

Spring Budget 2023

Wowzers / Pensions Rumsfelding

The information that follows is based on our understanding of current taxation, legislation and HM Revenue & Customs practice all of which are liable to change without notice.

This is just for UK advisers – it's not for use with clients



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Where content includes case studies or examples these are for illustration purposes and are not recommending a specific course of action.

Past performance is not a reliable indicator of future performance. The value of an investment can go down as well as up and your client may get back less than they've paid in.

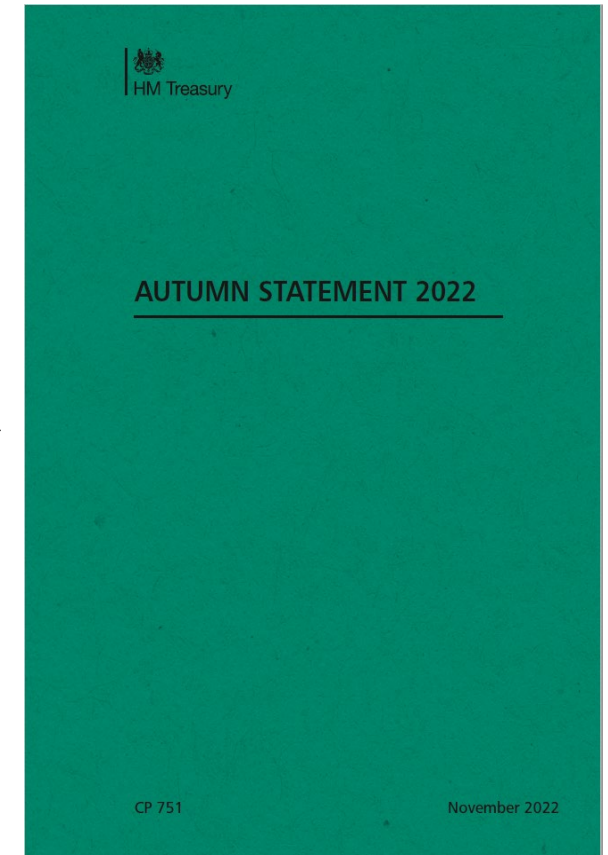
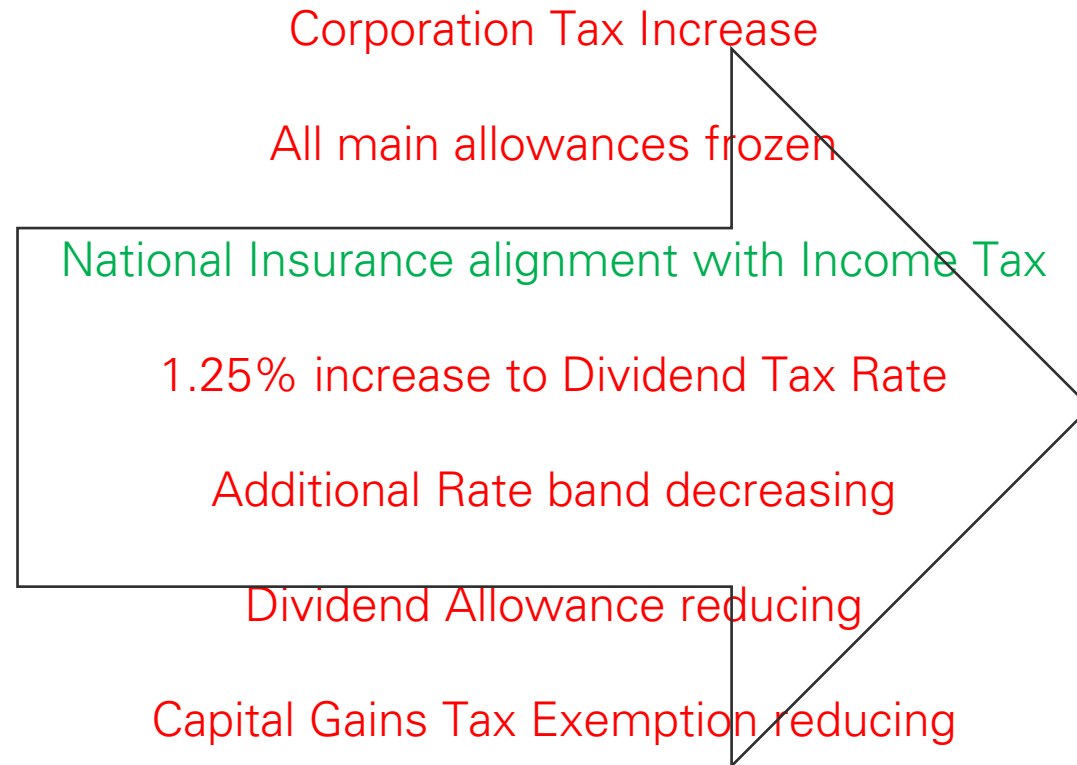
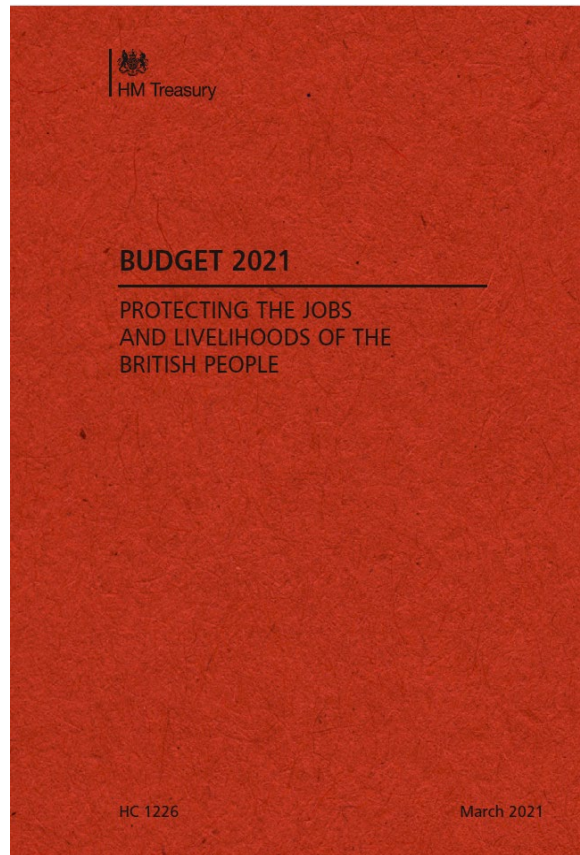
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Learning Objectives

