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Autumn Budget 2024

The tax changes announced

Essential tax strategies

rightmove 

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Agenda – Autumn Budget

- The backdrop to the autumn budget
- Part 1 – Property Tax Focus
- Part 2 – Tax for business owners
- Summary

Note: This webinar is a summary of some of the key points that may be relevant to you and your business. You should seek tax advice based on your own circumstances.



Pre Budget speculation and rumors

- PM admits 'tax bomb' in Budget to go beyond filling £22billion 'black hole' (Daily Mail 24/10/24).
- Labour stealth tax raid to cost high earners extra £16k (Telegraph 24/10/24).
- Budget will 'face up' to black hole in public finances, Keir Starmer vows (Independent 24/10/24).
- Reeves will tax businesses to plug £9billion gap in NHS funds (Guardian 20/10/24).
- Reeves warned 'hike in death taxes' will punish middle class (Independent 18/10/24).
- Rachel Reeves' ambition to slash Isa allowances having previously called for limit to be capped at £500,000 (Daily Telegraph 17/10/24).



Pre Budget speculation and rumors

- Senior minister declines to rule out extending freeze on income tax thresholds (Evening Standard).
- ‘We are going to keep our manifesto pledges’ says Starmer amid tax rise reports.
- Will Labour cut the 25% pension tax-free cash in the Autumn Budget?
- Tax-free withdrawals from pension pots surge amid fears over autumn budget (Guardian 17/10/24).
- Pension tax fears sparking panic, says Abrdn.
- Sir Keir tells Sky News that people who have an income from assets such as shares or property wouldn’t come within his definition of ‘working people’ (Sky News 25/10/24).





The Autumn Budget

Budget Day: 30 October 2024

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Agenda

Part 1

Property Tax



Part 1 - Property Tax

Agenda

	TOPIC	FROM
Capital Gains Tax	General rate changes – from 10% to 18% for Basic Rate Taxpayers and 20% to 24% for Higher Rate Taxpayers	From 30 October 2024
MTD for Income Tax	Reconfirmed and reduced limit	From April 2026
SDLT second property surcharge	From 3% to 5%	From 31 October 2024
SDLT – First Time buyer and 0% band	0% band going down	From 1 April 2025
Furnished Holiday Lets	Reconfirmed abolition of regime	From 6 April 2025



Capital Gains Tax

Property tax
changes

Capital Gains Tax – Reduction in the rate

Basic Rate Taxpayers	General rate	Resi rate
Prior to 30 October 2024	10%	18%
From 30 October 2024	18%	18%

Higher Rate Taxpayers	General rate	Resi rate
2023/24	20%	28%
From 6 April 2024 to 29 October 2024	20%	24%
From 30 October 2024	24%	24%

Annual exempt amount – reduced

	Annual Exemption
2022/23	£12,300
2023/24	£6,000
2024/25	£3,000

Date of disposal for CGT is the exchange date.



Changes to CGT

Business Asset Disposal Relief & Investors Relief

Typically, on the sale of a trading business or trading company.

- 10% tax.
- 10% **to** 14% for disposals made on or after 6 April **2025**.
- 14% **to** 18% for disposals made on or after 6 April **2026**.
- Business Asset Disposal Relief - £1m lifetime limit.
- Investors' Relief will **reduce from £10 million to £1 million**.



**Making Tax
Digital**

Administration

Making Tax Digital (MTD)

- From 6 April 2026,
 - > £50k turnover - landlords and sole traders.
- From 6 April 2027,
 - > £30k turnover - landlords and sole traders.
- From TBC (before the end of parliament),
 - >£20k turnover - landlords and sole traders.



Stamp Duty Land Tax

England and Northern Ireland

Devolution & Taxation



Stamp Duty Land Tax

- Increase to the higher rates of SDLT on purchases of additional resi properties – from 3% to 5%
- Non-resident surcharges are on top of this (additional 2%).
- Increase to the SDLT higher rate for corporates - from 15% to 17%. Reliefs still apply.
- Changes apply to transactions with effective date on or after 31 October 2024.
- Thresholds for when SDLT is payable on resi properties are decreasing from 1 April 2025 (from £250k to £125k).
- Threshold for first-time buyers purchasing resi property also decreasing from 1 April 2025 (from £425k to £300k).



Furnished Holiday Lets (FHLs)

Furnished Holiday Lets

What are they?

Residential property which meets certain criteria:

- the availability condition – Available for commercial letting for 210 days or more
- letting condition – Actually let commercially for 105 days or more
- pattern of occupation – the total of all lettings which exceed 31 days must not exceed 155 days.

Main advantages of being a FHL are:

- the Income tax loan interest relief restriction does not apply
- favorable CGT treatment – typically BADR 10%/14%/18% vs the 24% rate & holdover relief
- profits are pensionable earnings for pension contribution purposes.



Furnished Holiday Lets

What was announced?

- Short term and long term FHL will be treated the same as long term landlords.
- Applies from April 2025 - Income Tax and CGT purposes.
- Anti – forestalling rules from 6 March 24 to stop abuse.

Action

- Do you have the benefit of FHL tax advantages?
- What does the tax position look like from April 2025?
- Do you need to take advice and implement change prior to April 2025?



