2024 Autumn Budget

Your guide to the Budget

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How will the changes affect you?

Introduction

The Chancellor of the Exchequer, Rachel Reeves came to Parliament to deliver her first Budget.

The Chancellor's stated aim with this Budget was to "fix the foundations and deliver change" and "invest, invest, invest". To do this there would be a need to raise an additional £40 billion in taxes.

Here are some of the main announcements from the UK Autumn Budget.

Personal Tax

The Labour Government will retain the Personal Tax Allowance and Basic rate band announced by the previous Government until 2028, after which they will increase with inflation. Personal allowances will still be reduced by £1 for every £2 a person's income exceeds £100,000.

UK Income Tax Rates (except Scotland)

Band	Taxable income	2025/26	2024/25
Allowance	£0 to £12,570	0%	0%
Basic	£12,571 to £50,270	20%	20%
Higher	£50,271 to £125,140	40%	40%
Additional	Over £125,140	45%	45%

It is worth noting the Scottish Parliament has had the power for a number of years to vary the tax rates and thresholds of Non-Savings, Non-Dividend income for Scottish taxpayers. The differential between Scotland and the rest of the UK in this respect has grown quite significantly.

The Wales Act 2014 gave the National Assembly of Wales the power to vary the tax rates in respect of Welsh resident taxpayers as regards Non-Savings and Non-Dividend income. However, to date they have continued to set income tax rates in line with those announced by the UK Government. The Welsh Government will publish their draft budget on 10th December 2024.

Scottish Tax Rate Bands

The Scottish Budget is set for 4th December 2024. The Scottish Parliament have previously announced the tax rates and thresholds for Scottish Taxpayers for the tax year starting 6 April 2024.

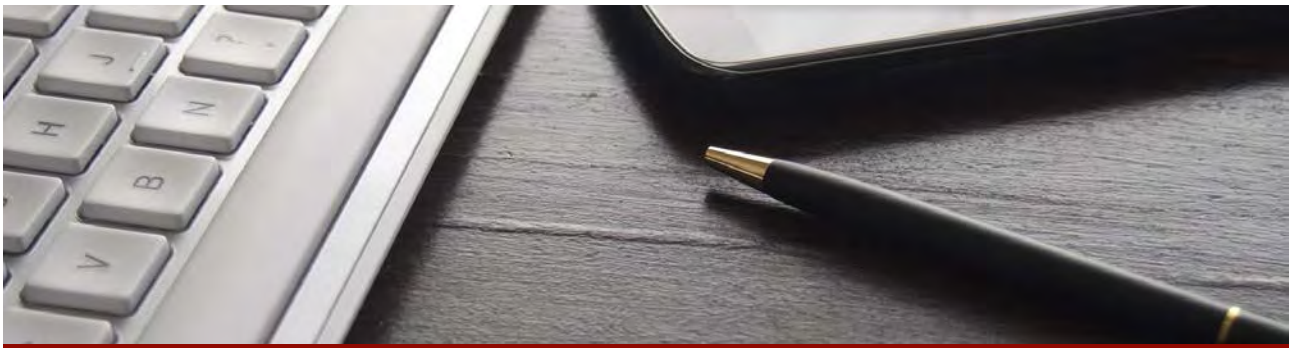
Scottish tax rates 2024/25 for non-savings, non dividend income

Band	Taxable income	2024/25
Allowance	£0 to £12,570	0%
Starter rate	£12,571 to £14,876	19%
Basic rate	£14,877 to £26,561	20%
Intermediate rate	£26,562 to £43,662	21%
Higher rate	£43,663 to £75,000	42%
Advanced rate	£75,001 to £125,140	45%
Top rate	Over £125,140	48%

Tax tip

If you are a sole trader or property landlord and your turnover exceeds £50,000 during the 2024/25 tax year you may fall under Making Tax Digital for Income Tax rules from April 2026 which includes quarterly reporting. If you are both a sole trader and a property landlord then aggregate the two turnovers together when applying the £50,000 threshold. Are you ready for this? If not we can help.

Options to consider to defer the MTD compliant requirement might be creating a partnership or incorporating the business.



National Insurance

The Chancellor retained the current rates of National Insurance paid by employees, as well as rates for the self-employed will remain the same.

From 6 April 2025, Employers National Insurance will increase to 15% from the current 13.8%. The limit from which Employers National Insurance is due will reduce from £9,100 per employee to £5,000 until 5 April 2028.