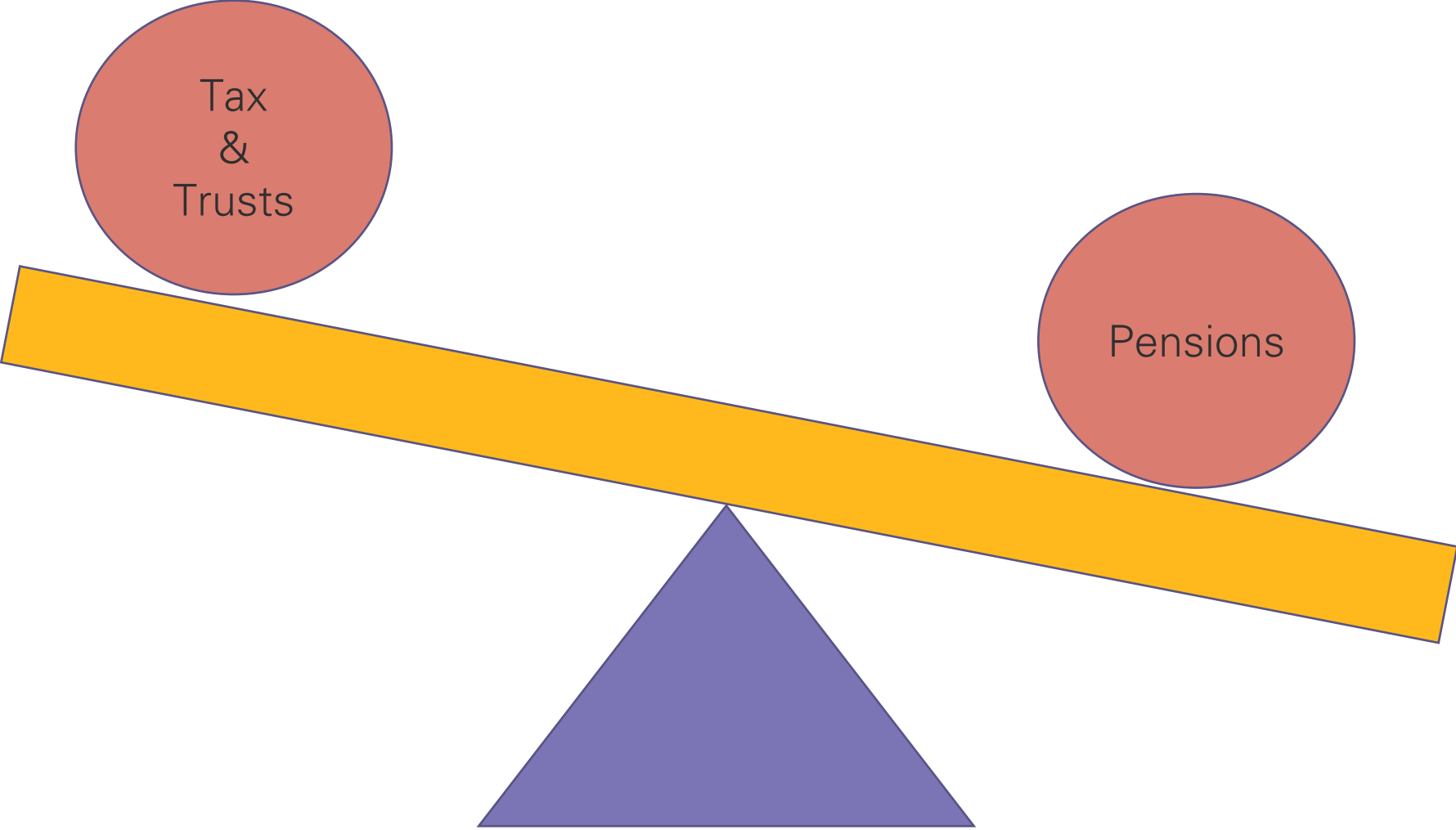
By the end of this session, you will be able to:

Describe the impact of the Chancellor's 2023 Spring Budget on your clients' financial planning.


So, where are we...



So, where are we...



What we need...



