

Spring 2024 Budget Highlights



National Insurance Contributions:

Fresh on the heels of the reduction in National Insurance Contributions announced in last year's Autumn Statement, a further reduction of 2% was confirmed by the Chancellor.

- Class 1 (primary) main rate of NIC reduced from 10% to 8% from 6 April 2024
- Class 4 NIC reduced from 8% to 6% from 6 April 2024

High Income Child Benefit Charge:

The income threshold at which HICBC starts to be charged is increased from £50,000 to £60,000 from 6 April 2024 and the rate at which the HICBC is charged will also be halved from 1% of the Child Benefit payment for every additional £100 earned above the threshold, to 1% for every £200. This means Child Benefit will not be withdrawn in full until individuals earn £80,000 or higher.

Recognising the unfairness of basing the charge on the highest earner, rather than total household income, the government plans to administer the HICBC on a household rather than individual basis by April 2026. Look out for the consultation in due course.

VAT:

Having not seen an increase for the past seven years, the VAT threshold was overdue an adjustment and will increase from £85,000 to £90,000 from 1 April 2024. The deregistration threshold will be set at £88,000.

Furnished Holiday Lettings:

To alleviate the strain of housing in coastal areas, the FHL regime will be abolished from April 2025 meaning short-term and long-term lets will be treated the same for tax purposes. Individuals with FHL and non-FHL properties will no longer need to calculate and report income separately.

Stamp Duty:

For people who purchase more than one dwelling in a single transaction, known as Multiple Dwellings Relief, is being scrapped.

Higher Rate CGT on Residential Property:

Rates for individuals taxed at the higher rate for gains on residential property not eligible for Private Residence Relief will reduce from 28% to 24% for 2024/25. The basic rate will remain at 18%.

Non-domicile Regime:

Under the new regime from April 2025, anyone who has been a tax resident in the UK for more than four years will pay UK tax on foreign income and gains, as is the case for other UK tax residents. The new regime will no longer rely on the remittance basis, removing a source of complexity that incentivises individuals to keep income and gains offshore in the current system.

Windfall Tax:

The windfall tax on the profits of oil and gas companies has been extended by a year.

Fuel Duty:

The 5p cut in fuel duty has been extended for another 12 months, at a cost of £5bn to the Treasury. Hunt said this would save the average car driver £50 next year and bring total savings since the 5p cut was introduced to around £250. Fuel duty is currently 52.95p per litre as a result of a "temporary" 5p cut announced by Rishi Sunak in 2022, when he was still chancellor. It has not increased since March 2011, when it was frozen at 57.95p.

Alcohol Duty:

Alcohol duty will be frozen until February 2025. It had been due to rise by 3%. It was previously frozen at the 2023 autumn statement until August.

Vape Tax / Tobacco Tax:

Another tax rise announced today was a new tax on vaping, set to be introduced from October 2026. Vape products are currently subject to VAT but do not have a dedicated levy. A consultation will be launched to iron out the details. Sunak has made the phasing out of smoking one of his headline policies. So a one-off increase in tobacco duty will be imposed at the same time to maintain the financial incentive to choose vaping over smoking.

Other Key Announcements:

- No changes to income tax bands or rates in 2024/25
- Dividend allowance reduces from £1,000 to £500 in 2024/25
- No change to National Insurance thresholds or limits in 2024/25
- No change to employer's NIC (secondary) rates in 2024/25
- CGT annual exempt amount reduces from £6,000 to £3,000 in 2024/25
- No change to IHT limits or rates in 2024/25
- No change to corporation tax thresholds or rates in 2024/25