Tax tip

It is worth reviewing your NIC records at least every 5 years, whilst it is fresh in your memory, to ensure they are correct and up to date. National Insurance contributions protect your rights to certain state benefits and contribute towards your state pension. We are happy to carry out this review for you.

Tax tip

If you have more than one employment you may pay too much employees national insurance. HM Revenue & Customs can request the second employer to operate a lower rate to ensure the correct amount is paid. Refunds may be possible if national insurance has been overpaid in earlier years.

In addition Class 1A National Insurance will increase to 15%. This rate is payable by employers on certain benefits provided to employees.

The Employment Allowance will increase from £5,000 to £10,500 from 6 April 2025 and the current restriction regarding the previous years liability will be removed.

National Insurance (NI)	2024/25	2025/26
Class 1 NI employees – earnings between £12,570 - £50,270	8%	8%
Class 1 NI employees – earnings in excess of £50,270	2%	2%
Class 1 NI employers – earnings in excess of £9,100	13.8%	15.0%
Class 1A Benefits in kind	13.8%	15.0%
Class 1B NI PAYE settlement agreements	13.8%	15.0%
Class 4 NI self-employed – Profits between £12,570 - £50,270	6%	6%
Class 4 NI self-employed earnings in excess of £50,270	2%	2%

Dividend Rate Bands

The dividend allowance will remain at £500 from 6th April 2025. There will be no change to the dividend tax rates.

Dividend tax rates

Band	2024/25	2025/26
Dividend ordinary rate	8.75%	8.75%
Dividend upper rate	33.75%	33.75%
Dividend additional rate	39.35%	39.35%

Tax tip

With the dividend allowance threshold at only £500, is it worthwhile transferring some shares to a spouse/civil partner to maximise it.

Do you have control over when a dividend can be paid out? If so have you made use of the £500 zero rate threshold for this tax year?

Tax tip

There are a number of approved tax efficient share option schemes, as well as the non-tax advantages share scheme arrangements, which could be considered when looking at incentivising employees. There are different issues, benefits and problems for each type of incentive arrangement, both for the employer and the employee.

Tax tip

if you are an employer carry out a regular review to ensure that you are adhering to the National Minimum Wage Regulations. Failure to comply, can result in a penalty of up to 200% of the liability due and any underpayment of wages can go back up to 6 years using the current NMW rates. Please contact us if you require assistance.

National Minimum Wage

The National Minimum Wage (NMW) and the National Living Wage (NLW) rates will increase by 6.7% from 1 April 2025.

National Minimum Wage rates from 1 April

	currently	from 1-4-25
Worker 21 years+	£11.44	£12.21
Worker 18 - 20	£8.60	£10.00
Worker under 18	£6.40	£7.55
Apprentice	£6.40	£7.55

Pensions

The annual pension allowance, which impacts on how much individuals can contribute to their pension schemes will remain at £60,000 for 2025/26.

The Money Purchase Annual Allowance and Tapered Annual Allowance will remain at £10,000 from 6 April 2025. In addition the Tapered Annual Allowance will remain at £260,000.

Tax tip

It is worth having an annual pension review, to ensure you maximise the use of all the pension allowances which may be available to you and to do so in the most tax efficient way. We are happy to carry out this review for you.

From 6 April 2027 the government will bring unused pension funds and death benefits payable from a pension into a person's estate for Inheritance Tax purposes.

The pension tax free lump sum percentage will remain at 25% of the pension value up to a maximum of £268,275.

From 30th October 2024, pension transfers from tax relieved UK pension to Qualified Registered Overseas Pension Schemes (QROPS) in the EEA and Gibraltar will be subject to a 25% charge, unless another exclusion applies.

Tax tip

If you are a member of a UK registered pension scheme and are thinking of leaving the UK, you may want to consider topping up your pension scheme in the tax year in which you leave the UK in order to maximise your UK tax relief and enhance your pension provision. This should be done in conjunction with your accountant and a suitably qualified IFA.

State Pension

Under the triple lock, the State Pension will rise in line with the highest of average earnings, inflation or 2.5%. The Government have announced an increase to the State Pension of 4.1%. The new State Pension increases from £221.20 to £230.30 per week in April 2025, while the full basic State Pension will increase from £169.50 to £176.45 per week.

Tax tip

Consider making voluntary national insurance contributions to fill gap years in your state pension history. Up until 5 April 2025 you can go as far back as April 2006. Each year would cost you just over £824. After that date you can only go back 6 tax years. The cost for each year would then be based upon the voluntary Class 3 national insurance rate applicable for that current year. Each additional year could result in an extra £342 state pension (based upon 2025/26 figures) on an annual basis.