Written questions, answers and statements


[UK Parliament](#) > [Business](#) > [Written questions, answers and statements](#) > [Find written statements](#) > [HCWS600](#)


Spring Finance Bill 2023

Statement made on 3 March 2023


Statement UIN HCWS600

Statement made by



Victoria Atkins >
The Financial Secretary to the Treasury
Conservative
Louth and Horncastle  Commons

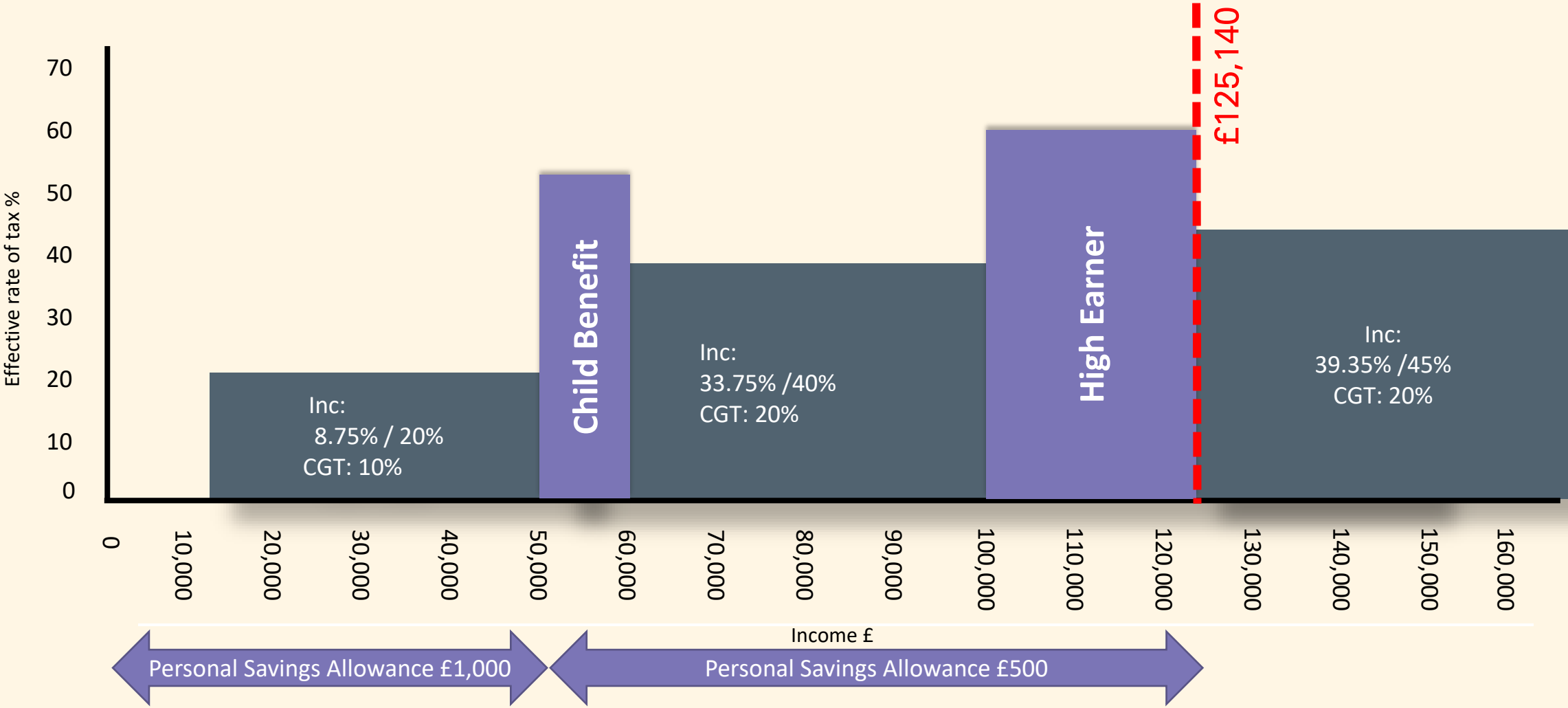
Statement from

Treasury 

Statement

The Spring Finance Bill 2023 will be published on 23 March. Early day motion 1000. Notes on the Bill will be available in the Vote Office and the Printed Paper Office.

UK Income Tax Landscape 2023/24



The full amount of bond gains and interest and dividends are included at Step 1 of the UK income tax computation.

0%_s

2022/23

2023/24

2024/25

ANNUAL EXEMPT AMOUNT
Capital gains only

£12,300

£6,000

£3,000

DIVIDEND NIL RATE
Dividends only

£2,000

£1,000

£500

**SAVINGS STARTING RATE /
PERSONAL SAVINGS ALLOWANCE**
Interest and Bond Gains

£5,000
£1,000 / £500

£5,000
£1,000 / £500

????

