

Proposed Tax Changes - 7th September 2021

Introduction of the Health and Social Care Tax / Levy

Following a government statement on the 7th September 2021 we thought you should know the key facts as we currently know them:

- This additional tax WILL NOT be levied against pension income, only from earned income.
- It WILL NOT be levied on ISAs or private pension funds.
- It will be charged as an additional National Insurance cost of 1.25% on all earnings and dividends from April 2022 for 12 months.
- The NEW Health and Social Care levy will start April 2023 at 1.25% on all earned income and dividends
- The state pension increases will be frozen for the next 12 months.
- The levy - unlike National Insurance - will also be paid by pensioners who work.
- People who earn under £9,564 don't have to pay National Insurance or the new levy.
- Employers will also pay the additional 1.25% in line with employees.
- Somebody on £20,000 a year will pay an extra £130, while someone on £50,000 will pay £505 more.
- The same 1.25% increase will still apply after the National Insurance rise is replaced by the Health and Social Care Levy in 2023.
- There will be an increase in company corporation tax from 19% to 25% from April 2023 for profits over £50,000 a year (already announced in March 2021)

As we are sure you are aware these increases are to try to cover both the costs of the pandemic and attempt to solve the social care issues that have been on most political agendas for the past decade.

If you would like to discuss any of these points please contact us

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