Capital Gains Tax

The main rates of Capital Gains Tax will increase from 10% and 20% to 18% and 24% respectively for disposals on or after 30 October 2024.

The rate of Capital Gains Tax on the disposal of residential property remains the same.

UK Capital Gains Tax rates

Gains for	Before 30 Oct 2024	From 30 Oct 2024
Residential property to basic rate limit	18%	18%
Residential property above basic rate	24%	24%
Residential property for Trusts and personal representatives	24%	24%
Other assets to basic rate limit	10%	18%
Other assets above basic rate limit	20%	24%
Other assets for Trusts and personal representatives	20%	24%
Business Asset Disposal relief*	10%	10%
Investors relief*	10%	10%

Business Asset Disposal relief or Investors relief rates up to lifetime limits. The lifetime limit for Investors Relief reduces to £1M from 30 October 2024. These rates will increase from 6 April 2025.

Tax tip

Before you sell an asset, such as shares or property, please speak to us. There may be planning opportunities prior to the sale to reduce the potential capital gains tax.

Tax tip

Remember, if you are a UK resident taxpayer and sell a UK residential property, which could trigger off a gain liable to capital gains tax (CGT), to avoid penalties from arising, you need to complete a CGT Return within 60 days of completion and pay the tax over within the same time frame.

There is no change to the capital gains tax annual exempt amount available. This is the tax free allowance available against taxable gains.

UK Capital Gains Tax Annual Exemption

Tax year	Individuals	Trustees
2024/25	£3,000	£1,500
2025/26	£3,000	£1,500

Business Asset Disposal Relief

The rate of Capital Gains Tax which applies to Business Asset Disposal Relief and Investors Relief will increase from 10% for disposals on or after 6 April 2025 to 14%, with a further increase the following year to 18%.

Inheritance Tax

The Chancellor has retained the £325,000 Nil Rate Band, the £175,000 Residence Nil Rate Band (RNRB) and the tapering limit for RNRB at £2 million until 5 April 2030.

The tax rates for Inheritance Tax remain unchanged, with the main rate staying at 40%.

From 6 April 2026, the 100% rates of Agricultural Property Relief and Business Property Relief will be restricted to the first £1 million of combined agricultural and business property, with the excess relieved at 50%.

Agricultural Property Relief (APR) is a relief from Inheritance Tax on the agricultural value of land and other property that is owned and occupied for the purposes of agriculture.

Business Property Relief (BPR) is a relief from Inheritance Tax on the value of certain business assets.

Tax tip

Did the deceased gift an asset away within 7 years prior to death but the value of it was lower at the time of death? Normally the market value at the date of the gift comes back into the deceased's estate for inheritance tax purposes. However if the value was less at the time of death you can make a loss relief claim and use that value instead to mitigate the inheritance tax burden..

Tax tip

As a result of the restriction of Business Property relief, one option for business owners to consider to protect their inheritance tax (IHT) position is to take out life policies to fund the IHT liabilities perhaps in conjunction with term policies to cover the risk of you dying within seven years of any lifetime gift. Qualified IFA advice should be taken in this instance.

Company Taxation

There were no new announcements for corporation tax. From 1st April 2025, the Corporation Tax main rate for non-ring fenced profits will remain at 25% for profits over £250,000.

Company tax rates for non-ring fenced profits

	Profits	From 1-4-24	From 1-4-25
Main rate	over £250,000	25%	25%
Small profit rate	£50,000 or less	19%	19%
Marginal rate*	Between £50,000 & £250,000	26.5%	26.5%

**Profits below £50K effectively taxed at small profits rate*

Tax tip

Does your company have cash reserves which are not required for working capital? Consider paying your corporation tax early as the interest return on early payments is competitive.

Tax tip

If your company is carrying out innovative work, is it worthwhile applying for a patent? Bearing in mind the corporation tax rates, the benefit of having a patent or you exclusively licence the rights to those patents, could result in the associated profits tied to the patent attracting a much lower corporation tax rate of only 10%.

The small profits rate (SPR) will continue at 19% for companies with profits of £50,000 or less. The small profits rate will not apply to close investment-holding companies.

Quick tip

If you are an employer considering providing a one-off/exceptional payment to your lower paid employees to mitigate the impact of the cost of living crises, then it may be better to do so in the form of non-cash vouchers, as opposed to cash itself, as it will not impact upon their universal credit payments.

Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective Corporation Tax rate.

If the total profits are below £250,000, the effective rate for profits between these limits is called 'Marginal Rate' and shown above.