PERSONAL ALLOWANCE
Interest, Dividends and Bond Gains

£12,570

£12,570

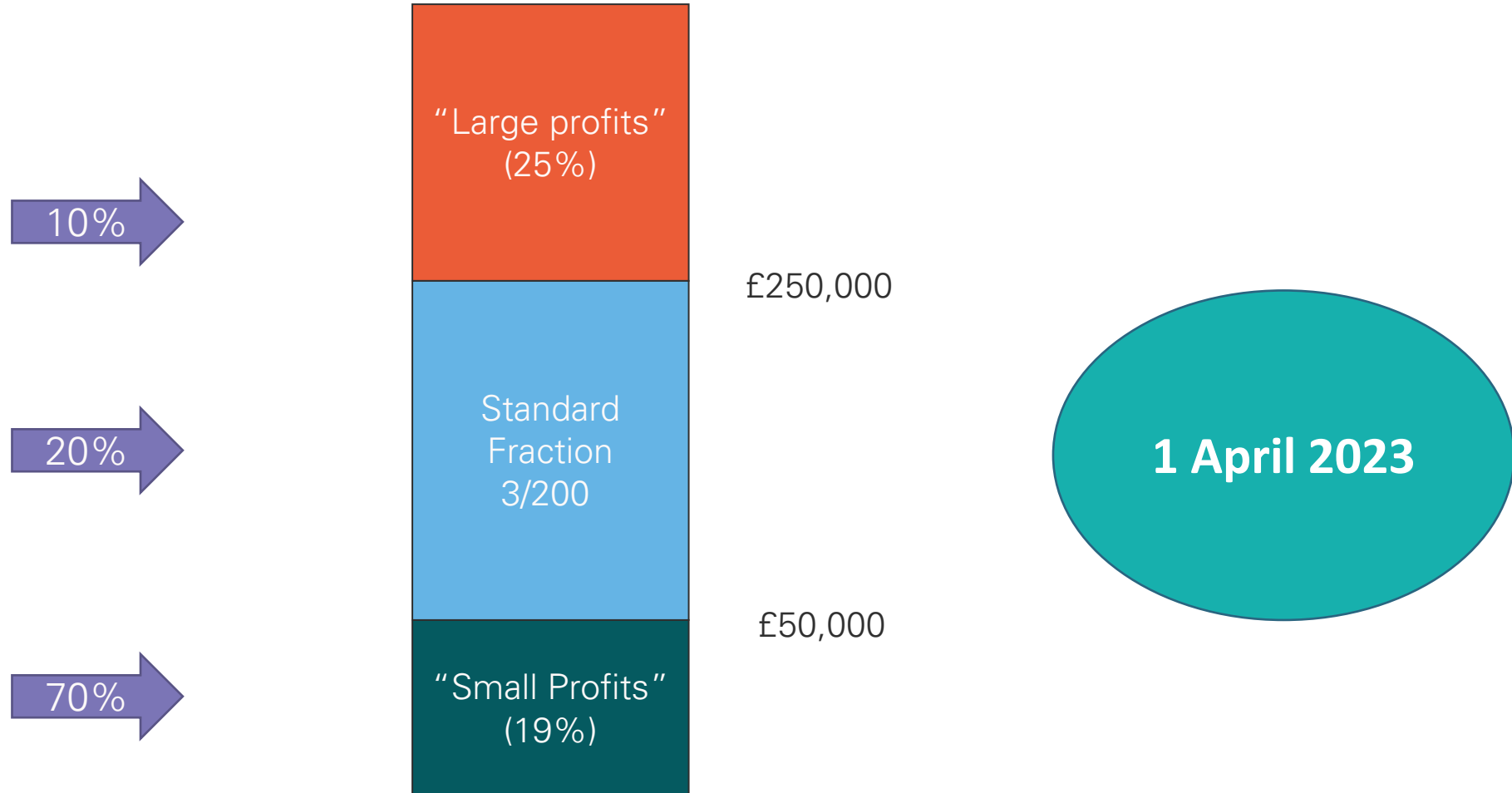
£12,570

£32,870
+ Original Capital

£25,570
+ Original Capital

£22,070
+ Original Capital

Corporation Tax changes





Tax and Trusts

Trust Taxation Change wef 24/25

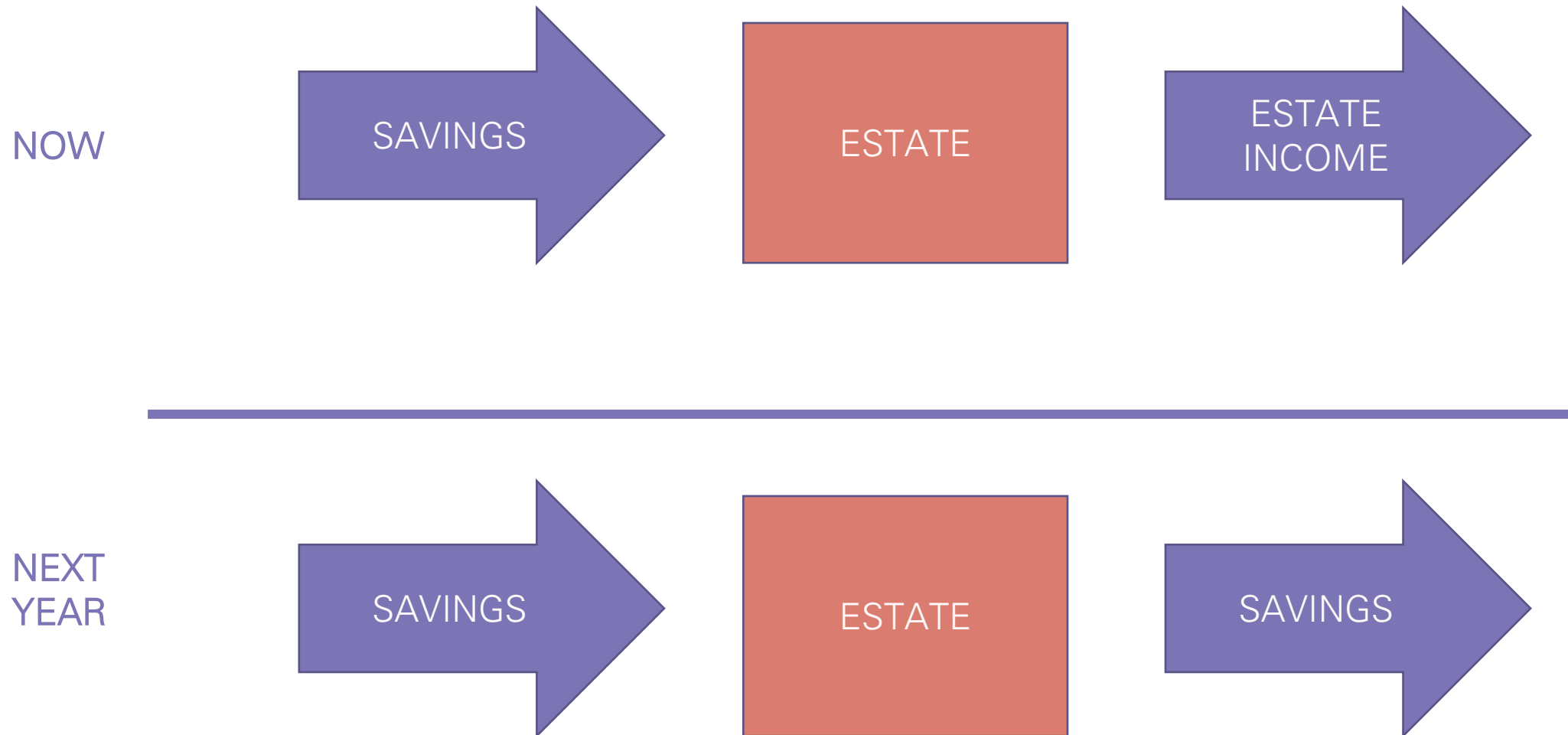
Standard Rate Band
£1,000

Concession
Tax liability < £100

~~Standard Rate Band
£1,000~~

| Income | |
|-------------------|-------------------------|
| Less than £500 | ALL exempt |
| Greater than £500 | ALL taxed at 45%/39.35% |

