

## 2024 Spring Budget

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An Update on the Statement from the Chancellor



# INTRODUCTION

Today the Chancellor, Jeremy Hunt, delivered his "Budget for Long-Term Growth" amid rowdy scenes in Parliament when he repeatedly labelled the Labour Party as the party without a plan. With an upcoming election on the horizon, his focus was on lowering taxes, increasing investment, and improving public services. For Northern Ireland in particular, there is £100m of additional funding under the Barnett formula and one-off funding of £20m for Coleraine under the Long Term Plans for Towns scheme.

Key tax announcements for businesses included a long-overdue increase in the VAT registration threshold from £85k to £90k and a proposed extension of the full-expensing relief for capital expenditure to include leased assets. He also announced changes to tax reliefs for the film and creative sectors with an aim of supporting the UK's film industry to be 'second only to Hollywood globally'.

For individuals, a number of rumoured tax changes went ahead including a further 2% reduction in National Insurance for both employees and the self-employed from April 2024 (in addition to the reductions announced in the 2023 Autumn Statement), and the replacement of the current 'non-dom' rules for non-UK nationals who become UK resident. The High Income Child Benefit Charge that has put strain on middle income families is also being reformed, with an immediate increase to the threshold, followed by a proposed change from April 2026 to help single-income households.

There were a couple of surprises in relation to property taxes with a 4% decrease in the Capital Gains Tax rate for higher rate taxpayers on sales of residential property, the abolition of the 'Furnished Holiday Lettings' rules which offer beneficial tax treatment for short-term letting compared to long-term letting, and the abolition of Multiple Dwellings Relief from Stamp Duty Land Tax. These changes are a 'mixed bag' for landlords and are likely to lead to changes in the property market.

The NHS also got its usual mention, with a "landmark public sector productivity plan" to be published today setting out plans to deliver more with the same resources, using technology and AI, but not much additional funding.

If anyone was in doubt about this being an election year, they shouldn't be now as the Chancellor tried to appeal to a wide audience. This was in the hope that the gloom will lift from many businesses and individual taxpayers as we move into the longer and brighter days of Spring and Summer.

## KEY CONTACTS



**Des Kelly**  
Partner



**Catherine Martin**  
Partner



**Leona Leonard**  
Director



**Kathy Blair**  
Director

# BUSINESS TAXES

## Corporate Tax Rate

No further changes to Corporation Tax rates were announced. Since 1 April 2023 the main rate of Corporation Tax is 25%, with the small profits rate remaining at 19%, and marginal relief available on profits between £50,000 and £250,000 (subject to Associated Companies limits).

## Research & Development (R&D) Schemes

The Chancellor made no comment on the merged R&D scheme which was first announced in the Autumn statement 2023. Draft legislation published in July 2023 would have applied changes to expenditure incurred on or after 1 April 2024. However, the Finance Bill 2023-2024 (subject to Royal Assent) confirmed the merged scheme will come into effect for accounting periods beginning on or after 1 April 2024 giving business more time to prepare than originally envisaged.

This means the first R&D claims under the new rules will be for the year ended March 2025.

## Capital Allowances

Since full expensing was made permanent in the 2023 Autumn Statement, it has now been announced that the Government will draft legislation on extending it to include leased assets. We await further clarification on this.

This is a welcome announcement for businesses which hold their assets in one group company and lease them to other group companies, as they are unintentionally excluded from the relief under current rules.

## Changes to Anti-Avoidance legislation for transfer of assets abroad

This legislation has been in place for many years to prevent UK resident individuals from avoiding UK tax by transferring an asset abroad with that individual still able to benefit from the asset. The legislation is being extended from 6 April 2024 to include UK resident individuals who own or have a financial interest in a UK resident close company or non-resident companies that would be close if they were UK resident. If such companies are used to transfer assets abroad, the individual is still caught by the legislation.

This closes a loophole that was not intended in the original legislation.

## **Permanent 40% and 45% tax relief rates for theatre, orchestra, museum, and galleries exhibitions**

From 1 April 2025, companies claiming tax relief for theatrical productions and gallery exhibitions will benefit greatly as the relief rates are set to be made permanent at 40% (for non-touring productions) and 45% (for touring productions and all orchestra productions).

The arts sector will welcome the certainty that such an announcement will give as they continue to deal with financial challenges.