Capital Allowances

This Budget has not changed the ability for companies to claim a 100% first year allowance (FYA) for main rate expenditure (known as Full Expensing) and 50% FYA for special rate expenditure. These allowances are only available to companies.

The 100% Annual Investment Allowance deduction for expenditure incurred of up to £1 million in purchasing plant & machinery also remains in place.

The 100% FYA for qualifying expenditure on zero-emission cars and on plant or machinery for electric vehicle charge-points has been extended to 31st March 2026 for Corporation Tax purposes and to 5th April 2026 for Income Tax purposes.

Research & Development

There are no changes to the R&D rules following the merger of the R&D tax relief scheme for small and medium-sized companies and the R&D expenditure credit (RDEC) used by large companies for accounting periods beginning on or after 1st April 2024.

The SME rules restricting relief where part of the project expenditure has been subsidised have been removed.

Tax tip

The R&D criteria is quite wide, and many eligible companies are missing out on it. Since 1st April 2023, you only have 6 months from the end of the accounting period in which R&D activity has occurred to make a claim, unless you have made a similar claim in the previous 3 years. If in doubt, ask for a free R&D check to see if a legitimate claim can be made.

Loss-making companies claiming the existing SME tax relief will be eligible for a higher payable credit rate of 14.5% if they meet the definition for R&D intensity.

For accounting periods beginning on or after 1 April 2024, the intensity threshold is 30%.

There is a one-year grace period that allows a company which fails to meet the intensity threshold, for example due to a one-off shock or small fluctuations in expenditure (for companies close to the threshold), to continue claiming the enhanced support in that year if it met the intensity threshold and successfully claimed enhanced support in the previous year.

Company car and fuel

Appropriate percentages for zero emission and electric vehicles will increase by 2 percentage points per tax year in 2028/29 and 2029/30, rising to an appropriate percentage of 9% in tax year 2029/30.

Appropriate percentages for all cars with emissions of 1 to 50g of CO_2 per kilometre, including hybrid vehicles, will rise to 18% in tax year 2028/29 and 19% in tax year 2029/30.

Appropriate percentages for all other vehicle bands will increase by 1 percentage point per year in tax years 2028/29 and 2029/30. This will be to a maximum appropriate percentage of 38% for tax year 2028/29 and 39% for tax year 2029/30.

The car fuel benefit charge multiplier will be £28,200 in the 2025/26 tax year.

Van and Fuel Benefit

The van benefit charge will be £4,020 and fuel benefit charge £769 in the 2025/26 tax year.

The Government will no longer maintain the treatment of double cab pick-up vehicles with a payload of one tonne or more as goods vehicles.

HMRC is updating guidance to clarify the position in respect of such vehicles which will be treated as cars for capital allowances, for benefits in kind and for some deductions from business profits. Transitional arrangements will also apply.

Fuel Duty

The Chancellor will extend the 5 pence cut in the rates of Fuel Duty first introduced at Spring Statement 2022 until 22nd March 2026.

Vehicle Excise Duty (VED)

The Budget announced VED first year rates for new cars registered on or after 1 April 2025.

Zero emission cars will pay the lowest first year rate at £10 until 2029/30.

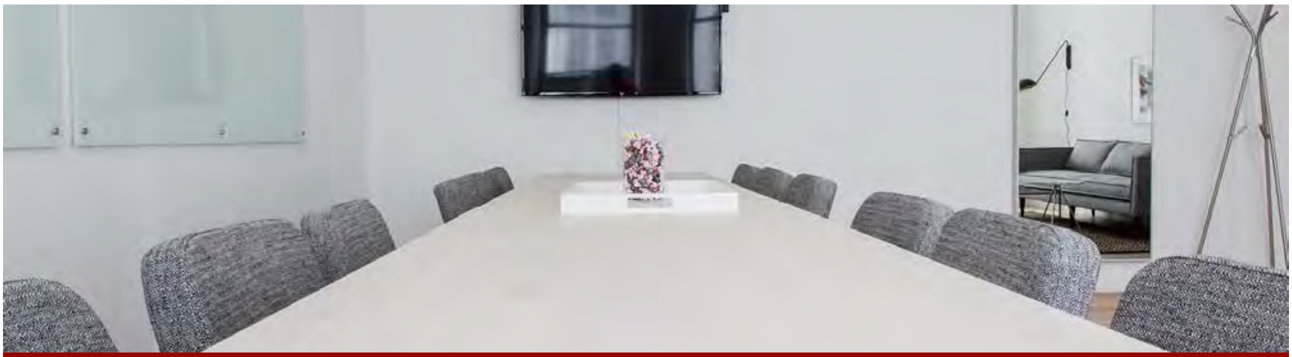
Rates for cars emitting 1g/km to 50g/km of CO_2, including hybrid vehicles, will increase to £110.

