THP | Chartered Accountants

The Spring Budget 2024

6th March 2024

Introduction

With the next General Election fast approaching, the Chancellor of the Exchequer, Jeremy Hunt came to Parliament to deliver his Spring Budget.

Stated below are some of the main announcements which have come out of this Budget as well as a reminder of ones from prior Budgets/ Statements which may have an impact upon the 2024/25 tax year.

Income Tax Allowance + National Insurance + Rate Bands

Please be aware that 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 as demonstrated by the chart below. This makes things even more complicated for Scottish taxpayers when looking at carrying out any legitimate form of tax planning.

Like Scotland, the National Assembly of Wales can 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 that announced by the UK Government.

The Income Tax Personal Allowance and all other elements of the Income Tax system remain part of the Chancellor's responsibility.

As was previously announced in the 2022 Autumn Statement, the Personal Tax Allowance currently set at £12,570, will remain at this level until 2028. The Basic Rate Tax Band, presently set at £37,700 will also stay the same until April 2028. Personal allowances will be reduced by £1 for every £2 a person's income exceeds £100,000.

UK Tax Rates 2024/25 (except Scotland)

Band	Rate
£0 to £12,570	0%
£12,571 to £50,270	20%
£50,271 to £125,140	40%
Over £125,140	45%

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

Bands	Band Name	Rate
£0 to £12,570	Personal allowance	0%
£12,571 to £14,876	Starter rate	19%
£14,877 to £26,561	Scottish basic rate	20%
£26,562 to £43,662	Intermediate rate	21%
£43,663 to £75,000	Advanced rate	42%
£75,001 to £125,140	Higher rate	45%
Over £125,140	Top rate	48%

- As announced in the Autumn Statement 2023, from 6 April 2024, self-employed people with profits above £12,570 will no longer be required to pay Class 2 NICs, but will continue to receive access to contributory benefits, including the State Pension.
- The employees NIC rate will be reduced from 10% down to 8% from April 2024.
- The self-employed Class 4 NIC rate will fall from 8% to 6% from April 2024.

2024/25 National Insurance rates

National insurance (NI)	2024/25
Class 1 NI employees – earnings between £12,570 - £50,270	8%
Class 1 NI employees – earnings in excess of £50,270	2%
Class 1 NI employers – earnings in excess of £9,100	13.8%
Class 1A Benefits in kind	13.8%
Class 1B NI PAYE settlement agreements	13.8%
Class 4 NI self-employed – Profits between £12,570 - £50,270	6%
Class 4 NI self-employed earnings in excess of £50,270	2%
Mandatory Class 2 NI	Abolished
Class 2 voluntary NI	£3.45 per week
Class 3 voluntary NI*	£17.45 per week

*2022/23 Class 3 NI weekly contributions can be paid up to 5th April 2025 to cover missing state pension years back to 2006.

Quick tips

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.

Quick tips

With the cut in national insurance rates from April 2024, consider whether it is advantageous delaying paying a bonus until after 5th April 2024. However, if you are a Scottish resident taxpayer, despite the national insurance cut, you may want consider, if going down the bonus route, paying it prior to 6th April 2024 as the Scottish income tax rates and rate bands as regards earned income are changing from that date.

Quick tips

If you are self-employed and your accounts year does not end between 31st March – 5th April. Up to and including 2022/23 tax year you will have been taxed on the profits per the accounts which ended in that particular tax year. From the 2023/ 2024 tax year (the transitional year) onwards you will be taxed on the profits per the tax year itself. Is it worthwhile changing your accounts year to tie in with the tax year?

Is it worth considering incorporating so that you can continue to be taxed on the profits per the accounting period rather than on a tax year basis.

If you do not intend to move your accounting year to coincide with the tax year end, the excess profit that arises under the new rules in the transitional 2023/24 tax year can be spread and taxed over 5 tax years. However it may be worth considering electing to bring forward some or all of those excess profits to be taxed in an earlier tax year. For example your total income in later years may take you into a higher tax bracket or the Government of the day may increase the tax rates.