## **Additional support for filmmakers**

Good news for independent filmmakers who currently claim the Audio-Visual Expenditure Credit (AVEC) at 34%. The announcement is set to increase the credit to 53% for independent filmmakers that have budgets of up to £15 million. The credit can be claimed from 1 April 2025 on expenditure incurred from 1 April 2024.

From 1 April 2025, the Government will give additional tax relief to visual effects costs in films and high-end TV at a rate of 39%. It is still to be determined what types of expenditure are included in this initiative.

## **Investment Zones**

The Government has today announced the introduction of a further 6 investment zones in England. Details on an enhanced Investment Zone offer in Northern Ireland worth £150m which was part of the deal to restore Stormont are due to be published shortly.

## **Energy Profits Levy**

This is the levy on the gas and oil industry that was put in place due to the extraordinary profits made in the industry following large increases in market prices in 2022. The levy was due to cease at 31 March 2028. It has now been extended to March 2029 but may cease earlier if the energy prices return to normal levels prior to that date.

## **Carbon Border Adjustment Mechanism**

The Government will consult later in 2024 on the introduction of a Carbon Border Adjustment Mechanism from 1 January 2027 on certain imported goods in the aluminium, cement, ceramics, fertiliser, glass, hydrogen and iron and steel industries.

This is supposed to be a measure to encourage UK industries to decarbonise in the knowledge that they will not be put at a disadvantage compared to imports.





# PERSONAL TAXES

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## Tax Rates

There were no new changes announced to the Income Tax rates or bands applying to all sources of personal income.

From April 2024:

- the rates of Income Tax remain at 20% for basic rate taxpayers, 40% for higher rate taxpayers, and 45% for additional rate taxpayers.
- the income level at which the additional rate applies is £125,140.
- the rates of Income Tax for dividends remain at 8.75% for basic rate taxpayers; 33.75% for higher rate taxpayers, and 39.35% for additional rate taxpayers.

Directors/shareholders should consider their wealth extraction policy as the increase in the Corporation Tax rates combined with the increase in dividend rates may mean that there is a benefit to increasing salaries and reducing dividends.



## National Living Wage (NLW)

Eligibility for the National Living Wage (NLW) will be extended by reducing the age threshold to 21-year-olds for the first time. From 1 April 2024 the increases are as follows:

- For individuals over 23 NLW will increase from £10.42 to £11.44 per hour
- For 21-22 year olds NMW will increase from £10.18 to £11.44 per hour
- For 18-20 year olds NMW will increase from £7.49 to £8.60 per hour
- For 16-17 year olds NMW will increase from £4.81 to £5.28 per hour
- The apprentice rate NMW will increase from £5.28 to £6.40 per hour

These increases are the biggest ever increase to the National Living Wage. However, many employees may still struggle with cost of living pressures. Similarly, increased wage bills may cause concern for employers who are facing soaring expenses.

## National Insurance Contributions (NIC)

Following the Autumn Statement 2023, the Chancellor has made further announcements to cut the NIC rates for employed and self-employed individuals with effect from April 2024. The main rate of Class 1 NIC for employees will decrease from 10% to 8%. For self-employed individuals, the rates will decrease from 8% to 6% for Class 4 NIC.

This is the lowest combined basic rate of Income Tax and National Insurance since the introduction of NIC in 1975. The Government wants to continue with its commitment to provide people with money in their pockets now.

## Married Couples' Allowance and Blind Persons Allowance

Married Couple's Allowance and Blind Person's Allowance are set to increase in line with September's inflation rate of 6.7% from 6 April 2024.

## High Income Child Benefit Charge (HICBC)

From 6 April 2024, the HICBC threshold will be increased from £50,000 to £60,000 and the upper threshold will increase from £60,000 to £80,000. Future changes to base the HICBC on the household income should be in place by April 2026.

This is a welcome change, in particular for single earner families with a future plan to deal with the unfairness of the assessment system.

## Capital Gains Tax

From 6 April 2024 the rate of Capital Gains Tax on residential property gains will drop from 28% to 24% for higher rate taxpayers. The rate for basic rate taxpayers will remain at 18%. The rates for other assets remain at 10% and 20%.

This measure is to encourage landlords and second home-owners to sell, making more properties available for first time buyers who may be looking to get on the housing ladder.

## Non-UK Domiciled Individuals

The current non-UK domiciled individuals tax regime will be replaced with a residence-based regime from 6 April 2025, with transitional arrangements in place for existing non-domiciled individuals. Under the new arrangements, non-domiciled individuals will pay no UK tax on their foreign income and gains in their first 4 years in the UK but will pay tax on the same basis as other UK residents after year 4.

