

Autumn Budget Statement – October 2021

28th October 2021

When the Chancellor stood up in March to introduce his Spring Budget, we were still in the midst of the pandemic and debt levels were at record highs. At that time, we were warned that the economy could take some time to recover and as a result, many tax allowances such as the Personal Allowance, Pension Lifetime Allowance and Inheritance Tax Threshold were frozen until 2025/26.

This concern over debt levels and lower than expected economic growth was further acknowledged in September when, rather surprisingly, the main National Insurance levels were increased by 1.25% to help fund the NHS and Social Care bill.

Therefore, when the Chancellor arose and confirmed his Spending Review, it was somewhat of a surprise to hear that the economy has recovered much better than had been expected back in March. This then took us further by surprise when he confirmed that the extra cash will not be used to manage the debt or reduce some of the changes announced earlier in the year. Instead, it would be used to increase Public Spending, with the announcement that every Government Department would see a real rate of increase in their funding levels. This left us in the rather unusual space of having a Conservative Government managing an historically high tax burden, a phrase that is very rarely used.

However, in terms of Personal Finance, we are pleased to confirm that no news is definitely good news. So often, we have had to manage changes to taxation, pension legislation tinkering or IHT rules being created. Therefore, it is sometimes quite a relief to announce that nothing has changed concerning any of these matters.

However, that must not deflect from the increases in both National Insurance or Dividend allowances that were announced recently and further details concerning those matters are confirmed below. These increases once again emphasise the benefits that increased Pension contributions can make for both Employers and Employees and we would encourage you to speak to us about the opportunities offered here, should your circumstances allow it.

If you have any further questions concerning any of these matters, please do not hesitate to contact us.