Quick tips

If you are self-employed and your taxable profits are below £6,725 for the year, you may want to consider paying voluntary Class 2 NI as opposed to voluntary Class 3 NI as it will be considerably cheaper and will enable you to continue to have access to contributory benefits, including the state pension.

Quick tips

If you are a sole trader or property landlord and your turnover (pre expenses) exceeds £50,000 during the 2024/25 tax year you may need to be Making Tax Digital for Income Tax (MTD) compliant from April 2026 which will require quarterly reporting. If you are both a sole trader and a property landlord then you 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 avoid having to be MTD compliant might be creating a partnership or incorporating the business.

Quick tips

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.

Dividends

- As already announced, the zero-rate tax dividend threshold will fall from £1,000 to £500 from 6th April 2024.
- There will be no change to the dividend tax rate.

Band	2023/24	2024/25
Dividend ordinary rate	8.75%	8.75%
Dividend upper rate	33.75%	33.75%
Dividend additional rate	39.35%	39.35%

Quick tips
With the dividend zero rate threshold falling from £1,000 (2023/24) to £500 (2024/25), 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 £1,000 zero rate threshold for this tax year?

Quick tips
If you are a director/shareholder resident is Scotland, as the tax rates on Non-Savings and Non Dividend income is noticeably higher than in the rest of the UK you may find it tax efficient to pay out more in dividend than in salary.

Furnished Holiday Letting (FHL)

- The FHL tax regime will be abolished, eliminating the tax advantage for landlords who let out short-term furnished holiday properties over those who let out residential properties to longer-term tenants. This will take effect from April 2025.
- Draft legislation will be published in due course and will include an anti-forestalling rule.
- This will prevent the obtaining of a tax advantage through the use of unconditional contracts to obtain capital gains relief under the current FHL rules. This rule will apply from 6 March 2024.

Quick tips
Depending upon what is in the legislation, this could result in a large increase in your overall tax liability. It would make sense, at some point pre April 2025, to carry out a rental property review to look at legitimate ways to either mitigate the tax bill or increase the net rental yield.

Capital Gains Tax (CGT)

- Currently gains made on disposals of residential property that do not qualify for main residence relief (MRR) are chargeable to CGT at 18% for any gains that fall within an individual's unused basic rate band and 28% where the chargeable gains exceed the unused part of their basic rate band.
- From 6th April 2024, the higher capital gains tax rate on the sale of residential property will be reduced to 24% from 28%.
- This change may impact upon individuals, trustees and personal representatives who are liable to pay Capital Gains Tax (CGT) on residential property gains.
- The lower rate for basic rate taxpayers will remain at 18%.
- A reminder that the CGT annual exemption (AE) for individuals, personal representatives (PR) and Trustees is set to fall next tax year.

UK CGT Annual Exemption

Tax Year	Individuals/PR *	Trustees**
2023/24	£6,000	£3,000
2024/25	£3,000	£1,500

*Note - the AE is only available to PRs for 2 tax years following the tax year in which the Deceased died.
** Note – the AE is divided equally between the number of Trusts set up by the Settlor (the AE is presently capped at £300 per Trust if 5 or more, or 10 or more if for the benefit of a disabled person),

UK CGT Rates

Status	Residential property	Other Asset
Individual	18%/24%	10%/20%
Personal Representatives	24%	20%
Certain Trusts	24%	10%/20%*

*If the Trust asset disposed of has been used in the beneficiary's business, the gain may attract a 10% CGT rate

Quick tips

Before you sell an asset, such as shares or property for example, come and speak to us, as there may be planning that can be carried out prior to the sale to mitigate the capital gains tax hit?

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.

Quick tips

If the gain is liable to be taxed at the higher CGT rate, bearing in mind the reduction in the CGT rate from April 2024, you may want to consider delaying (if possible) the exchange of contracts date (not the completion date) until after 5th April 2024. However this has to be balanced against the impact of the reduction in the CGT annual exemption from £6,000 to £3,000. Seek advice before making that decision.

