

Bullimores' Notes and Commentary on the Chancellor's Autumn Budget 30 October 2024



Don't worry, the employer will pay

The new Chancellor delivered a budget that was perhaps not as bad as feared by many. The speculation had been rife about increases in Capital Gains Tax rates to Income Tax rates, restricted tax relief on pension contributions and huge increases to Inheritance Tax on gifts. The period between the election and the first budget felt like an eternity, during which the anxiety of both individuals and business owners increased on a daily basis and has affected business productivity. In the end the Chancellor picked very specific targets.

It is employers that are initially footing much of the bill by increasing the rate of Employers National Insurance by 1.2% next April and reducing the threshold above which contributions have to be paid. This is only partially mitigated by an increase in the rebate known as the Employment Allowance. The buck is passed to employers next year to deliver the bad news that there is less in their budgets for salary increases. The working person pays in the end. It is unfair of the Government to put the onus on employers and cause damage in relations with employees, rather than taking the responsibility themselves.

The plain fact is that regardless of who is to blame or how it is to be spent, Government spending was increased considerably in this Budget. The tax revenue had to come from somewhere and the manifesto pledges tied her hands.

Capital Gains Tax rates have increased, effective immediately, to 18% for lower rate taxpayers and 24% for higher rate taxpayers. There is no longer a distinction between whether the gain was from the sale of residential property or any other type of asset. Business Asset Disposal Relief (formerly known as Entrepreneurs' Relief) is being cut back over the next two years. Whilst this is a softer withdrawal than feared, it could mean up to £80,000 more tax payable on the sale of a business. We need entrepreneurs to deliver economic growth. Higher rates of Employers National Insurance and more tax to pay on disposal of the business, do little to incentivise starting a business.

A limit of £1m will be introduced from April 2026, for Agricultural Property Relief and Business Property Relief, thereafter there will be 50% relief available. This is projected to raise around £1.7 billion over the next five years, which is relatively little compared to the potential ramifications. It is an attack on working farmers and business owners who are an essential part of the lifeblood of this country and are major employers. A far better target would have been to ensure that the reliefs are being properly claimed.

The Chancellor demonstrated how tough she would be months ago by removing the Winter Fuel Allowance from pensioners not on pension credits or certain other benefits. She has refused to back down even under severe pressure. It was therefore pleasing to see that the State Pension will rise by 4.1% in April 2025, though this is too late for this winter. The take up of pension credit is too low, mainly because of the cumbersome claims procedure and this has to be addressed. Wealthier pensioners will be aggrieved that careful spending planning may now have to be completely revisited with most pensions to form part of the estate for Inheritance Tax in April 2027.

The Office for Value for Money (OVfM) was launched and a COVID Corruption Commissioner was appointed. They will certainly have their work cut out! The brief of OVfM is to root out waste and inefficiency, undertake value for money studies into cross departmental spending and scrutinise investment proposals. We hope that it has more success than the Office of Tax Simplification which was closed last year.

At Bullimores we love our Real Ale. Imagine our excitement on the lowering of alcohol duty by 1p per pint. That's about one free pint in 500. It's going to be a heavy weekend!

"It is the law of Inverse Relevance: the less you intend to do about something, the more you have to keep talking about it."

Jonathan Lynn, The Complete Yes Minister

"If you get up early, work late, and pay your taxes, you will get ahead — if you strike oil."

J. Paul Getty

Income Tax and National Insurance Contributions

- Employers National Insurance Contributions (NIC) rise from 13.8% to 15% 6 April 2025
- Secondary threshold for Employers NIC cut from £9,100 to £5,000 per annum 6 April 2025
- Employment Allowance increase from £5,000 to £10,500 for eligible employers 6 April 2025
- Removal of employers NIC threshold of £100,000 for Employment Allowance April 2025
- NIC - Lower earnings limit £6,500 and small profits threshold £6,845 per annum 6 April 2025
- NIC – Class 2 £3.50 per week and Class 3 £17.75 6 April 2025
- Employers NIC relief for qualifying veterans extended to tax year 2025/2026
- Married Couple's Allowance and Blind Person's allowance to be increased by 1.7% 6 April 2025
- High Income Child Benefit will continue to be assessed on individual incomes and not on household income
- Starting rate for savings retained at £5,000 for 2025/2026
- P11Ds to be fully replaced by payroll deductions April 2026
- Making Tax Digital to be extended to those earning over £20,000 in this parliament, although full scheme is not to be launched until April 2026 for those with a sole trade or landlord income over £50,000
- Non-residents - abolish remittance basis 6 April 2025 to be replaced with residence based regime, overseas workday relief to be retained and reformed. Major changes

