It will be interesting to see if the withdrawal of 'red tape' will also extend to larger refurbishment projects that include an element of eligible energy saving material. At present, the relief only applies if the work being undertaken is a specific contract for the installation of eligible energy saving material. Where supplied as part of large refurbishment or extension to a property (so that the energy saving materials was not the main supply) the 5% would not have applied. Therefore, the detailed legislation for the new zero rate will need to be closely scrutinised to see if this limitation has also been scrapped."

Charities

John Havard, Consultant: "Charities should budget for income drop in 2024 when the basic rate cut impacts on what the charity gets via gift aid."

National Insurance Contributions

Robert Salter, Director: "The planned increase in the NIC threshold to £12,570 – a rise of approximately £3,000 - is welcome.

"However, unless Mr Sunak is actually also changing the underlying basis upon which employee NICs are typically calculated – that is each pay period rather than based on one's cumulative annualised earnings – the reality is that this change will do little to impact one of the core problems with the NIC system for lower earners. Many lower earners are zero hours contractors or only employed for relatively short-term seasonal work and the way that the NIC system works

means that such individuals will in many cases continue to be liable to NICs even though their annual earnings are actually well-below the headline annual figure of £12,570 which Mr Sunak announced.

“The reality is that Mr Sunak has only changed the NIC position for employees – for employers, the NIC burden will increase from April 2022 as previously announced, because of the introduction of the ‘Health & Social Care Levy’. This increase in the NIC burden which falls on employers has been – with some justification – been called a ‘tax on jobs’. In this respect, it discourages smaller employers from taking on new staff, while it potentially encourages larger employers to consider, for example, the off shoring of some work to cheaper locations.

“While the Government has announced some small changes in this area – e.g., the increase in the employer payroll allowance to £5,000 (from £4,000 at the moment), it is difficult to see this marginal increase being of much value to employers at the present time.”

Training & Development of Staff

Robert Salter, Director: “While it is good that Mr Sunak has announced a review of the way in which the tax system supports employers looking to provide training to their staff – and this could see, for example, changes to the Apprenticeship Levy being announced in the Autumn – the reality is that the UK tax system (unlike the system in many other European countries), presently provides no tax relief for individuals who are looking to spend their own time and money on ‘upskilling themselves’.

“This ongoing failure on the part of successive British Governments to encourage people to actively invest in their skills and developments, by providing them with tax relief for the costs they incur on such self-funded training, goes a long way to explaining the relatively low level of skills and training which is found in many areas of the UK economy. The Government’s failure to provide support and flexibility in this regard, does indicate that their motto about ‘people knowing best how to spend their money’ can be sadly hollow in practice.”

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