High Income Child Benefit Charge (HICBC)

- The individual's High Income Child Benefit Charge (HICBC) adjusted net income threshold will increase from £50,000 to £60,000, from 6 April 2024.
- 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.
- New claims to Child Benefit are historically automatically backdated by three months, or to the child's date of birth (whichever is later).
- However, for Child Benefit claims made after 6 April 2024, backdated payments will be treated for HICBC purposes as if the entitlement fell in the 2024/25 tax year if the backdating would otherwise create a HICBC liability in the 2023/24 tax year.
- A consultation will take place to introduce legislation from April 2026 to base the HICBC on household income as opposed to an individual's income in order to make the system fairer.

Quick tips

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. You can claim from 2011/12 tax year onwards.

Quick tips

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 though the child may not be living with you.

Quick tips

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 high income child benefit charge. You may want to forewarn them about that.

Quick tips

Did you claim child benefit (CB) before May 2000? The Government have recently admitted that CB claimants before May 2000 may have lost out on some of their state pension entitlement. This could affect those already in receipt of state pension, deceased estates and those yet to reach state pension age. Each year of error could cost the individual up to £325 per annum in lost state pension entitlement. You may want to check to see if it affects you or your loved ones.

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.
- Claims to use the new 4-year FIG regime are to be made for each year to which it is to apply.
- Individuals need not make a claim for every year of the 4-year period. For example, an individual who makes a claim for the new 4-year FIG regime in year 1 but chooses not to make a claim for year 2 will still be able to claim for years 3 and 4.
- If an individual leaves the UK temporarily during the 4-year period they will be able to make a claim under the 4-year FIG regime for any of the qualifying tax years remaining on their return to the UK.
- If an individual chooses to be taxed under the new 4-year FIG regime, they will lose entitlement to personal allowances and the capital gains tax annual exempt amount.
- Overseas Workday Relief (OWR) for the first 3 tax years of UK residence will be retained and simplified.
- From 6 April 2025 eligibility for OWR will be based on an employee's residence and whether they opt to use the new 4-year FIG regime.
- From 6 April 2025, the protection from taxation on future income and gains as it arises within trust structures (whenever established) will be removed for all current non-domiciled and deemed domiciled individuals who do not qualify for the new 4-year FIG regime.
- FIG arising in non-resident trust structures from 6 April 2025 will be taxed on the settlor or transferor (if they have been UK resident for more than 4 tax years) on the arising basis.
- Individuals who move from the remittance basis to the arising basis on 6 April 2025 and are not eligible for the new 4-year FIG regime will, for 2025-2026 only, pay tax on 50% of their foreign income.
- From 6 April 2025, an individual who is not, or who later ceases to be, eligible for the new 4-year FIG regime will be taxed on foreign gains in the normal way.
- Transitionally, individuals who have claimed the remittance basis will, on a disposal of an asset held personally at 5 April 2019, be able to elect to rebase that asset to its value as at that date.

- From 6 April 2025, individuals who have been taxed on the remittance basis will be able to elect to pay tax at a reduced rate of 12% on remittances of pre-6 April 2025 FIG under a new Temporary Repatriation Facility (TRF) which will be available for tax years 2025-26 and 2026-27.
- TRF will not apply to pre-6 April 2025 FIG generated within trusts and trust structures.

Quick tips

Where you are in receipt of income or gains from overseas, Tax Treaties between the UK and that particular country may mitigate or wipe out the potential UK tax liability arising on it. In some cases where either the treaty does not cover that particular source of income or gains or the UK does not have a tax treaty with that country, you may be able to claim unilateral relief to mitigate your UK tax liability.

Some UK tax treaties, such as with India and Pakistan can potentially even mitigate a deceased's estate UK inheritance tax position.

