


Autumn statement 2023 – key take outs for employers

 30 November 2023

In the Autumn statement delivered last Wednesday (22 November) the Chancellor, Jeremy Hunt set out a number of measures aimed at growing the economy.

In respect of employment, the following are the key take outs for employers:

Increases to the National Living Wage and National Minimum Wage:

From the 1 April 2024 the rates will increase as follows:

- 21-year-old and over - £11.44 (9.8% increase)
- 18–20-year-olds- £8.60 (14.8% increase)
- 16–17-year-olds and apprentices - £6.40 (21.2% increase)

The increase is the largest ever to the minimum wages and reflects the current high rate of inflation and cost of living. Further, for the first time the National Living Wage will apply to all workers aged 21 and over (currently it applies to those aged 23 and over). The increases will also apply in respect of the minimum hourly rate for sponsored workers.

Changes to National Insurance contributions and thresholds

The employee primary class 1 rate that is charged between the Primary Threshold and the Upper Earnings Limit will be cut to from the current rate of 12% to 10%, with effect from 6 January 2024. In addition, the Government will continue to freeze the Lower Earnings Limit in 2024–25 and extend the 12-month holiday from class 1 NICs for veterans during their first year in civilian employment. The holiday, which was due to end on 5 April 2024, will now run until 5 April 2025.

Changes to off-payroll working (IR35)

Following consultation earlier in the year, the Government will include provision in the Autumn Finance Bill 2023 to allow HMRC to establish a set-off mechanism to account for cases where there has been on over collection of tax due to an error in applying the off-payroll IR35 rules. This will reduce the PAYE liability of a deemed employer to account for taxes paid by a worker and their intermediary on payments received. The policy will apply to income tax and NICs liabilities assessed under PAYE on or after 6 April 2024.

The provision to off-set tax will be welcome news for employers who engage workers through an intermediary (and therefore have to perform a status determination test) as it will reduce the tax liability where a mistake has been made regarding a worker's status.

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