Rates for cars emitting 51g/km to 75g/km of CO_2, including hybrid vehicles, will increase to £130.

All other rates for cars emitting 76g/km of CO_2 and above will double from their current level.

Tax tip

Before considering whether to buy or lease a car through the company or do so personally, why not have a review of the tax and national insurance impact on both you and the company before reaching that decision.



VAT

The taxable turnover threshold for determining whether a business must register for VAT remains at £90,000 and the point at which a business can apply to deregister will also remain at £88,000.

Tax tip

Businesses that regularly receive VAT repayments from HMRC should consider filing VAT returns monthly instead of quarterly as this will help with their cashflow.

All education services and vocational training supplied by a private school or a 'connected person' for a fee will be liable to VAT at the standard rate of 20% starting on or after 1st January 2025.

Tax tip

Where, in the past, private schools have suffered irrecoverable VAT on large capital projects, there may be some circumstances where the school could look back at that expenditure and possibly start recovering the VAT incurred under the Capital Goods Scheme.

Board and lodging services closely related to such supplies will also be liable to VAT at 20%, including when supplied by a 'connected person'.

Any school fees paid on or after 29th July 2024 relating to the period from 1st January 2025 will also be liable to the standard rate of VAT.

Tax tip

When first registering for VAT, you may be able to claim input VAT on goods purchased in the 4 year period before registration where those goods have been used in the business and are still owned on the first date of registration. This includes both stock and assets.

When first registering for VAT, you may be able to claim input VAT on services purchased in the previous 6 months for business purposes, unless already recharged to a customer prior to registration.

If the supplies you make are outside the scope of UK VAT (e.g. a provision of services to an overseas customer), but they would be taxable VAT supplies if they were made in the UK, then VAT input tax on expenditure incurred in relation to that supply may be claimed back.

The provision of nursery services to children below school age will remain VAT exempt as will state school education and sixth form colleges where no fee is charged.

Where a Special Education Needs place is provided at a private school and is funded by a local authority (LA) or similar body, the LA will be able to claim a VAT refund on the fees charged.

Annual Tax on Enveloped Dwellings (ATED)

The ATED charge for those property companies liable to pay it, has been increased by 1.7% in respect of the 2025/26 year.

Property value	2024/25	2025/26
£500,001 to £1M	£4,400	£4,450
£1,000,001 to £2M	£9,000	£9,150
£2,000,001 to £5M	£30,550	£31,050
£5,000,001 to £10M	£71,500	£72,700
£10,000,001 to £20M	£143,550	£145,950
Over £20M	£287,500	£292,350

Tax tip

Do you own or have an interest in residential property through a corporate vehicle? Was the value of the property, as at 1st April 2022, worth more than £500,000 or did you acquire it after that date for more than that amount? Even if you rent the property out on a commercial basis, you still need to complete an ATED return within 30 days of acquiring the property.

If a corporate has constructed a new build or converted an existing property into a dwelling then it has 90 days from the completion date or the date it is first occupied if earlier to complete the ATED return. An ATED return should then be completed by 30th April each year otherwise penalty charges of up to £1,600 per property could arise.

Stamp Duty Land Tax (SDLT)

The temporary SDLT residential rates and thresholds which applied from 23 September 2022 comes to an end on 31 March 2025. The SDLT residential rates and thresholds in existence immediately prior to that date will apply from 1st April 2025.

England & Northern Ireland SDLT residential rate

Property/Lease premium/ Transfer value	until 31-3-25	from 1-4-25
Up to £125,000	Zero	Zero
£125,001 to £250,000	Zero	2%
£250,001 to £925,000	5%	5%
£925,001 to £1,500,000	10%	10%
Above £1,500,000	12%	12%

First time buyers relief may be available

Non-UK resident will still pay an additional 2% SDLT surcharge

The SDLT surcharge on acquiring an interest, in excess of £40,000, in a second residential property increases from 3% to 5% from 30 October 2024.

Corporate bodies purchasing residential property valued at more than £500,000 will be charged SDLT at 17% from 31st October 2024. unless an applicable relief applies.