Pensions

- The annual pension allowance will remain at £60,000 for 2024/25.
- The money purchase annual allowance will remain at £10,000.
- The minimum Tapered Annual Allowance will remain at £10,000 for individuals who's adjusted income for the year is £260,000 or more.
- From 6th April 2024, in the event of a pension member dying under the age of 75, any lump sum tax free limit not utilised by the deceased will remain tax free in the hands of qualifying beneficiaries. Any excess above that limit will be taxed at the beneficiaries' marginal rate of tax.
- The pension tax free lump sum percentage will remain at 25% of the pension value up to a maximum of £268,275. However, those individuals who have protected rights already in place can take a higher tax-free amount.
- There are some individuals who save into an occupational pension under the net pay arrangements, but whose taxable income is below the personal allowance, thereby missing out on tax relief relating to those pension contributions.
- With effect from the 2024/25 tax year onwards the intention is to remove this unfairness.
- Shortly after the end of that tax year, HMRC will aim to contact those impacted by this and request their bank account details. Upon receipt they will pay the 'tax relief' amount into that account.

Quick tips

If you are a member of a UK registered pension scheme who is 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.

One option to consider when wanting to help your children/grandchildren for the future is to contribute up to £2,880 into a stakeholder pension scheme each year. The government will top that up to £3,600. It could help with your inheritance tax position as well.

Individual Savings Account (ISA)

- The government will introduce a new UK ISA with its own allowance of £5,000 a year. This will be on top of the existing ISA allowance of £20,000.
- They will consult on the details at a later date.
- The government is also committed to ensuring people have the opportunity to invest in a diverse range of investment types through their ISAs.
- They are working to bring forward legislation by the end of the summer following detailed engagement with industry and the Financial Conduct Authority (FCA).

State Pension (SP)

- Under the triple lock, SP rises in line with the highest of average earnings, inflation or 2.5% based upon September 2023 figures.
- The highest figure was the average earnings rate for September 2023 of 8.5%.
- The Government have already announced that the SP will increase by 8.5% from April 2024.

Quick tips

Consider making voluntary national insurance contributions to fill gap years in your state pension history. Up until 5th 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 £325 state pension (based upon 2024/25 figures) on an annual basis.

Inheritance Tax (IHT)

- As stated within the 2022 Autumn Statement, the 40% IHT rate, the £325,000 IHT Nil Rate Band and the £175,000 Residence Nile Rate Band (RNRB) will remain in place until April 2028.
- The commencement of the tapering off of the RNRB will remain at £2 million.
- Agricultural property relief is a relief from IHT available on the agricultural value of land and other property that is owned and occupied for the purposes of agriculture.
- To ensure compatibility with EU law, action was taken in Finance Act 2009 to expand the scope of agricultural property relief and woodlands relief to property located in the EEA.
- As a result of the UK leaving the EU, with effect from 6th April 2024, this legislation will be reversed.

Quick tips

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.

Quick tips

If you are contemplating setting up an investment company or you already have an existing one, consider turning it into a Family Investment Company. Any increase in company value could immediately be outside your Estate for inheritance tax purposes.

Quick tips

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.

Annual Tax on Enveloped Dwellings (ATED)

The ATED charge for those property companies liable to pay it, has been increased by 6% in respect of the 2024/25 ATED year.

Property Value	2023/24	2024/25
£500,001 to £1m	£4,150	£4,400
£1,000,001 to £2m	£8,450	£9,000
£2,000,001 to £5m	£28,650	£30,550
£5,000,001 to £10m	£67,050	£71,500
£10,000,001 to £20m	£134,550	£143,550
Over £20m	£269,450	£287,500

Quick tips

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.

Cultural Reliefs

- From 1 April 2025, the rates of Theatre Tax Relief, Orchestra Tax Relief and Museums and Galleries Exhibition Tax Relief will be permanently set at 40% (for non-touring productions) and 45% (for touring productions and all orchestra productions).
- Rates for these cultural reliefs were temporarily increased from 27 October 2021 to help the sector in their economic recovery from COVID-19 and is currently set at 5% higher than is proposed from April 2025.
- There will be additional support for 'independent films' that can currently claim the Audio-Visual Expenditure Credit (AVEC) - the Independent Film Tax Credit (IFTC).
- Films that meet the IFTC qualifying criteria will be eligible for a higher rate of expenditure credit on their qualifying expenditure.
- The basic rate of credit under AVEC is 34% — independent films will receive a rate of 53%.
- Qualifying expenditure will be capped at a maximum of 80% of a film's total core expenditure; the most taxable credit a film can receive will be £6.36 million.
- The changes will take effect for films that commence principal photography from 1 April 2024 on expenditure incurred from 1 April 2024. Claims may be submitted from 1 April 2025.