Pensions and Savings

- State Pension to increase 4.1% April 2025
- The proposed British ISA scheme has been cancelled

Inheritance Tax

- Land managed under environmental agreement with an approved body may qualify for Agricultural Property Relief 6 April 2025
- Nil rate bands fixed until 5 April 2030
- £1m cap on Agricultural Property Relief and Business Property Relief, may qualify for 50% relief thereafter in addition to nil rate bands and exemptions April 2026
- Business Property Relief 50% for AIM and similar shares 6 April 2026
- Unused pension funds to be brought into the estate for Inheritance Tax 6 April 2027
- Non-residents – 6 April 2025 residence based system to be introduced, scrapping use of offshore trusts to shelter assets from IHT

**Subscription levels for Adult ISA, Junior ISA and Child Trust
Funds are unchanged until 5 April 2030**

Capital Gains Tax

- Rates of CGT 18% for lower rate taxpayers and 24% for higher rate taxpayers 30 October 2024 (previously 10% and 20% and now aligned with the rates on disposal of residential property)
- Business Asset Disposal Relief and Investors' Relief rates to increase from 10% to 14% 6 April 2025, 18% 6 April 2026
- Business Asset Disposal Relief (formerly Entrepreneurs' Relief) limit on lifetime gains unchanged £1m
- Investors' Relief limit £1m for all qualifying disposals 30 October 2024
- Carried interest to be taxed within income tax rules April 2026, 32% CGT rate 6 April 2025

Business Taxes

- Corporate Tax Roadmap to include a commitment to keep Corporation Tax at a maximum of 25% and retain the small profit rate and marginal tax relief rates
- First year allowance on zero-emission cars and chargepoints extended to 31 March 2026 Corporation Tax and 5 April 2026 Income Tax
- Package of reforms for Employee Ownership Trusts and Employee Benefit Trusts 30 October 2024
- Removing opportunities to side step anti-avoidance rules on loans to participators 30 October 2024

Business Taxes cont'd

- Annual Tax on Enveloped Dwellings (ATED) to increase by 1.7% for 2025/2026
- Furnished holiday lets and tax treatment abolished 6 April 2025
- Multinational top-up tax and domestic top-up tax rules amended for accounting periods commencing after 31 December 2024
- Cryptoasset reporting framework to be introduced 1 January 2026
- Audio visual expenditure credits at 39% enhanced rate 1 April 2025
- Independent film tax credit enhanced 53% rate of audio visual expenditure credit 1 April 2025
- Change to tax rules on the liquidation of LLPs 30 October 2024

Anti-avoidance

- COVID Corruption Commissioner appointed
- Additional compliance staff and debt management staff for HMRC
- Measures to tackle tax adviser non-compliance
- Marketed tax avoidance schemes and promoters to be targeted
- Tackling of offshore tax non-compliance to be strengthened
- Umbrella companies to be targeted again April 2026

VAT and Insurance Premium Tax

- VAT at 20% on private school fees 1 January 2025
- Prepayments made of school fees on or after 29 July 2024 will incur VAT

Duties and Cars

- Electric car benefit rate to rise by 2% per year in 2028/2029 and 2029/2030 (to be 9% by 2029/2030)
- Other company cars benefit rates to rise 2028/2029 and 2029/2030
- Measures to end contrived car ownership schemes in companies April 2026 (used to circumvent company car tax benefits)
- Vehicle excise duty to rise by RPI 1 April 2025 – lower rates on lower emission cars in the first year
- Van benefit, van fuel benefit and company car fuel benefit to rise by RPI 6 April 2025
- Double cab pickups with a payload of 1 tonne or more to be considered cars for some tax purposes 1 April 2025
- Fuel duty rates frozen 2025/2026
- Air passenger duty increase – higher in private jets 2026/2027
- Tobacco duty escalator to remain at RPI plus 2%
- Flat rate vaping duty of £2.20 per 10ml 1 October 2026 (also for 100 cigarettes or 50g tobacco)
- Duty rates on draught alcohol cut by 1.7% (a 1p change in the cost of a pint – cheers!)