This was a Labour policy that has been adopted by the Government after many years of resistance, and is much simpler than the current regime.

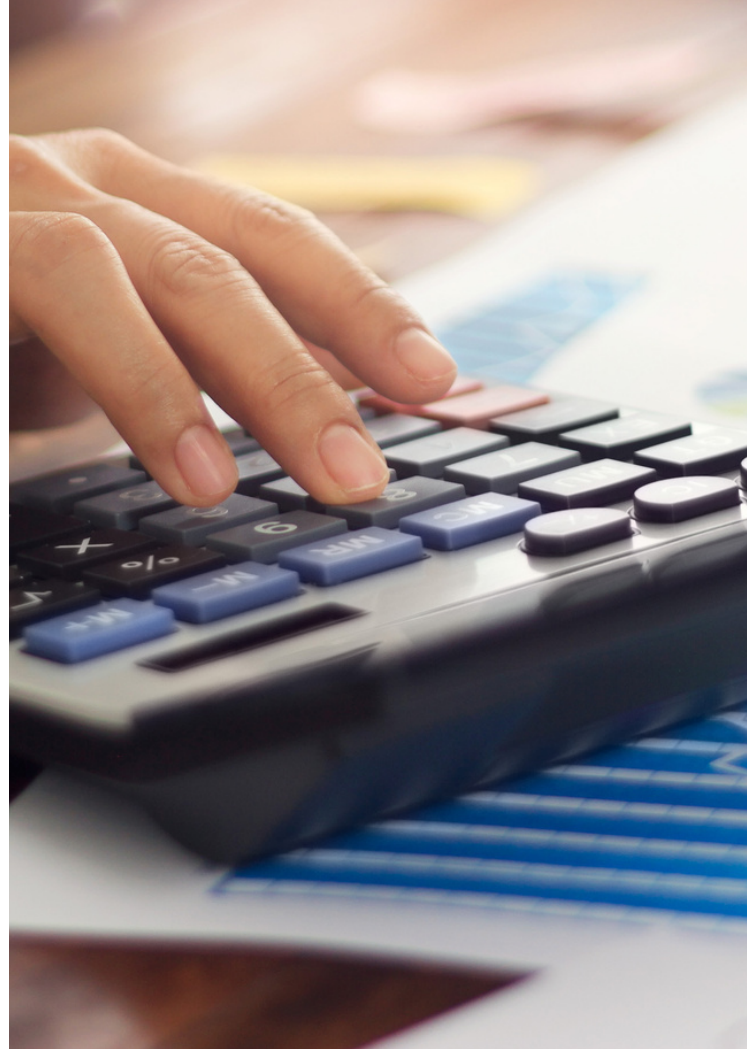
## Furnished Holiday Lets

The Chancellor has confirmed he will abolish the Furnished Holiday Lettings (FHL) tax regime from 6 April 2025. This regime provided landlords with certain tax breaks for short term holiday lettings rather than longer-term rentals.

It is estimated that there are around 127,000 properties in the UK using the FHL regime, and many believe that it restricted availability of long-term homes to local residents. This announcement will be welcomed by local residents in tourist areas.

## High earners removed from Self-Assessment

From 2024-25, individuals with PAYE income over £150,000 and no other sources of income are no longer required to complete a self-assessment tax return.



## HMRC Digital Services

There is to be a simplification of access to digital services for individuals who want to pay their tax in instalments in advance via a Budget Payment Plan or in arrears via a Time to Pay Arrangement from September 2025.

## Interest Harmonisation and penalties for late payment and late submission

The government have provided more clarity on the plans to harmonise the penalty and interest regime for late filing and paying of Income Tax self-assessment tax returns and VAT returns. This is to align the regime for Making Tax Digital.

# PENSIONS AND SAVINGS

## Pension Fund Reforms

Jeremy Hunt announced that he will give The Pensions Regulator and the Financial Conduct Authority new powers to intervene on underperforming defined contribution workplace pensions.

## UK Individual Savings Accounts (ISAs) & British Saving Bonds

Investors will be now eligible for a tax-free annual ISA allowance of £5,000 for investing in UK equities, with the same tax advantages of other ISAs. The new UK ISA allowance will be in addition to the existing ISA allowance of £20,000. The Government will consult on the details.