Construction Industry Scheme (CIS)

- As announced in the Autmn Statement 2023, from 6th April 2024, subcontractors will have to demonstrate compliance with VAT obligations to be granted and keep gross payment status.
- HMRC will be able to immediately cancel gross payment status to include cases where they have reasonable grounds to suspect fraud involving VAT, Corporation Tax, Income Tax and Pay As You Earn.

Tax Avoidance

- Legislation will be introduced so that individuals cannot bypass the anti-avoidance legislation, the Transfer of Assets Abroad provisions, by using a company to transfer assets offshore in order to avoid tax. This applies to individuals who are resident in the UK.
- The changes will take effect for income arising to a person abroad from 6 April 2024.

Corporation Tax

- The corporation tax rates for those companies who do not make profits from oil extraction or oil rights in the UK or UK continental shelf have not presently been changed in respect of the financial year 2024 (starting 1st April 2024). So, at present it is as follows:

Rates for corporation tax years starting 1st April

Rate	2023	2024
Small profits rate (Companies with profits under £50,000)	19%	19%
Main rate (Companies with profits over £250,000)	25%	25%
Marginal relief fraction (Companies with profits between £50,000 and £250,000)	3/200	3/200

Quick tips
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.

Quick tips
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.

Quick tips
There are a number of approved share option schemes, as well as the non-tax advantages share scheme arrangements, which should all be considered when looking at incentivising employees, before deciding which, if any, is appropriate for your business. There are pros and cons to each type of incentive arrangement, both for the employer and the employee

Quick tips
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.

VAT

- The taxable turnover threshold for determining whether a business must register for VAT will increase from £85,000 to £90,000 from 1st April 2024 and the point at which a business can apply to deregister will rise from £83,000 to £88,000.
- Following digitisation of the DIY Housebuilders Scheme, HMRC will be given additional powers to request further evidential documentation in relation to a DIY housebuilder's claim.
- This will assist the Commissioners in validating claims and carrying out compliance checks.
- The power will come into force on the date of Royal Assent and will apply to claims made on or after the day the provisions come into force.

Quick tips
Are you a struggling VAT registered business with less than £20,000 of VAT owing? Consider whether you are eligible to set up a VAT payment plan online to help with the cashflow.

Quick tips

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.

Quick tips

When first registering for VAT, you are 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 are 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.

Quick tips

Do you own or control more than one business? From a VAT perspective, you may want to consider creating a VAT group. This may save administrative costs and time as the VAT group would only need to submit one VAT return between all the members within the group. It may also help with cash flow as the supplies, in most cases, between members of the same group can be disregarded for VAT purposes.

Quick tips

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.

Capital Allowances

- As announced at Autumn Statement 2023, for corporates, full expensing and the 50% first-year allowance for special rate assets were made permanent.
- Expenditure on plant or machinery for leasing is presently excluded from these allowances.

- Draft legislation will be published, along with a consultation to consider any potential extension to include plant and machinery for leasing at a future date.

Quick tips

Are you a company which has acquired a major interest in a contaminated brownfield site? If so, you may be entitled to land remediation relief (LRR) of up to 150% for expenditure incurred in carrying out remediation work on that land.

If you are a loss-making firm you may be able to surrender the LRR for a tax credit equal to 16% of the qualifying land remediation costs.

Research & Development (R&D) and Patent Box

- As announced in the Autumn Statement 2023, for accounting periods beginning on or after 1st April 2024 there will be the merger of the existing research and development tax relief scheme for small and medium-sized companies (SME) and the research and development expenditure credit (RDEC) used by large companies.
- The SME rules restricting relief where part of the project expenditure has been subsidised have been removed.
- 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 1st April 2024, the intensity threshold will be reduced from 40% to 30%.
- There will be 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.