Tax tip

If you have incurred the 3% SDLT Surcharge, uplifted 5% SDLT surcharge, (England and Northern Ireland) or the Welsh 4% Land Transaction Tax Higher Rate charge upon acquiring a new main residence but before having disposed of your previous one, then you may be able to claim a refund if you sell your old property within 36 months of purchasing the new one.

Tax tip

If you have incurred the Scottish 6% (previously 4%) Additional Dwellings Supplement upon acquiring a new main residence before having disposed of your previous one, then you may be able to claim a refund if you sell your old property within 36 months of purchasing the new one. This timeframe was increased from 18 months to 36 months from 1st April 2024.

The Devolved Parliaments of Wales and Scotland will set their own land transaction tax rates in due course. The current rates are;

Wales residential Land Transaction Tax (LTT) rates

Property (freehold/leasehold) value	LTT rate
Up to £225,000	Zero
£225,001 to £400,000	6%
£400,001 to £750,000	7.5%
£750,001 to £1,500,000	10%
Above £1,500,000	12%

Scotland residential Land & Building Transaction Tax (LBTT) rate

Property purchase value	LBTT rate
Up to £145,000	Zero
£145,001 to £250,000	2%
£250,001 to £325,000	5%
£325,001 to £750,000	10%
Above £750,000	12%

Non-Dom Tax status

From 6 April 2025, the current remittance basis of taxation will be abolished for UK resident non-domiciled individuals.

This will be replaced with a new 4-year foreign income and gains (FIG) regime for individuals who become UK tax resident after a period of 10 tax years of non-UK residence.

Qualifying individuals will not pay tax on FIG arising in the first 4 tax years after becoming UK tax resident and will be able to bring these funds to the UK free from any additional charges.

They will not pay tax on non-resident trust distributions either.

Individuals, who on 6 April 2025, have been tax resident in the UK for less than 4 years (after 10 years of non-UK tax residence) will be able to use this new regime for any tax year of UK residence in the remainder of those 4 years.

The protection from tax on foreign income and gains arising within settlor-interested trust structures will no longer be available for non-domiciled and deemed domiciled individuals who do not qualify for the 4-year foreign income and gains regime.

Transitionally, for Capital Gains Tax purposes, current and past remittance basis users will be able to rebase foreign assets they held on 5 April 2017 to their value at that date when they dispose of them.

Any foreign income and gains that arose on or before the 5 April 2025, while an individual was taxed under the remittance basis, will continue to be taxed when remitted to the UK under the current rules. This includes remittances by those who are eligible for the new 4-year foreign income and gains regime.

A new Temporary Repatriation Facility will be available for individuals who have previously claimed the remittance basis. They will be able to designate and remit at a reduced rate foreign income and gains that arose prior to the changes. This includes unattributed foreign income and gains held within trust structures.

The Temporary Repatriation Facility (TRF) will be available for a limited period of 3 tax years, from 2025/2026. The TRF rate will be 12% for the first 2 years and 15% in the final tax year of operation.

The measure extends the period of Overseas Workday Relief to 4 years to align with the new 4-year foreign income and gains regime.

From 6 April 2025, Overseas Workday Relief will be subject to a financial limit on the amount of relief that can be claimed, this is the lower of £300,000 or 30% of an individual’s total employment income.

Furnished Holiday Lettings

The announcement that the FHL regime was to be abolished was in the Spring 2024 Budget. However it did not get enacted before the General Election came about.

The Labour Government have since confirmed its demise.

FHL will be treated the same as long term lets from April 2025 as regards income tax.

Loan interest relief will be restricted to a 20% income tax credit from April 2025.

Where an existing FHL business has an ongoing capital allowances pool of expenditure, it can continue to claim writing down allowances on that pool post April 2025 but not in respect of new expenditure after that date.

There is an anti-forestalling rule which, with minor exceptions, prevents FHL owners obtaining capital gains relief through the use of unconditional contracts with effect from 6th March 2024.

FHL income will not be counted as relevant income for pension contribution purposes from 6th April 2025 onwards.

Certain capital gains tax reliefs will cease from April 2025 except where the FHL conditions are satisfied up to April 2025 and the criteria for that particular relief includes conditions which can still come into play post April 2025.

