

Autumn Statement 2022 overview

We've summarised the key points relating to pensions and investments announced by the Chancellor in the Autumn Statement on 17 November 2022.

Pensions

Reduction to the additional rate threshold

The threshold above which individuals will pay additional rate tax of 45% is to be lowered to £125,140 from 6 April 2023. This reduced additional rate threshold will apply to non-savings and non-dividend income for taxpayers in England, Wales and Northern Ireland and to savings income and dividend income for taxpayers across the UK.

Tax relief on personal contributions to pensions is given at the individual's highest marginal rate, so when considered alongside the existing reduction in the personal allowance for those who earn over £100,000, paying such contributions is likely to remain very attractive.

Basic and higher rate thresholds and NIC thresholds

The basic and higher rate thresholds applying to non-savings and non-dividend income for taxpayers in England, Wales and Northern Ireland and to savings income and dividend income for taxpayers across the UK, together with NIC thresholds will be fixed at current levels for a further two years, until 2028. The government previously announced they'd be fixed until 2026.

State Pension triple lock

The Chancellor announced that the triple lock promise will be honoured, increasing the State Pension by 10.1% from 6 April 2023. This means those on the full new state pension will see weekly payments increase from £185.15 to £203.85 per week (£10,600 a year) and those on the full basic state pension will see weekly payments increase from £141.85 to £156.20 per week (£8,122 a year).

Pension Credit

In addition to the triple lock announcement, the Chancellor also announced that the standard minimum income guarantee for Pension Credit will also increase in line with inflation (10.1%) from 6 April 2023, to ensure pensioners on the lowest incomes are protected from inflation and do not lose some of their State Pension increase in the Pension Credit means test.

Investments and tax

Dividend allowance

The tax-free allowance for dividend income is £2,000 in the current tax year and this will fall to £1,000 from 6 April 2023 and to £500 from 6 April 2024. The Chancellor had already confirmed that the dividend tax rates will remain at 8.75%, 33.75% and 39.35% in the tax year 2023/24.

Capital gains tax annual exemption

The capital gains tax exemption will decrease from £12,300 to £6,000 with effect from 6 April 2023 and to £3,000 from 6 April 2024.

Inheritance tax

The nil rate band of £325,000, the residence nil rate band of £175,000 and the £2,000,000 taper threshold for the residence nil rate band will all remain fixed until 5 April 2028.

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