Interest on late payment of taxes owed will be 9% from April 2025

Stamp Duties and SDLT

- SDLT higher rates additional dwelling surcharge increase to 5% from 3% 31 October 2024
- SDLT on purchase of properties over £500,000 by corporate bodies 17% from 15% 31 October 2024

Business Rates

- Retail, hospitality and leisure 40% relief on business rates, £110,000 cap 2025/2026
- Business rates small business multiplier frozen at 49.9p 2025/2026 – standard multiplier 55.5p
- Intention to introduce permanent lower multipliers for retail, hospitality and leisure properties 2026/2027 with a higher multiplier for properties with rateable values above £500,000
- Charitable reliefs removed from private schools April 2025

Further issues/announcements

- National Living Wage increases at 6.7% April 2025 (age bands apply for now)
- Winter Fuel Benefit only to be given to those on pension credit or certain income benefits
- Charity tax compliance measures to be introduced April 2026
- Energy Profits Levy to rise 3% 1 November 2024
- Carbon capture usage/levy and support rates to change
- Loan charge review to bring matters to a close

New consultations/reviews and discussions

- Making pension administrators responsible for the payment of IHT on pensions
- Consultation on HMRC's corrective powers and forcing taxpayers to correct mistakes
- Spring 2025 set of measures to simplify tax administration (we have heard this before!)
- Advance clearances on R&D expenditure and on major projects to be considered further Spring 2025
- Project to improve the guidance on what qualifies for capital allowances
- Consultation to reform the transfer pricing rules Spring 2025
- Business rates reform promised with more transparency to rates
- VAT being considered regarding private hire vehicle services (Uber a target)
- Land Remediation Relief consultation Spring 2025
- Increased collaboration between Government departments to tackle 'phoenixism' when companies are liquidated or dissolved owing tax

If you have a double cab pickup with a payload of a tonne or more, these have once again become a tax target with a number of rules. You should seek advice to prevent a shock tax bill.

Tax Administration

- Late payment interest rates to be increased by 1.5% 6 April 2025
- Administrators of UK registered pension schemes to be UK resident 6 April 2026
- Investment in new system to allow prepayment of self-assessment tax

This Budget Report was prepared immediately after the Chancellor's Budget Statement based on official press releases and supporting documentation. The Budget proposals are subject to amendment before the Finance Act receives Royal Assent. This Report is for guidance only, and professional advice should be obtained before acting on any information contained herein.

RATES 2024/25 and 2025/2026

INCOME TAX RATES	2024/2025	2025/2026
Basic rate – 20%	£37,700	£37,700
Higher rate – 40%	£125,140	£125,140
Additional rate – 45%	over £125,140	over £125,140
Savings income rate - 0% starting rate	£5,000	£5,000
Dividends ordinary rate 8.75%; upper rate 33.75%; additional rate 39.35%		

PERSONAL ALLOWANCES	2024/2025	2025/2026
Allowances that reduce taxable income		
Personal allowance *	£12,570	£12,570
Transferable marriage allowance for non-higher rate taxpayers	£1,260	£1,260
Dividend allowance	£500	£500
Personal savings allowance for basic rate taxpayers	£1,000	£1,000
Personal savings allowance for higher rate taxpayers	£500	£500
* Personal allowance gradually withdrawn for all individuals when income exceeds £100,000		