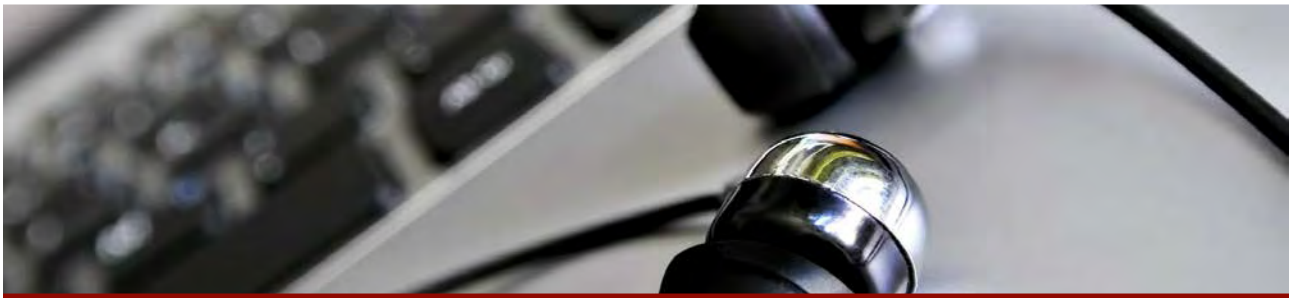
Where the FHL business ceased prior to 6th April 2025, business asset disposal relief (the 10% capital gains tax rate) may still apply to a disposal of the property within 3 years of the FHL business coming to an end.

Tax tip

If you are a furnished holiday let business, and you can afford to do so, consider whether to incur capital expenditure in advance of the beginning of April 2025, as the favourable capital allowances treatment will no longer be available for expenditure post that date.

Tax tip

Furnished holiday let income will cease to count as net relevant earnings for pension purposes from 6th April 2025 onwards. It may be worth checking if it is worthwhile and feasible to top up your pension pot prior to this beneficial pension treatment coming to an end.



High Income Child Benefit Charge (HICBC)

The individual's High Income Child Benefit Charge (HICBC) adjusted net income threshold will remain at £60,000.

Tax tip

If you are a single parent or divorced or widowed and a new partner subsequently moves in with you, depending upon their level of income, you may find that they may get hit for the high income child benefit charge. You may want to forewarn them about that.

For individuals with income between £60,000 and £80,000, the rate at which HICBC is charged is halved, and will equal one per cent for every £200 of income that is more than £60,000.

Tax tip

If you have a child under the age of 12 and register for child benefit you will automatically receive a parent's state pension credit for each year. If you have a family member who helps you with childcare support whilst you are at work and has a gap in their own national insurance records, you may be able to elect to transfer your state pension credit to them.

Tax tip

If you have separated from your spouse or partner, with the intention for it to be a permanent separation, or if you divorce, then it is important to revisit the child benefit claim. Failure to do so could result in you being hit for the HICBC even if the child may not live with you.

Individual Savings Account (ISA)

The existing ISA allowance limit of £20,000 will remain in place for the 2025/26 tax year.

The Junior ISA allowance limit and Child Trust Fund subscription limit will continue at £9,000 per annum.

Employee Ownership Trusts (EOT)

There is a tightening of the EOT rules as regards disposal made to the trustees of an EOT on or after 30 October 2024.

The revised tax treatment for contributions made to an EOT to repay the former owner and the changes to the Income Tax relief conditions for annual bonus payments to employees of EOT controlled companies also has effect from 30 October 2024.

Legislation will be introduced to restrict former owners or persons connected with former owners from retaining control of companies post-sale to an EOT by virtue of control (direct or indirect) of the EOT.

Trustees of an EOT must be UK resident (as a single body of persons) at the time of disposal to the EOT.

Trustees must take reasonable steps to ensure that the consideration paid to acquire the company shares does not exceed market value.

If qualifying condition surrounding the EOT are breached ,the timeframe to clawback tax relief from the vendor has been extended to the end of the 4th tax year following the end of the tax year of disposal.

A requirement that individuals provide within their claim for Capital Gains Tax relief information on the sale proceeds and the number of employees of the company at the time of disposal.

Tax tip

If you are a partially exempt business for VAT purpose, you normally cannot claim the VAT input tax on costs attributable to any VAT exempt supplies that you make. However, if the total value of your exempt input tax is not more than £625 per month on average and it represents no more than 50% of your total VAT input tax then this can be recovered.

Tax tip

If a business deregisters for VAT purposes, it must account for output tax on unpaid sales invoices on its final VAT Return. However, if at a later date (up to 4 years), some sales are written off as they are not expected to be paid by the customer then bad debt relief can be claimed.

Tobacco & vaping duty

With effect from 6pm on 30th October 2024 duty rates for all tobacco products will increase using the TD escalator by 2% above inflation (based on the Retail Price Index (RPI)).The rate for hand-rolling tobacco by an additional 10% above the escalator, to 12% above RPI.