Quick tips

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.

Ignoring the cost of the land, where you have incurred the cost of acquiring a property which is used for R&D purposes, you may be entitled to a 100% first year allowance. Where the R&D part of the building represents 75% or more of it, the 100% applies to the full cost. If less than 75% it is apportioned.

Quick tips

If your company is carrying out innovative work is it worthwhile applying for a patent? Bearing in mind the increase in 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 corporation tax rate of only 10%.

National Minimum Wage (NMW) and National living Wage (NLW)

A reminder that the NMW and NLW are due to increase from the beginning of April 2024.

Age Group/Status	2023/24 rate per hour	2024/25 rate per hour
Worker 23 years+	£10.42	£11.44
Worker 21 -22	£10.18	£11.44
Worker 18 - 20	£7.49	£8.60
Worker under 18	£5.28	£6.40
Apprentice	£5.28	£6.40

Accommodation offset £9.99

Quick tips

Businesses need to be careful that they do not fall foul of the NMW complex legislation as penalties can be exceedingly high. One should carry out a NMW review to ensure that the business is NMW compliant. Please do not hesitate to contact us if you require assistance.

Quick tips

Are you an employer who retains an element of the tips, gratuities, or service charges to meet any employer's national insurance liability which may arise in respect of that income? Be aware that the Employment (Allocation of Tips) Act will come into force from April 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 employer's 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.

Stamp Duty Land Tax (SDLT) – England & Northern Ireland

- The SDLT residential rates and thresholds will remain as they are until 31st March 2025 inclusive.
- Currently Multiple Dwellings Relief (MDR) is available to any purchaser buying 2 or more dwellings in England and Northern Ireland, in a single transaction, or linked transactions, and allows the purchaser to calculate the tax based on the average value of the dwellings purchased as opposed to their aggregate value.
- MDR will be abolished from 5th March 2024.
- Purchasers who exchanged contracts on or before 6 March 2024 remain eligible for MDR regardless of when the transaction completes, provided there is no variation of the contract after that date.
- MDR will also continue to apply to contracts which substantially perform before 1 June 2024.

- For transactions which are linked and include the purchase of dwellings both before and after the change, those pre and post change transactions will be treated as unlinked for the purposes of MDR.
- First time buyers purchasing a new residential lease in England and Northern Ireland via a nominee or bare trust will, for completions on or after 6th March 2024, be able to claim SDLT Tax First-time Buyers' Relief.
- The SDLT surcharge on acquiring an interest, in excess of £40,000, in a second residential property remains at 3%.
- The Devolved Parliaments of Wales and Scotland set their own land transaction tax rates.

England + Northern Ireland SDLT residential rate

Property/Lease premium/Transfer value*	SDLT rate**
Up to £250,000	Zero
£250,001 to £925,000	5%
£925,001 to £1,500,000	10%
Above £1,500,000	12%

*First time buyers relief - no SDLT up to £425,000 then 5% between £425,001 and £625,000.
If property in excess of £625,000 then no relief due..
**Non-UK resident person may have to pay an additional 2% SDLT surcharge

Wales residential Land Transaction Tax (LTT) 2024/25 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%
Over £1,500,000	12%

Scotland's residential Land & Buildings Transaction Tax (LBTT) 2024/25 rates

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%
Over £750,000	12%

*For first time buyers the zero rate band increases to £175,000

Quick tips

Don't forget that if you incurred the 3% 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.

Don't forget that if you 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 18 months of purchasing the new one. This timeframe will be increased to 36 months from 1st April 2024.

If you are buying 6 or more residential properties in a single or linked transaction, you could apply the commercial rate of land taxes against the purchase price, rather than the residential rate. This may avoid the additional higher rate residential land taxes.

