

# Chancellor's Spring Statement 2022

We were all hoping that the Chancellor, Rishi Sunak, would take the opportunity to use the Spring Statement to announce a cancellation to the proposed VAT rise back to 20% for food, soft drinks and accommodation, sadly this was not the case.

There were a couple of announcements that will affect you, your employees, and your business:

## Employment Allowance

The Employment Allowance allows eligible employers to reduce their annual national insurance liability. From the beginning of this tax year (April 2022), this allowance has increased from £4,000 to £5,000.

You'll pay less **employers'** Class 1 National Insurance each time you run your payroll until the £5,000 has gone or the tax year ends (whichever is sooner).

Assuming you are [eligible](#) and a Roslyns payroll client, there is nothing you need to do. We will arrange this for you.

## Earnings Thresholds

An employee is entitled to earn a certain amount before they pay income tax, and another amount they are allowed to earn before they pay National Insurance (N.I.) contributions.

This amount has been changed so it is the same, £12,570

This applies from 6<sup>th</sup> July 2022

It should be remembered however, that the expected rise in N.I. contributions from employees, employers and the self-employed of 1.25% is still going ahead.

What this means in real terms to you and your employees:

A comparison of a 25 year old earning £400 per week with a standard tax code.

	2021/22	2022/23
Earnings	£ 400.00	£ 400.00
Tax	£ 31.65	£ 31.65
Employee NI	£ 25.92	£ 21.33
Employer NI	£ 31.74	£ 33.86

The employee is saving £4.59 per week whereas the employer is paying £2.12 more.

This of course assume the employee is earning the same gross wage in both year.

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## Earnings for company directors

Many company directors are on the payroll of their limited company at the maximum amount that can be earned before income tax and N.I.

Last tax year this amount was £170 per week, from 6<sup>th</sup> April that amount rises to £174.

If you are in this situation and want to increase to the new amount, please do so from that week's payroll submission.

## A couple of other things to remember....

### National Minimum Wage

The NMW is still due to rise on 1<sup>st</sup> April.

Please plan accordingly. We recommend using our rota costing tool, found [here](#)

	23 and over	21 to 22	18 to 20	Under 18	Apprentice
<b>April 2021 (current rate)</b>	£8.91	£8.36	£6.56	£4.62	£4.30
<b>April 2022</b>	£9.50	£9.18	£6.83	£4.81	£4.81

### Business Rates

Nothing has changed as yet.

Business rates are still due to recommence (with discounts) from April this year.

**England and Wales:** 50% discount for this coming year

**Scotland:** 50% discount for the first 3 months of this coming year (you must apply for this discount through your local authority)

### V.A.T.

Nothing has changed as yet.

All VAT rates are due to go back to 20% on the 1<sup>st</sup> April

Please bear this in mind and plan any price changes accordingly.

We strongly advise examining your pricing for both food and drink.

Our calculators can help with this process and can be found [here](#)