NATIONAL INSURANCE CONTRIBUTIONS	2024/2025		2025/2026	
Class 1* (not contracted out)	Employer	Employee	Employer	Employee
Weekly earnings bands for employers				
• up to £175 (2024/2025) £96 (2025/2026)	Nil		Nil	
• over £175 (2024/2025) £96 (2025/2026)	13.8%		15%	
Weekly earnings bands for employees				
• up to £242		Nil		Nil
• £242 - £967		8%		8%
• over £967		2%		2%
• payable until reaching State Pension age				
Employers Allowance	£5,000		£10,500	
Class 1A On relevant benefits	13.8%		15%	
Class 2* Self employed	£3.45 per week		£3.50 per week	
Limit of net earnings for exception	£6,725 per annum		£6,845 per annum	
Class 3 Voluntary	£17.45 per week		£17.75 per week	
Class 4* Self employed on profits £12,570 - £50,270	6%			
Self employed on profits over £50,270	2%			
* Exemption tax the year after reaching retirement age				

CAPITAL GAINS TAX	2024/2025	2025/2026
Capital gains tax annual exemption	£3,000	£3,000
Capital gains tax rate - basic rate taxpayer to 29/10/24	10%	-
Capital gains tax rate - higher rate taxpayer to 29/10/24	20%	-
Capital gains tax rate - basic rate taxpayer from 30/10/24	18%	18%
Capital gains tax rate - higher rate taxpayer from 30/10/24	24%	24%
Capital gains tax for residential property (that does not qualify for private residence relief) – basic rate taxpayer	18%	18%
Capital gains tax for residential property (that does not qualify for private residence relief) – higher rate taxpayer	24%	24%
Rate on gains subject to business asset disposal relief	10%	14%
Business asset disposal relief lifetime limit of gains	£1,000,000	£1,000,000

RATES 2023/24 and 2024/2025 cont'd

INHERITANCE TAX	2024/2025	2025/2026
Inheritance tax nil rate band	£325,000	£325,000
Married couples and civil partners - max	£650,000	£650,000
Residence nil rate band limit	£175,000	£175,000
Taper threshold for residence nil rate band	£2,000,000	£2,000,000

VALUE ADDED TAX	From 1 April 2024	1 April 2025
Registration threshold	£90,000	£90,000
De-registration threshold	£88,000	£88,000

CORPORATION TAX	2023	2024	2025
Main rate	25%	25%	25%
Small profits rates (Lower threshold £50,000; Upper threshold £250,000)	19%	19%	19%

COMPANY CARS

- P11D Benefits**
- Table of taxable percentage of the list price for 2024/2025.
 - Diesel supplement of 4% to petrol percentages below to a maximum of 37% (no supplement if RD2E standard met)

<u>CO₂ in g/km</u>	<u>Electric mileage range</u>	<u>%</u>	<u>CO₂ in g/km</u>	<u>Electric mileage range</u>	<u>%</u>
Zero	-	2	95 to 99	-	24
1 to 50	130 and above	2	100 to 104	-	25
1 to 50	70 to 129	5	105 to 109	-	26
1 to 50	40 to 69	8	110 to 114	-	27
1 to 50	30 to 39	12	115 to 119	-	28
1 to 50	less than 30	14	120 to 124	-	29
51 to 54	-	15	125 to 129	-	30
55 to 59	-	16	130 to 134	-	31
60 to 64	-	17	135 to 139	-	32
65 to 69	-	18	140 to 144	-	33
70 to 74	-	19	145 to 149	-	34
75 to 79	-	20	150 to 154	-	35
80 to 84	-	21	155 to 159	-	36
85 to 89	-	22	160 and over	-	37
90 to 94	-	23			

The exact CO₂ figure is always rounded down to the nearest 5 grams per kilometre. For example, CO₂ emissions of 188g/km are treated as 185g/km.

EMPLOYER PROVIDING FUEL FOR PRIVATE USE

Free fuel for private use – multiplier is £27,800 for 2024/25 (£28,200 for 2025/26)

COMPANY VANS

The taxable benefit for company vans with no restrictions on private use is £3,960 for 2024/25 (£4,020 for 2025/26). Electric vans reduce the benefit. There is an additional £757 for 2024/25 (£769 for 2025/26) taxable benefit for fuel for private mileage.