Vaping Duty + Tobacco Duty Rates + Alcohol Duty

- The government announced that it would introduce a new Vaping Products Duty from October 2026.
- A consultation will be held to set out the proposals for how the duty will be designed and implemented.
- Registration for the duty will open on 1 April 2026 with the duty taking effect from 1 October 2026 alongside a proportionate increase in tobacco duties.
- The government will make a one-off tobacco duty increase of £2 per 100 cigarettes or 50 grams of tobacco from 1 October 2026.
- The vaping duty will apply to liquids for use in vaping devices and e-cigarettes at the following rates:
  a) £1 per 10ml for nicotine free liquids.
  b) £2 per 10ml for liquid containing nicotine at concentrations between 0.1 to 10.9mg per ml.
  c) £3 per 10ml for liquids containing nicotine at concentrations 11mg per ml or above.
- Alcohol duty will remain frozen until 1 February 2025.
- The Alcohol Duty Stamp Scheme that applies to many retail containers for spirits, wine and other fermented products will be wound down in due course.
- Draft legislation will be published later in 2024 for an orderly wind-down of the Scheme.

Further Announcements

- Fuel duty remains at its current rate, keeping the 'temporary' 5p cut which has been in place since 2022 until March 2025.
- There will be an additional funding of £170m to save up to 55,000 hours a year of administrative time in the justice system through digitising jury bundles and new software to streamline parole decisions.

- There will be £165m funding to cut last year's local authority overspend of £670m on children's social care places across England by making 200 additional child social care places available, reducing the reliance on costly emergency places for children.
- £34m funding to reduce fraud by a wider AI usage across government agencies.
- Additional funding so that a least 100 MRI scanners in England are upgraded with AI with the aim to speed up cancer test results.
- Additional funding to provide more drones for police to use for such things as traffic collisions, with the aim to free up more police time to deal with serious crime and burglaries.
- There is to be a £360m investment in advanced manufacturing projects across the life sciences, automotive and aerospace sectors.
- The amount charged under the Economic Crime (Anti-Money Laundering) Levy will increase from £250,000 to £500,00 from 2024/25.

Quick tips

Are you an Executor/Executrix dealing with the estate of a deceased person? If the deceased made a capital loss in the tax year they died, you may be able to carry back the loss and set it against taxable gains in the previous 3 tax years.

If you are selling a residential property which might trigger a capital gains tax liability, consider if the legatees are entitled to 75% or more from the net proceeds of sale and have occupied the property as their main residence pre and post the date the deceased died. If so, main residence relief may be due.

If you are contemplating selling an estate asset which is pregnant with gain, you may wish to consider the timing of the sale in order to mitigate the capital gains tax liability. The estate is eligible for the full capital gains tax annual exemption for the year of death and the following two tax years. After that, no entitlement.

Quick tips

If you are setting up a Trust remember that in the vast majority of cases you will need to register its existence with HMRC through the Trust Registration Service. Failure to do so can result in penalties arising.

Remember with most Trusts there is a potential 6% inheritance tax charge on each 10th anniversary the trust is in existence based upon the market value of the assets at that date. It is wise to review the Trust well in advance of that deadline to consider whether or not to distribute the assets before that date as the pro-rated 6% charge will be based upon the market value at the previous anniversary date.

Quick tips

If you are a local unincorporated association (e.g. club, society amateur sporting body) who is connected in some way to a national association (NA), be aware that if you are also an employer, HMRC may argue that, due to that connection, you may be liable to pay the apprenticeship levy and may also not be entitled the national insurance employment allowance. You may want to check the position with the NA.

Quick tips

If you are a non-agricultural farmer or a market gardener and your profits have been fluctuating over the past few years have you considered whether it is beneficial to average your profits over either a two or five year period as it may reduce your overall tax and national insurance liability.

The same consideration should be given if you are carrying out a trade/profession or vocation within the creative works field but this time only over a two year period.

Quick tips

If you are worried about setting aside enough money to meet future self-assessment tax liabilities by the due date, consider entering into a Budget Payment Plan with HMRC where you set up online, a weekly/monthly direct debit to meet the liability in a timely manner whilst giving you peace of mind.