British Savings Bonds will be launched in April 2024 and will be delivered through National Savings and Investments. This product will offer a guaranteed interest rate, fixed for three years, increasing the savings opportunities available to consumers.

# VAT

## Registration Thresholds

The VAT registration threshold will increase from £85,000 to £90,000 and the VAT deregistration threshold will increase from £83,000 to £88,000 from 1 April 2024.

This is a welcome announcement for many businesses operating close to the current threshold, although it falls short of the £100,000 which many had hoped for.



## DIY Housebuilders Scheme

Since the digitisation of the DIY Housebuilders Scheme in the Autumn 2023 Budget, claimants are no longer required to submit original invoices along with their claim. However, HMRC now hold the power to request a selection of invoices or other relevant documents as evidence.





# STAMP DUTY LAND TAX (SDLT)

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## Multiple Dwellings Relief

Multiple Dwellings Relief will be abolished from 1 June 2024. This is a Stamp Duty Land Tax relief that is currently available to any purchaser buying more than one property in one transaction.

This was quite a useful relief for a relatively small number of individuals and will have a significant impact on the SDLT payable by individuals wishing to incorporate their property portfolio.

## Acquisitions by Registered Social Landlords and Public Bodies

From 6 March 2024, registered providers of social housing in England and Northern Ireland are not liable for Stamp Duty Land Tax when purchasing property with a public subsidy and public bodies will be exempted from the 15% anti-avoidance rate of SDLT.

# DUTIES

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## Fuel Duty

The Chancellor has confirmed that fuel duty will remain frozen at its current rates for another 12 months, through extending the temporary 5p fuel duty cut which was first introduced in March and cancelling the planned inflation-linked increase for 2024-25.

This is expected to save the average car driver £50 per year.

## Vaping Products Duty

The Government will introduce a new duty on vaping products from 1 October 2026, with registrations for the duty opening from 1 April 2026. The rates will be £1.00 per 10ml for nicotine free liquids, £2.00 per 10ml on liquids that contain 0.1-10.9 mg nicotine per ml, and £3.00 per 10ml on liquids that contain 11mg or more per ml.

The Chancellor recognised the positive impact of vaping for people who are trying to quit smoking and wants to maintain a financial incentive for people to choose vaping over smoking. Therefore, from 1 October 2026, the Government will also introduce a one-off tobacco duty increase of £2.00 per 100 cigarettes or 50 grams of tobacco.

## Alcohol Duty

The Government will freeze alcohol duty from 1 August 2024 until 1 February 2025. This extends the six-month freeze announced at the Autumn Statement 2023, to support the hospitality sector and assist with the cost of living.



## Air Passenger Duty

An increase in the rate of Air Passenger Duty (APD) on non-economy passengers will be introduced to account for high inflation in recent years. For those in economy on domestic or short-haul flights, rates will remain frozen, benefitting more than 70% of passengers.



# INHERITANCE TAX

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## Non-UK Domiciled Individuals

In line with the new regime being introduced for income tax and capital gains tax purposes for non-UK domiciled individuals, the Government have also announced the intention to move to a residence-based regime for Inheritance Tax and will consult on the best way to achieve this, to include a review of a 10-year exemption period for new arrivals and a 10-year 'tail-provision' for those who leave the UK and become non-resident. No changes to IHT for non-UK domiciled individuals will take effect before 6 April 2025.

## Agricultural Property Relief

As previously announced, from April 2024 Agricultural Property Relief and Woodland Relief will be restricted to property located in the UK rather than EU-wide property.

This will have an impact for Northern Irish farmers who have land in both Northern Ireland and the Republic of Ireland.



## Simplification

From 1 April 2024, personal representatives of estates will no longer need to have sought commercial loans to pay Inheritance Tax before applying to obtain a "grant on credit" from HMRC.

# RATES & ALLOWANCES TABLE

## Personal Taxation

	2024/25	2023/24
<b>Personal Allowance (Note 1)</b>	£12,570	£12,570
<b>Personal Savings Allowance</b>		
Basic rate taxpayers	£1,000	£1,000
Higher rate taxpayers	£500	£500
Additional rate taxpayers	N/A	N/A
<b>Property/Trading Allowance</b>	£1,000	£1,000
<b>Marriage Allowance (10% Relief) (Note 2)</b>	£1,260	£1,260
Married Couples Allowance (10% Relief)		
Elder spouse born before 6 April 1935	£11,080	£10,375
Age allowance income limit (born before 6 April 1948)	£37,000	£34,600
Minimum allowance where income exceeds limit	£4,280	£4,010
<b>Blind Person's Allowance</b>	£3,070	£2,870
<b>Rent A Room Relief</b>	£7,500	£7,500

**Note 1** – Personal Allowance will be removed at a rate of £1 for every £2 over £100,000 of income until it is completely removed.