There will be a one-off TD increase of £2.20 per 100 cigarettes or 50 grams of tobacco, effective from 1 October 2026.

With effect from 1st October 2026 there will be a single VPD rate of £2.20 per 10ml of vaping liquid.

Tax tip

Are you going to receive shares from your employer as a result of your employment? Subject to the way those shares are provided, you could be liable to an immediate income tax charge (in some cases national insurance as well), based upon the actual market value (AMV) of the shares at the time. You and your employer may want to elect, within 14 days of receiving the shares, to be taxed on the unrestricted market value (UMV) instead. More tax is likely to be paid upfront but it may result in considerable overall tax savings further down the line.

Alcohol duty

AD duty rates on draught products below 8.5% alcohol by volume (ABV), will be cut by 1.7%, so that an average ABV strength pint will pay 1 pence less in duty.

AD duty rates on non-draught products will increase in line with RPI inflation.

These AD measures will take effect from 1 February 2025.

Tax tip

Are you an employer who retains an element of the tips, gratuities or service charges to meet any employers national insurance liability which may arise in respect of that income? Be aware that the Employment (Allocation of Tips) Act came into force from 1st October 2024. Under the legislation an employer will not be able to retain any monies of this ilk, as it all has to be paid out to the employee.

Consider setting up an independently controlled Tronc scheme which should help you avoid suffering the employers national insurance liability in the first place.

Be aware that tips, gratuities or service charges allocated to the employees do not count as wages when applying the national minimum wage legislation.

Infrastructure Spending

The Government has changed its self-imposed debt rules in order to free up £50 billion for infrastructure spending.

The National Audit Office and the Office for Budget Responsibility will be asked to validate the investments made.

The extra room for manoeuvre for spending on investment projects will not be able to be used for extra day to day spending, as this will need to be funded from tax receipts.

There will be £500 million in new funding to help build up to 5,000 social homes and bring total investment in housing supply to £5 billion as part of the government's Affordable Homes Programme.

A further £1.4 billion will be allocated to rebuild crumbling schools.

Tax tip

If the gross sale value of land or property sold within 4 years of the deceased's death turns out to be less than the probate value, you may want to consider putting in an inheritance tax loss relief claim. You could do the same, if within 12 months of death, the disposal of listed shares or unit trusts resulted in the gross sale value being less than at probate.

Tax tip

Are you looking to reward employees who have been with you for more than 20 years? You can provide long service gifts which can be free of tax for the employee. The gifts can be worth up to £50 for each year of service up to a maximum of 20 years and should be the first in the last 10 years, and not cash.

Further Announcements

To help support aims to reduce waiting times, there will be an additional £1.5 billion capital investment into new surgical hubs and scanners, alongside £70 million for new radiotherapy machines.

£1.8 billon will be allocated for the expansion of government-funded childcare, with a further £15 million of capital funding for school-based nurseries.

Tax tip

A charity or Community Amateur Sports Club may be able to claim 25% on cash or contactless card donations of £30 or less up to a maximum of £2,000 in relief, without the need to keep individual donor records under the Gift Aid Small Donation Scheme.

The first stage of the plan will pay for 300 new or expanded nurseries across England.

The government will triple investment into free breakfast clubs to £30 million in 2025/26.

From the beginning of next week the subsidised £2 bus fare cap will be increased to £3. The subsidy was due to come to an end in December this year but the government has extended it for a further year.

The Chancellor has raised the limit people can earn before being ineligible for the Carers Allowance from £151 a week to £181.

To keep more children in stable and loving homes, £44 million of funding has been announced to support kinship and foster carers.

£240 million Get Britain Working package to include work, skills and health support for disabled people and the long term sick has been announced.

Benefit reform will be accelerated this year, with 800,000 people on the old Employment and Support Allowance (ESA) benefit to be moved onto Universal Credit (UC) from this autumn instead of 2028.

The Energy Profits Levy will increase from 35% to 38% from 1st November 2024 until 31st March 2030.

The alternative finance (AF) legislation is amended, with effect from 30th October 2024, to ensure that where an existing asset is used as a means to raise finance using AF, the tax outcome is broadly the same as conventional financing.

The government is extending the employer National Insurance contributions relief for employers hiring qualifying veterans for a further year from 6 April 2025 until 5 April 2026.

The late payment interest rate charged by HMRC on unpaid tax liabilities will increase by 1.5% from April 2025.

The Help to Save Scheme will be extended a further two years to 5th April 2027.

Making Tax Digital (MTD) for Income Tax will be extended to sole traders and landlords with income over £20,000 by the end of this Parliament.