Furnished Holiday Lets

Loan interest relief restriction from April 2025

	FHL Rules	Property Rental Rules
Gross rent	12,000	12,000
Allowable costs	(500)	(500)
Mortgage interest	(5,000)	
Net profit	6,500	11,500
Tax at 40%	2,600	4,600
Less interest relief at 20%		(1,000)
Net tax liability	2,600	3,600
Effective rate on actual profit	40%	55%



Agenda

Part 2

Business owners



Part 2 – Business taxes

Agenda

	TOPIC	FROM
Employers NIC	Increase of 1.2% from 13.8% to 15%	April 2025
Inheritance Tax	APR/BPR & Pensions	-
Non-Dom regime	Changes on the horizon	April 2025
Worth a mention:		
Reporting BIKs	Mandating of reporting BIK by payroll software	April 2026 (voluntary)
Corporation Tax Rates	Remain unchanged at 25% (main rate)	-
High Income Child Benefit Charge	Adjusted net income remains at £60,000	April 2025
Income tax thresholds	Frozen until April 2028 then updated with inflation	April 2028
EIS/VCT	The reliefs extended through to 2035	-



National Insurance – Employers C1

What was announced?

- As predicted, this Budget announced an increase to employers Class 1 National Insurance Contributions.
- With effect from 6 April 2025, these will increase by 1.2% from 13.8% **to** 15%.
- Class 1A and Class 1B employer rates will also increase with this change.

Class 1 NI contributions secondary threshold

Will be reduced from £9,100 **to** £5,000 per annum with effect from 6 April 2025 and will run until 5 April 2028.

Employment Allowance

Also, with effect from 6 April 2025, the employment allowance will increase from £5,000 to £10,500.



Inheritance Tax

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

- APR and BPR will be reformed from 6 April 2026.
- The existing 100% rates of relief will continue for the **first £1 million** of combined agricultural and business property.
- Any amount **over the £1 million** will see relief reduced to 50% resulting in a tax rate of 20%.
- The rate of BPR available for shares designated as 'not listed' on the markets of a recognised stock exchange, **such as AIM will be reduced from 100% to 50%.**
- The government will publish a technical consultation in early 2025 on the detailed application of the policy to charges on property within a Trust.



Unused pension funds and death benefits

From 6 April 2027

- Unused pension funds and death benefits payable from a pension into a person's estate will be subject to Inheritance Tax (IHT).
- As part of these changes, it will be the duty of pension scheme administrators to report and pay any IHT due on unused pension funds and death benefits.

(HMRC have launched a technical consultation on the intended changes which closes on 22 January 2025)



Changes to the taxation of non-UK dom

individuals As announced in the Spring Budget, the tax treatment of non UK domiciled individuals will take effect from **6 April 2025**.

For new arrivers

- 100% relief from UK tax on foreign income and gains (FIG) for **their first four years of residence**, provided they have **not been resident in the 10 years immediately prior to their arrival**.

Temporary Repatriation Facility

- A new Temporary Repatriation Facility (TRF) will be available for individuals who have been taxed on the remittance basis.

Individuals who have previously claimed the remittance basis and have untaxed FIG will be able to make an election to designate amounts derived from previously untaxed and unremitted FIG that arose prior to 6 April 2025 for a period of 3 tax years, from 6 April 2025.

- Designated amounts will be charged to tax at a rate of 12% in tax years 2025 to 2026 and 2026 to 2027, with the rate rising to 15% in tax year 2027 to 2028.
- Any remitted 'designated amounts' will not otherwise be charged to UK tax.



Changes to the taxation of non-UK dom

As announced in the Spring Budget, the tax treatment of non UK domiciled individuals will take effect from **6 April 2025**.

Rebasing for CGT

- Current and previous remittance basis users can **rebase** personally held foreign assets for CGT purposes to **5 April 2017** for **disposals after 5 April 2025**.

Scope of UK IHT

- Non-UK assets held by an individual will fall into the scope of UK IHT where they have been **UK resident for at least 10 out of the previous 20 years**.
- Tapering will apply where the individual has been resident between 10 and 19 years.
- Full 10 year 'tail' will apply if an individual has been resident **for 20 years or more**.



Agenda

Summary



What didn't they do...

- CGT rates in line with income tax
- IHT 10 years instead of 7 years
- Wealth tax
- Capping pension relief
- Restricting the 25% lump sum from pensions
- Limiting ISAs



Summary

- The autumn budget was not harsh to landlords of resi property.
- Existing tax planning strategies remain. E.g. property companies. FICs. Trusts. Gifting strategies.
- FHL regime being scrapped – take action – April 2025
- Selling a business soon? – BADR tax rates going up
- Non-doms – take action – April 2025
- IHT - Succession planning of businesses needs re-thinking – April 2026
- Pension planning – Still benefits – But the IHT change from April 2027
- Take advice on your own circumstances



How can I help?

Areas to support you

Reach out with your tax queries.

Things like:

- Buying a property
- Receiving rental income
- Selling or gifting property
- IHT planning
- Company vs personal
- Family Investment Companies
- Property Incorporations
- Tax returns or CGT returns



Contact details



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Continue the conversation:

- Email me a question
- LinkedIn chat: www.linkedin.com/in/markstemp
- Ask for a copy of the slides.
- Visit Crowe's [Property tax toolkit](#).
- Re-watch the recording.
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Thank you

