Autumn 2024 Budget Highlights

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Personal Allowances:
From the 2028-29 tax year, personal tax thresholds will be uprated in line with inflation once again. There were originally planned to be frozen until 2030.

Employer's NIC:
This is to be increased by 1.2% from 13.8% to 15% from 6 April 2025, and the threshold at which employers start to pay in respect of an employee (Secondary Threshold (ST)) is reduced from £9,100 to £5,000 p.a. and will then increase inline with CPI from 2028-29 tax year.

The Employment Allowance has increased from £5,000 to £10,500, and the eligibility criteria has been updated to allow access to this allowance for more employers, by removing the Employment Allowance Cap for employers with ER NIC liabilities over £100,000.

There is also an extension to the employer NIC relief for hiring veterans for one year from 6th April 2025.

National Living Wage (NLW) / National Minimum Wage (NMW):
The National Living Wage (NLW) for people aged 21 and over will rise by 6.7 per cent to £12.21 an hour from next April.

The National Minimum Wage (NMW) for 18 to 20 year olds will rise by £1.40 to £10 an hour - an increase of 16.3 per cent, while the rate for 16 and 17 year olds will rise by 18 per cent, to £7.55 an hour.

Benefits & State Pensions:
From April 2025 benefits will be uprated in line with CPI at 1.7%. State pensions will rise by 4.1%, in line with earnings growth, under the triple lock guarantee.

Carers Allowance:
It has been announced that from April 2025 the weekly earnings limit with increase to the equivalent of 16 hours a week at minimum wage. Currently, the earnings limit is £151 a week. This means that a carer can now earn over £10,000 a year while receiving Carer's Allowance.

Capital Gains Changes:
From 30th October 2024 there will be an increase to the Capital Gains Tax (CGT) main rates from 10% to 18% and from 20% to 24% for the lower and higher rate respectively, to be aligned with the existing rates on residential property.

The Business Asset Disposal Relief (BADR) and Investors' Relief (IR) rate will increase from 10% to 14% from 6th April 2025 and to 18% from 6th April 2026.

Stamp Duty Land Tax Charges:

From 31st October 2024, there will be an increase to the Higher Rates for Additional Dwellings surcharge on Stamp Duty Land Tax (SDLT) from 3% to 5%. It will also increase the single rate of SDLT that is charged on the purchase of dwellings costing more than £500,000 by corporate bodies from 15% to 17%.

Inheritance Tax (IHT):

IHT thresholds:

- The current IHT thresholds will remain in place until 2030.
- Individuals will continue to be entitled to a £325,000 Nil-Rate Band (NRB) and a £175,000 Residence Nil-Rate Band (RNRB). The RNRB remains available only if the house is inherited by direct descendants.
- The RNRB will continue to be clawed back at a rate of £1 for every £2 where the net value of the estate exceeds £2 million.

Agricultural Property Relief (APR) and Business Property Relief (BPR)

From 6 April 2025:

- APR will be extended to include land managed under an environmental agreement with the UK government, devolved governments, public bodies, local authorities and approved responsible bodies.

From 6 April 2026:

- Relief will remain at 100% on combined agricultural and business property up to a value of £1 million.
- After £1 million, the rate of relief will be reduced to 50%.
- BPR will be reduced to 50% on shares designated as 'not listed' on the markets of recognised stock exchanges, such as the Alternative Investment Market (AIM).

The combined value of £1 million allows for up to £400,000 of agricultural property and £600,000 of business property.

Inherited pensions:

From 6 April 2027:

- Any unused pension funds will become part of the estate for IHT purposes and be liable to tax.
- Currently, pensions held within trust fall outside the scope of IHT. This measure aims to:
    - Crackdown on pensions being used for tax planning purposes.
    - Increase the number of estates liable to IHT.
    - Stop individuals from accumulating wealth in a tax-free environment within their pension.
- IHT due on the pensions will be paid from the pension fund itself.

Company Cars:

- Appropriate Percentages (APs) for zero-emission and electric vehicles will increase by 2% p.a, reaching an AP of 9% in 2029-30.
- For cars with emissions of 1-50 g/km of CO_2, APs will rise to 18% in 2028-29 and 19% in 2029-30.
- All other vehicle bands will see APs increase by 1% p.a, with the maximum AP reaching 39% in 2029-30.
- Can Benefit Charge will increase in line with September 2024 CPI growth.
- 100% of first year allowance for zero-emission cars and electric vehicle changepoints extended to 31st March 2026 for Corporation Tax and 5th April 2026 for Income Tax.

New Tax on Vaping:

From October 2026 there a flat-rate duty on all vaping liquid will be introduced.

Alcohol Duty:

Alcohol duty rates on non-draught products will increase in line with RPI from February next year, but duty on draught products will be cut by 1.7 per cent, the equivalent of a 1p off a pint.

Fuel Duty:

The fuel duty freeze will continue and along with maintaining the 5p cut for another year. The 5p fuel duty cut was due to end in March 2025.

Interest Rate on Unpaid Tax:

From 6th April 2025, there will be an increase in the late payment interest rate charged by HMRC on unpaid tax liabilities by 1.5% to Bank Rate plus 4%.

Non-Dom Tax Status:

It has been confirmed that the government will abolish the non-dom tax regime from April 2025. There are very specific rules in relation to this implementation, and if you believe this applies to you then please contact us.

Private Education – VAT:

The standard rate of VAT (20%) will apply to education and boarding services provided by private schools from 1st January 2025.

The eligibility of private schools for charitable business rate will be removed from 1st April 2025.

Umbrella Companies:

From April 2026 recruitment agencies will become responsible for the PAYE/NIC on payments made to workers supplied via umbrella companies, bringing workers supplied through umbrella companies in line with agency workers currently. Where there is no agency involved, this responsibility will fall to the end client business. Employers should therefore take the time now to understand their supply chain in detail and ensure that they have robust governance and controls in place.

Davis&Co/31.10.24.