Estate Taxation Change



Tax and Trusts

“Bits and Bobs”

ISA/JISA
limits

CGT and
Divorce

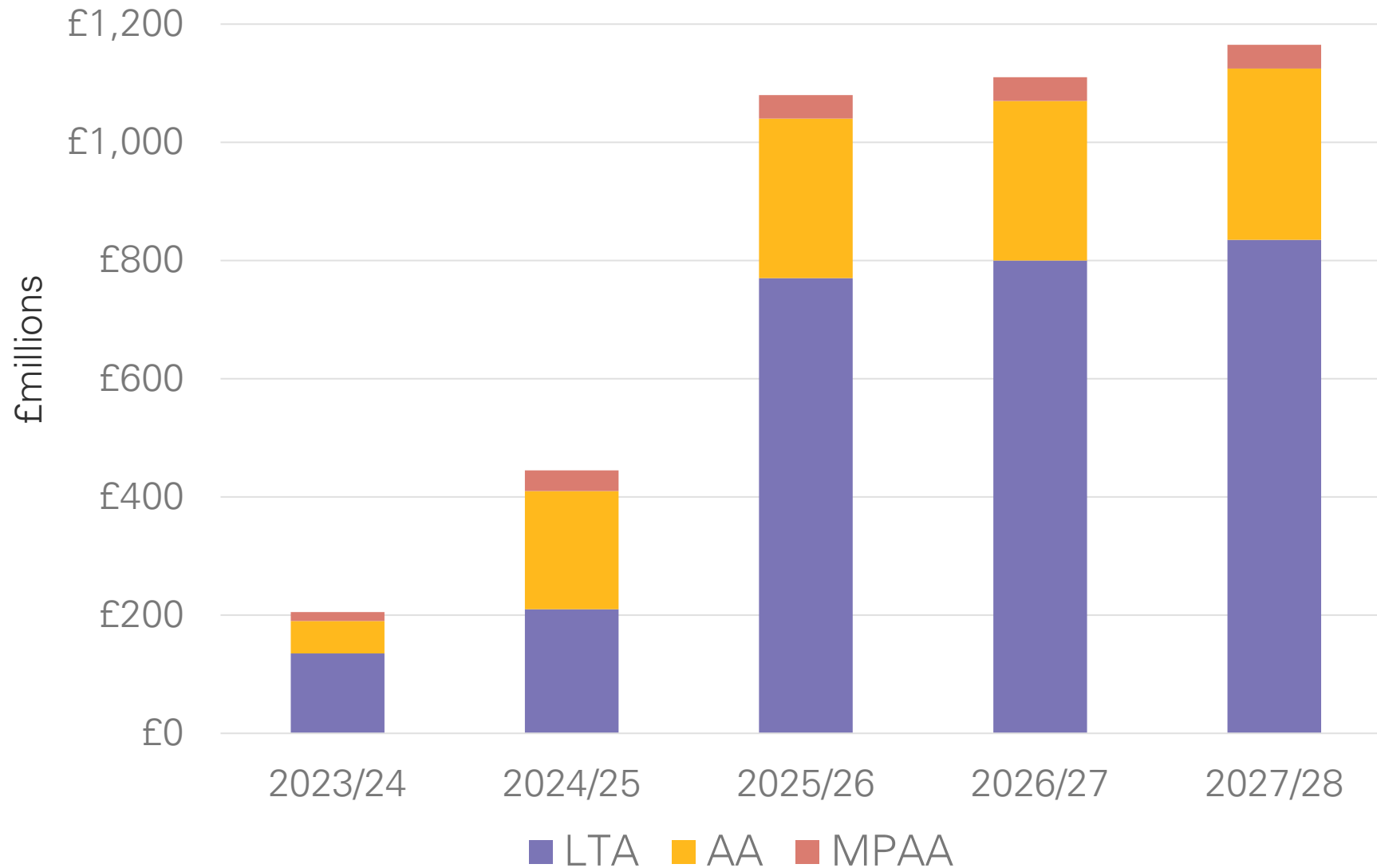
Share
Schemes

SEIS



Pensions

Pension Policy Cost



Pensions

3 “unchanged” things



Pension
Tax
Relief



Existing
Tax Free
Cash



IHT
position

The image features three overlapping triangles. The central triangle is a medium purple color. It is flanked by two triangles in a light pinkish-purple color. The triangles overlap in the center, creating a darker purple area. The text 'Annual Allowance(s)' is centered over the overlapping area.