**Note 2** – Marriage Allowance is only available where one spouse does not pay tax and can transfer this allowance to their spouse who pays tax at the basic rate.

## Income Tax

	2024/25	2023/24
<b>Starting Savings Rate (Note 3)</b>	0%	0%
On taxable income up to:	£5,000	£5,000
<b>Basic Rate</b>	20%	20%
On taxable income up to:	£37,700	£37,700
<b>Higher Rate</b>	40%	40%
On taxable income up to:	£37,701 - £125,140	£37,701 - £125,140
<b>Additional Rate</b>	45%	45%
On taxable income up to:	£125,140	£125,140

**Note 3** – The 0% savings rate is only available where an individual's taxable non-savings income is below the limit: a 0% tax rate applies to savings income up to the limit.



Dividends

	2024/25	2023/24
<b>Dividend Allowance</b>	0%	0%
On taxable income up to:	£500	£1,000
<b>Basic Rate</b>	8.75%	8.75%
On taxable income up to:	£501 - £37,700	£1,001 - £37,700
<b>Higher Rate</b>	33.75%	33.75%
On taxable income up to:	£37,701 - £125,140	£37,701 - £125,140
<b>Additional Rate</b>	39.35%	39.35%
On taxable income up to:	£125,140	£125,140

National Insurance Contributions

Class 1: Employed Earners – Weekly Earnings	2024/25	2023/24
<b>Employee</b>		
Earnings up to £242	0%	0%
Earning between £242 and £967	8%	Between 6 April 2023 and 5 January 2024: 12% Between 6 January 2024 and 5 April 2024: 10%
Earnings over £967	2%	2%
<b>Employer</b>		
Earnings up to £175	0%	0%
Earning between £175 and £967	0%	0%
Earning between £175 and £967 (apprentices under 25)	0%	0%
Earnings over £175	13.8%	13.8%
<b>Employment Allowance</b>	£5,000	£5,000

	2024/25	2023/24
<b>Class 2: Self Employed Persons</b>		
Weekly contribution rate (Note 4)	£3.45 (voluntary)	£3.45 (voluntary)
Lower profits limit	Not Applicable	£12,570
<b>Class 3: Voluntary Contributions</b>		
Weekly contribution rate	£17.45	£17.45
<b>Class 4: Self Employed Persons – Annual Profits</b>		
Profits up to £12,570	0%	0%
Profits between £12,570 and £50,270	6%	9%
Profits over £50,270	2%	2%

The Self-Employed individuals pay NIC's on an annual basis at the end of the tax year.

Note 4 - 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. For profit between £6,725 and £12,570, self-employed individuals will continue to get access to contributory benefits and state pension by way of a credit without physically paying the national insurance. Those with profits below £6,725, can continue to pay Class 2 NIC voluntary in order to obtain the NIC credit.

## Corporation Tax

	2024/25	2023/24
Rate applicable to all companies with taxable profits under £50,000	19%	19%
Rate applicable to all companies with taxable profits over £250,000  <b>Note 5</b> – Companies with profits between £50,000 and £250,000 will be taxed at a marginal tax rate.	25%	25%
Annual Investment Allowance (AIA)  <b>Note 6</b> - Larger businesses will benefit from Full Expensing.	£1,000,000	£1,000,000

## Inheritance Tax

	2024/25	2023/24
Nil Rate Band	£325,000	£325,000
Residence Nil Rate Band	£175,000	£175,000
Lifetime Rate	20%	20%
Death Rate	40%*	40%*
*A lower rate of 36% will be charged where at least 10% of the estate has been left to a charity.		

