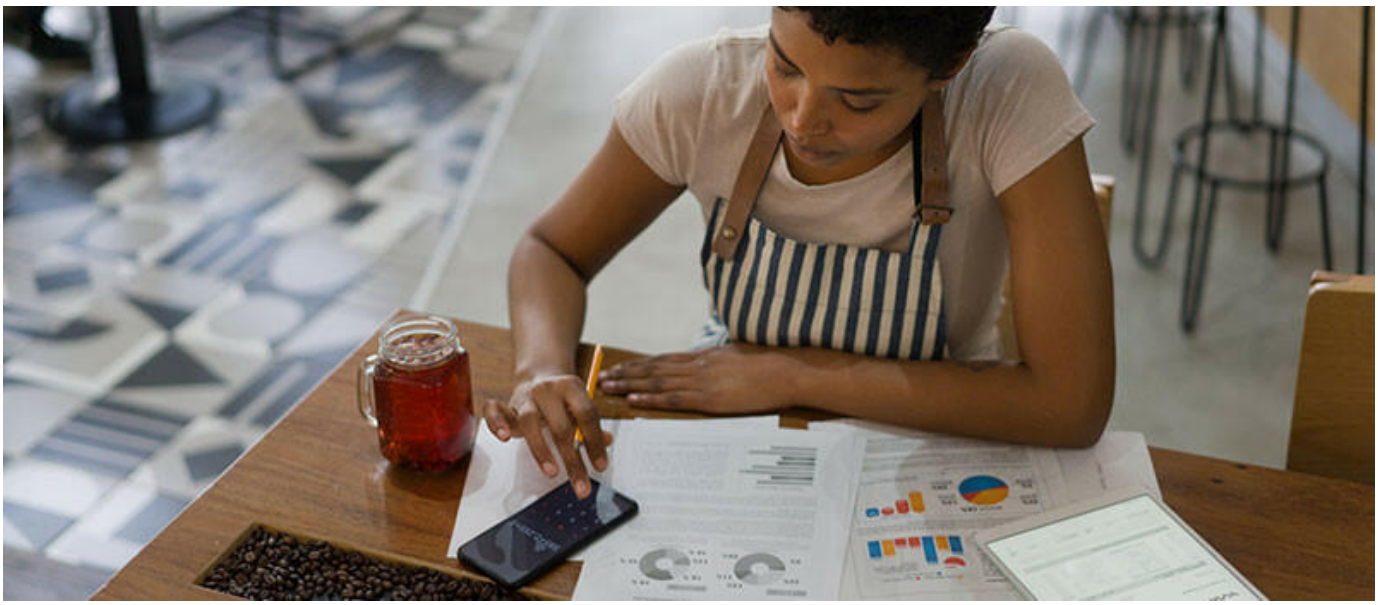
ATT Spring Budget 2023 Representations

General Features | OMB | Personal tax | Employment Tax | Inheritance Tax and trusts | Management of taxes



20 February 2023

The ATT has submitted four representations to HM Treasury ahead of the Spring Budget on Wednesday 15 March 2023.

Extending relief for self-employed training costs

The ATT considers that, as far as possible, employed and self-employed individuals should have a level-playing field when it comes to tax relief on work-related training expenses. However, that is not currently the case, with self-employed individuals only able obtain tax relief for updating existing skills.

We propose that existing tax reliefs for the self-employed should be extended to cover the costs of work-related upskilling and retraining. In our view, such a change would benefit not just the individuals in question, but also ultimately the Exchequer, as the resulting new or more profitable trades generate additional tax revenues. It

could also help to address the current skills shortage seen in some areas of the labour market.

We also suggest that, if relief were to be extended in this way, one approach to ensure that costs of retraining are only relieved where they result in a new trade would be to allow costs to be deducted as part of an extension to the existing pre-trading expenditure rules.

Extending the window for inheritance tax relief for losses on share sales from deceased estates

In this Budget Representation, we express concern that, due to ongoing processing delays with probate applications, executors are losing the opportunity to claim relief from inheritance tax under Inheritance Tax Act 1984 s 179 when the value of certain shares and investments held by an estate fall in value after death.

The current rules allow for executors to effectively replace the probate value with the sale value for inheritance tax purposes where shares are sold within 12 months of the date of death. However, many estates are struggling to obtain the grant of probate (or letters of administration) in time due to delays in the processing of probate applications.

We propose that the current 12 month window is extended to a two year period, or at least an 18 month period from the date of death, on a permanent or temporary basis.

Uprating mileage allowances

As set out in this Budget Representation (www.att.org.uk/ref414), the ATT considers that, in the light of inflation reaching a nearly 40 year high last year, the Approved Mileage Allowance Payments (AMAPs) in Income Tax (Earnings and Pensions) Act 2003 s 230 should be uprated to better reflect the current costs of running and maintaining a personal vehicle which is used for business travel. Thereafter, AMAPs should be reviewed and updated, if required, on an annual basis.

The current AMAP rates have been unchanged for at least 10 years and in some cases many decades more. While ideally, we would like to see all reliefs and allowances uprated annually, we have focused this representation on AMAPs as they

are used by the vast majority of employers that reimburse business travel. AMAP rates affect a large number of employees, including those at the lower end of the wage spectrum, such as care workers. As such, changes here would benefit a great many individuals.

Annual Investment Allowance

Whilst the ATT welcomed the announcement at the Autumn Statement that the permanent level of the Annual Investment Allowance (AIA) will be increased to £1 million from 1 April 2023, we are concerned that the current drafting of the legislation could restrict the overall allowances available where a business has an accounting period straddling this date.

In our Budget Representation, we recommend that sub-paragraph 2(3) of Schedule 13, Finance Act 2019 should be deleted in its entirety. This would ensure an unbroken entitlement to a full AIA of £1 million for periods which straddle 1 April 2023 (which many businesses and their advisers may consider has already been promised).

All of the ATT's Budget Representations can be read at www.att.org.uk/technical/submissions.

Emma Rawson *erawson@att.org.uk*

Helen Thornley *hthornley@att.org.uk*

Steven Pinhey *spinhey@att.org.uk*