Annual Allowance(s)

Standard AA – up to £60,000

DB calculation

Value at
end of year
X 16

—

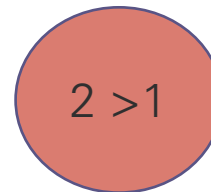
Value at
start of year
X 16

X

Inflation
(CPI)

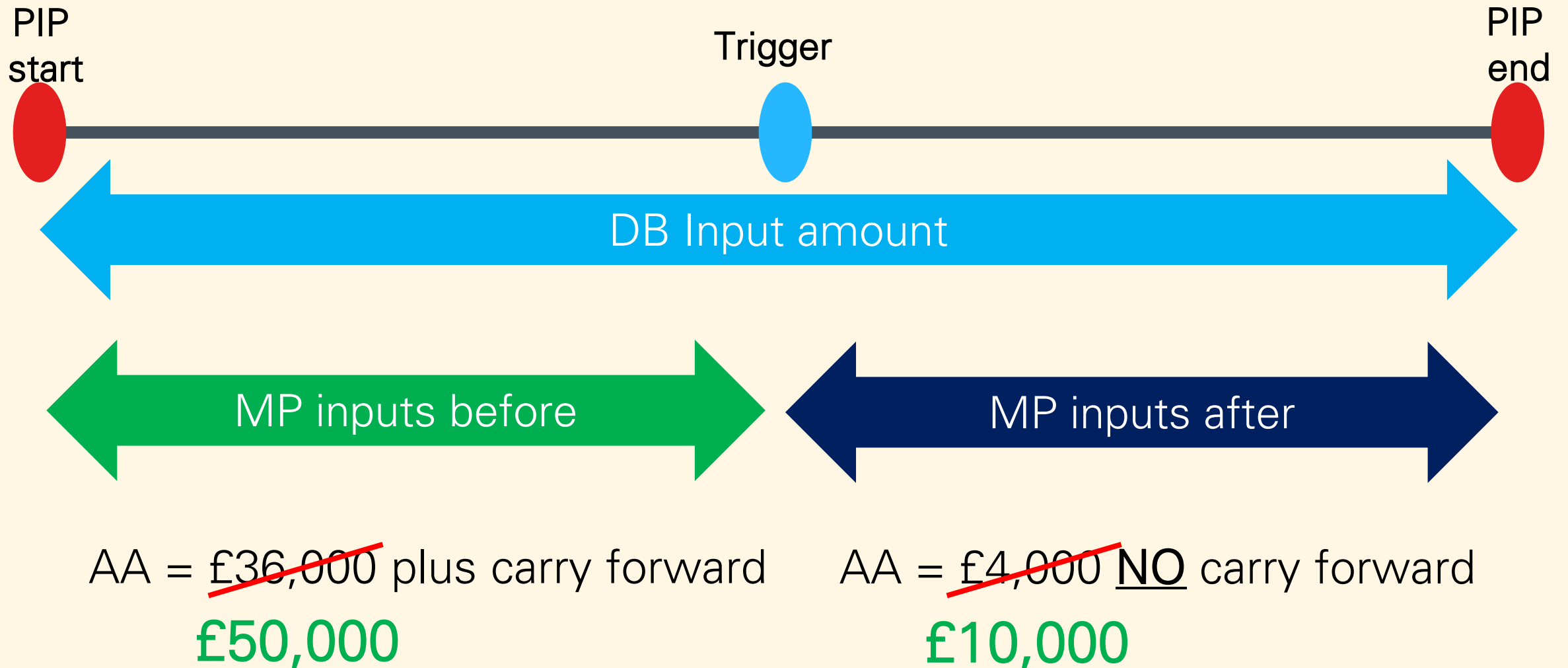


Additional £1,250 can be accrued

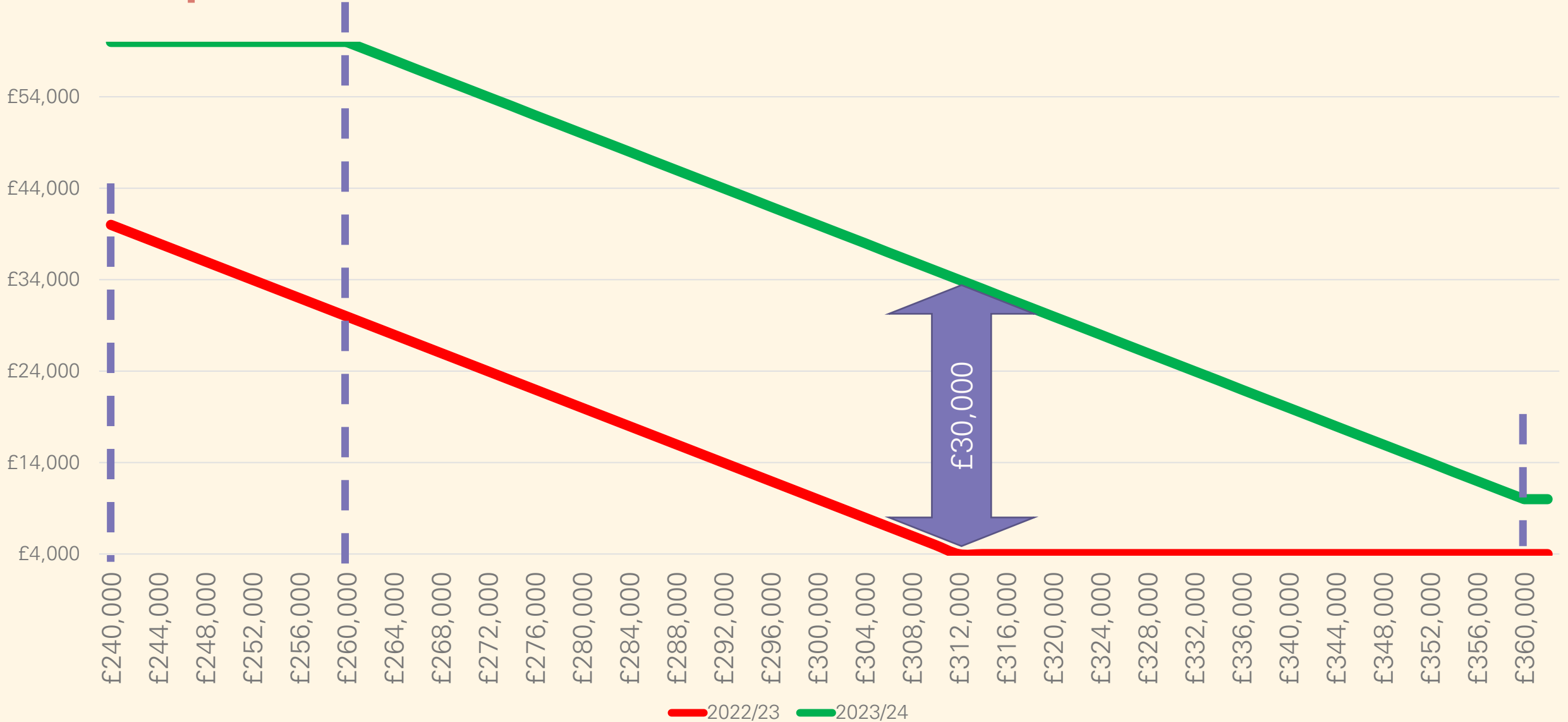


Public Sector Aggregation

MPAA Limits



Tapered annual allowance



Tapered AA – Income Limits

“Adjusted income” > £260,000

“Threshold income” > £200,000

- Add up “total income” – employment income, dividends, interest, FULL bond gains etc etc
- Take off any relief on making a claim pension contributions and any other allowable STEP 2 reliefs

Add in

- Any pension contributions deducted above
- Total Annual Allowance used (Pension Input Amounts)

Deduct

- Value of individual’s relievable contributions

Add in

- Post emergency budget salary sacrificed for pension contribution

Deduct

- Any relief at source pension contributions.

- Take off any taxable lump sum death benefits

The background features three overlapping triangles. The central triangle is a medium purple color. It is flanked by two larger triangles in a light pinkish-purple hue. The triangles overlap in the center, creating a darker purple area.

Lifetime Allowance

Pension Tax Limits

increases the adjusted income level required for the tapered AA to apply to an individual from £240,000 to £260,000.

The LTA is the maximum amount of tax relievab pension savings an individual can benefit from over the course of their lifetime. Individuals may contribute to their pension over these limits, but they will be subject to a tax charge on the excess over the allowance. The excess is taxed either at 55% if the pension is taken as pension income where taken as pension income, or at 75% if the pension is taken as a lump sum when taken as a lump sum.

savings on the expectation of a certain level of LTA. This measure ensures that nobody will face an LTA charge from April 2023. At a future fiscal event, the government will make the necessary changes to entirely remove the LTA from pensions tax legislation.

Consequently, this measure also removes the need for individuals to rely on protections from previous decreases to the LTA.

Individuals may be able to receive to a tax-free lump sum when they become entitled to their pension benefits: a pension commencement lump sum (PCLS). The maximum

Bye bye

2023/24

Lifetime Allowance

Excess Charges

Lump Sum ~~55%~~
Income ~~25%~~

Marginal Rate
0%?

