Chief Executives: The dizzying swings and roundabouts of Spring!

Welcomes

22 April 2022

Spring may have sprung but there has been some dizzying weather to accompany a somewhat dizzying Spring statement. We both welcomed the announcement of the alignment of the income tax and NI thresholds. Not only does this represent a welcome boost for those on lower incomes, but it brings some much needed simplification to the tax system. It also perhaps illustrates different approaches to each of those taxes.

On income tax, the personal allowance has been frozen at its current level until April 2026 (a real terms cut when the cost of living is factored in). The rate of income tax is also being cut (even if not until April 2024). In contrast, the NI threshold is being increased significantly. And prior to that, the rate is also increasing by 1.25% to fund expenditure on the NHS, health and social care in the UK.

So income tax thresholds and rates are reducing, while for NI they are both increasing. The approach to NI seems the most progressive, taking the lowest paid out of the levy, whereas for income tax even high earners will benefit from the reduction in the basic rate.

After hearing the statement, our external relations and policy and technical teams published a number of press releases which you can find in full on our websites. In short:

- Both ATT and CIOT welcomed the commitment by the government to use the tax system to encourage investment in green technologies, but called on ministers to commit to a long-term tax strategy for green investment.
- The ATT called for equal access to tax relief on training costs, as well as urging a cautious approach to the further review of R&D tax reliefs, mindful of the potential impact on smaller companies.

- The CIOT welcomed the government’s announcement that it is considering how to best support future business investment, once the super-deduction disappears in 2023. Whatever regime the government puts in place, we said that it should be there for the long term to enable businesses to plan effectively.
- CIOT’s Low Incomes Tax Reform Group broadly welcomed the announcement that the starting point for class 1 employee and class 4 self-employed NICs will be aligned with the starting point for income tax. The group has argued for many years that such alignment would be a simplification for lower earners. There could, however, be some complexity over the course of the 2022/23 tax year in which the transition occurs.

Back with a bang

We are delighted that Spring marks the return of several in-person events for both charities. The CIOT was thrilled to celebrate the admission of over 271 Associates, nine Prizewinners and five Fellows over our two Admission ceremonies on 21 April at Drapers’ Hall. We also marked the phenomenal 50 years of membership with 36 CTAs. A date for your diaries: 7 June is our CTA Address which will be held in hybrid form. All members will receive an email invite and we hope you can join us.

The ATT held its President’s Reception at the Postal Museum on 28 April where President Richard Todd was able to thank volunteers and staff for their hard work and support over the past year. At the end of May, both Presidents are hosting a business lunch in Edinburgh for our contacts in Scotland, with MSP Tom Arthur giving the address.

From 9–15 May, Mental Health Awareness Week takes place and this year’s theme is Loneliness. The last two years have shone a light on what really matters in life and for many, this revolved around relationships with family, friends, colleagues, nature and self.