## Capital Gains Tax

	2024/25	2023/24
Annual Allowance	£3,000	£6,000
Standard Rate	10%	10%
Standard Rate (residential property)	18%	18%
Higher Rate	20%	20%
Higher Rate (residential property)	24%	28%
Business Asset Disposal Relief – effective rate	10%	10%
Business Asset Disposal Relief – lifetime limit of gains	£1,000,000	£1,000,000
Investors' Relief – effective rate	10%	10%
Investors' Relief – lifetime limit of gains	£10,000,000	£10,000,000

## VAT

	2024/25	2023/24
Reduced Rate	5%	5%
Standard Rate	20%	20%
Registration Threshold	£90,000	£85,000
Deregistration Threshold	£88,000	£83,000

## Pensions

	2024/25	2023/24
Annual Allowance	£60,000	£60,000
Lifetime Allowance Charge	Not Applicable	Not Applicable
Money Purchase Annual Allowance	£10,000	£10,000
*Annual Allowance restricted to a minimum of £4k for individuals earning over £260k		

	First Property Rate	Additional Property Rate
<b>Purchase of Residential Property</b>		
£0 - £250,000	0%	3%
£250,001 - £925,000	5%	8%
£925,001 - £1,500,000	10%	13%
Over £1,500,000	12%	15%
<b>Purchase by First Time Buyers</b>		
£0 - £425,000	0%	
£425,001 - £625,000	5%	
Over £625,000	Normal Rates	
<b>Purchase of Non-Residential Property</b>		
£0 - £150,000	0%	
£150,000 - £250,000	2%	
Over £250,000	5%	
<b>Lease of Non-Residential Property</b>		
a) On the Net Present Value of Lease Payments		
£0 - £150,000	0%	
£150,001 - £5,000,000	1%	
Over £5,000,000	2%	
b) On Lease Premiums		
£0 - £150,000	0%	
£150,001 - £250,000	2%	
Over £250,000	5%	



## Stamp Duty Land Tax (SDLT)

Since 1 April 2021, an extra 2% surcharge is applied to purchasers of residential property in England and Northern Ireland who are non-resident in the UK. The surcharge also applies to purchases by UK Resident companies controlled by non-resident shareholders.

Multiple Dwellings Relief will be abolished from 1 June 2024. This is a Stamp Duty Land Tax relief that is currently available to any purchaser buying more than one property in one transaction.

## Stamp Duty

	2024/25
Transfer of Shares & Marketable Securities	0.5%

## Income Tax Reliefs and Incentives

	2024/25 limit	Income Tax Relief	2023/24 limit	Income Tax Relief
Enterprise Investment Scheme (EIS) – standard	£1,000,000	30%	£1,000,000	30%
Enterprise Investment Scheme (EIS) – additional for investments in knowledge-intensive companies only	£1,000,000	30%	£1,000,000	30%
Seed Enterprise Investment Scheme (SEIS)	£200,000	50%	£200,000	50%
Venture Capital Trust (VCT)	£200,000	30%	£200,000	30%

## Taxable Car and Fuel Benefits

All cars	Petrol and Diesel (if RDE2 compliant)	Diesel (if not RDE2 compliant)
Cars emitting below 50g/km CO2:		
Electric range of >130 miles	2%	N/A
Electric range of 70-129 miles	5%	N/A
Electric range of 40-69 miles	8%	N/A
Electric range of 30-39 miles	12%	N/A
Electric range of <30 miles	14%	N/A
Cars emitting over 50g/km CO2:	15%	19%
For each additional 5g/km CO2:	1%	1%
Maximum benefit where CO2 at least 160g/km	37%	37%

Fuel benefit for cars is calculated by applying the relevant car CO2 emissions percentage to £27,800.

As of 6 April 2024, the private use of vans attracts a scale charge of £3,960 p.a.

Taxable fuel benefit for private use of a company van is £757 for 2024/25.

## Approved Mileage Rates for Employees Use of Own Vehicles for Business Travel

Cars/Vans	Pence per mile
First 10,000 miles per annum	45p
Excess over 10,000 miles	25p
Each passenger making same trip	5p
Motorcycles	24p
Bicycles	20p

## Advisory Fuel Rates for Employees Use of Company Car for Business Travel – From 1 March 2024

Engine Size	Petrol	Diesel	LPG	Electric
1,400 cc or less	13p		11p	9p
1,600 cc or less		12p		9p
1,401 cc – 2,000 cc	15p		13p	
1,601 cc – 2,000 cc		14p		9p
Over 2,000 cc	24p	19p	21p	9p

We have made every effort to ensure the information provided in this document is accurate, but we cannot accept responsibility for the consequences of any action you take in reliance on its contents. If you have any matters which you would like to discuss further, one of our staff will be pleased to help you.

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