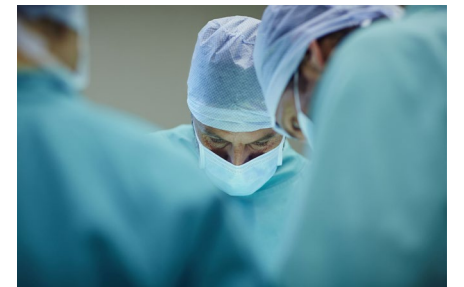


2024/25 on

RIP

Lifetime
Allowance

2006 - 2024

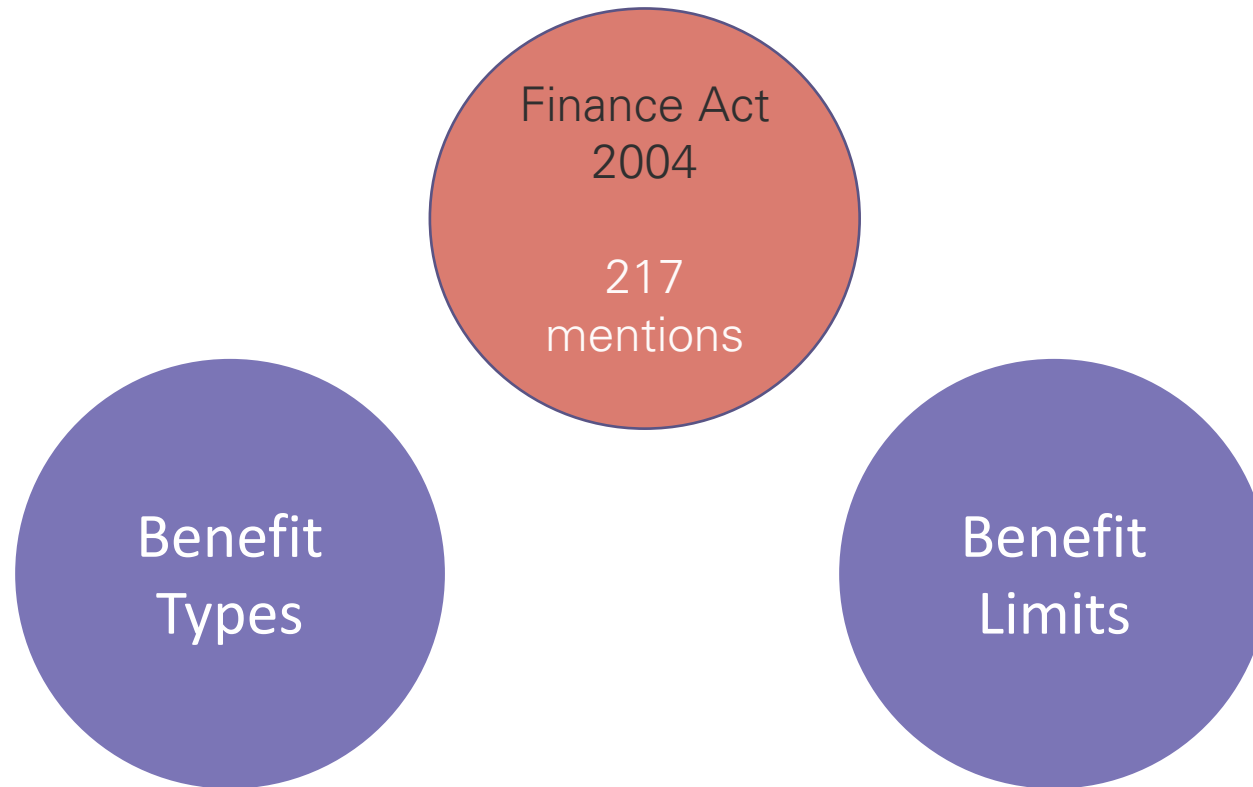


Death Benefits > LTA (incl Serious Ill Health)

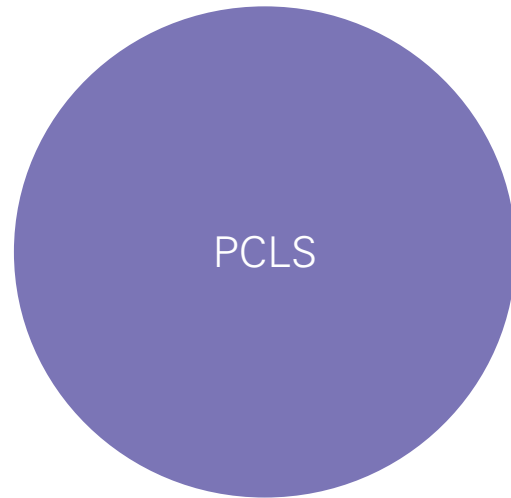
| | NOW | | 2023/24 | |
|----------|------------|------------|------------|---------------|
| | LTA charge | Income Tax | LTA charge | Income Tax |
| Lump Sum | 55% | N/A | 0% | Marginal Rate |
| Income* | 25% | Tax Free | ? 0% | Tax Free ? |

*DB income benefits - remain LTA free with taxed income

Lifetime Allowance



Other LTA Related Matters



£100 of pension

Under "LTA"

| | Cost after Tax Relief | Net Benefit (after PCLS) |
|-----------------|-----------------------|--------------------------|
| Basic Rate | £80 | £85 |
| Higher Rate | £60 | £70 |
| Additional Rate | £55 | £66.25 |

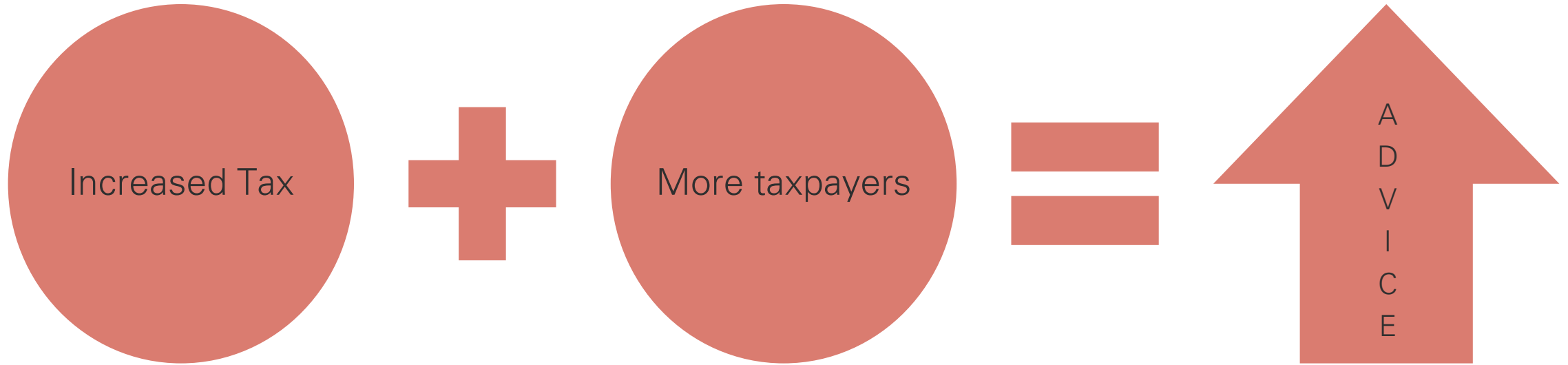
Over "LTA"

| | Cost after Tax Relief | Net Benefit (no PCLS) |
|-----------------|-----------------------|-----------------------|
| Basic Rate | £80 | £80 |
| Higher Rate | £60 | £60 |
| Additional Rate | £55 | £55 |



So.....

Opportunity knocks?



Learning Objectives

By the end of this session, you will be able to:

Describe the impact of the Chancellor's 2023 Spring Budget on your clients' financial planning.

QUESTION TIME



Support



Articles



Videos



Tools &
Calculators



Ask the Techs

Usual Contact
LinkedIn
My View

Thanks for your time

Get in touch with your usual contact if you need further help.





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