Technical Connection

2024 Autumn Budget

Analysis for Financial Planners

INTRODUCTION

In the weeks leading up to the Budget there was much focus on

- The two fiscal "Golden Rules" the firstly bringing the Public Sector Current Account into balance, meaning current expenditure being met by current income and secondly reducing Debt as a proportion of Gross Domestic Product. Both "Rules" to be met by the end of the five year "forecasting" term, 2029/30.
- Whether the measure of Debt in the Public Sector Liability would be changed to enable the second "Golden Rule" to be satisfied. This is critical in relation to how much the government could responsibly borrow to invest to improve public services, infrastructure and growth generation.
- What taxation changes would be needed to help the satisfy the first "Golden Rule" but without breaking the government's promise not to increase income tax, national insurance, or VAT for "working people". All in light of the media focus on employer's national insurance contributions, extending the freeze on allowances and thresholds by a further two years from 6 April 2028, capital gains tax and inheritance tax.

The Budget delivered a combination of increased taxes, a changed definition of debt leading to the headroom for borrowing (debt), resulting increased expenditure on public services and increased investment. The latter with the express aim of generating all important economic growth.

In our Budget Analysis we are going to focus on the announced taxation changes and what they might mean for financial planning strategy.

Before we delve into the detail, here is a short summary of the key announced changes:

- Increase to employer's National Insurance contributions by 1.2% to 15%.
- A significant reduction in the secondary employer threshold for National Insurance contributions.
- An increase to the rates of Capital Gains Tax (CGT) from 10% and 20% to 18% and 24% respectively.

- An increase to the CGT rate payable on gains made from the disposal of assets qualifying for business assets disposal relief.
- Carried interest for private equity partners taxed at an increased rate of 32%.
- An extension of the freeze on the nil rate band and the residence nil rate band to April 2030
- 100% Business relief for unquoted businesses and agricultural relief limited to a combined £1m.
- Business Relief for unlisted quoted shares (e.g. AIM listed shares) reduced to 50%.
- Removing the exemption to inheritance tax of pension death benefits from 6 April 2027
- There was however no extension to the freeze in the income tax thresholds.

There were, of course, other changes announced that we will consider throughout our planner's guide, where relevant.

The tax changes we reference reinforce the absolute importance and value of informed advice. This is especially so when big personal, economic and taxation change takes place. Only advice grounded in a knowledge of the taxation context in which these choices are made (and the circumstances of and what is important for the adviser's client) can help individuals and businesses to be aware of the choices that exist and how to make the choices that best enable optimum outcomes to be delivered.

The announcement of Budget tax changes represents an excellent time for advisers to engage with their clients to review their financial plans and make any necessary adjustments to ensure that optimum outcomes are likely. Running this periodic and timely 'tax health check' throughout a client's financial planning journey will also represent valuable and recordable evidence of the value of advice and the relationship with the adviser.

YOUR GUIDE TO THE AUTUMN BUDGET ANALYSIS

SYMBOL KEY

What was the announcement?

When does this come into effect?

What should financial planners do next?

Relevant sources of information

Techlink Relevant topics on Techlink

1. INCOME TAX

No changes to income tax for 2025/26

For 2025/26 tax year there will be no increases to income tax personal allowances, income tax bands or rates of income tax:

- The income tax personal allowance will remain at £12,570. Remember the personal allowance is reduced by £1 for every £2 where total income exceeds £100,000.

- The higher rate threshold will remain at £50,270 (comprised of the £37,700 basic rate band plus the £12,570 personal allowance) and the additional rate threshold will remain at £125,140.

- For non-savings and non-dividend income, i.e. income from employment, property, or pensions, the income tax rates will remain at 20% within the basic rate band, 40% within the higher rate band and 45% within the additional rate band.

- The 0% starting rate band for savings income will remain at £5,000.

- The personal savings allowance remains unchanged at £1,000 for basic rate taxpayers and £500 for higher rate taxpayers. Additional rate taxpayers are not eligible for a personal savings allowance.

- Savings income will continue to be taxed at 20% within the basic rate band, 40% within the higher rate band and 45% at the additional rate.

- The dividend allowance will remain at £500. Dividend income will continue to be taxed at 8.75% within the basic band, 33.75% within the higher rate band and 39.35% at the additional rate.

- The basic, higher and additional rate tax thresholds apply to taxpayers in England, Wales, and Northern Ireland for non-savings and non-dividend income, and apply UK-wide for savings and dividend income.

- The government will not extend the freeze to income tax thresholds. From 6 April 2028, these personal tax thresholds will be uprated in line with inflation.

- The adjusted net income threshold at which the High Income Child Benefit Tax Charge (HICBC) is triggered remains at £60,000 with the charge being 1% per £200 of income above that level. The government will not proceed with the reform to base the HICBC on household incomes. To make it easier for all taxpayers to get their HICBC right, the government will allow employed individuals to pay their HICBC through PAYE from 2025, and pre-prepopulate self-assessment tax returns with Child Benefit data for those not using this service.

When does this come into effect?

From 6 April 2025.

What should financial planners do next?

In terms of general planning, people who wish to invest should aim to use their dividend and personal savings allowances in full.

Individuals should continue to maximise contributions to ISAs, particularly where dividends are likely to exceed the dividend tax allowance and/or the higher rate tax threshold. They could also give consideration to investing into Venture Capital Trusts (VCTs), which pay tax-free dividends and investment bonds (UK or international – as appropriate), which allow withdrawals to be taken on a tax-deferred basis.

Spouses/civil partners should also try to arrange their investment holdings in such a way to ensure they fully use both personal allowances, personal savings allowances, dividend allowances and starting/basic rate tax bands.

Increases to Blind Person's Allowance and Married Couple's Allowance

Blind Person's Allowance will increase to £3,130 for 2025/26 (currently £3,070).

Married Couple's Allowance (for those born before 6 April 1935) – the minimum amount of Married Couple's Allowance will rise to £4,360 and the maximum amount will be £11,270 (the figures for the current tax year are £4,280 and £11,080 respectively).

The income limit for Married Couple's Allowance will increase to £37,700 from £37,000 at present. It is an age-related allowance and is reduced by £1 for every £2 of income over the income limit.

When does this come into effect?

From 6 April 2025.

What should financial planners do next?

Ensure that those who are eligible for the Married Couple's Allowance are claiming it, as it could reduce their tax bill by between £428 - £1,108 for the current tax year and £436 - £1,127 for the 2025/26 tax year.

Equally, if an individual who is eligible, is not claiming Blind Person's Allowance then highlight the availability of this allowance to them, which is added to an individual's personal allowance each year. It is also possible for an individual to transfer their Blind Person's Allowance to their spouse or civil partner if they do not pay tax or earn enough to use all of the allowance.

Changes to the taxation of non-UK domiciled investors

The current remittance basis of taxation for non-UK domiciled investors is to be replaced with a simpler, residence-based scheme.

Individuals who opt-in to the scheme will not pay UK tax on foreign income and gains (FIG) for the first four years of tax residence, provided they have not been UK tax resident in the ten tax years immediately prior to their arrival.

Individuals who previously used the remittance basis, who are not eligible for the new four-year FIG regime, will pay tax at the same rate as other UK residents on any newly arising FIG, as per any other UK taxpayer.

For individuals who formerly used the remittance basis, any FIG that arose on or before 5 April 2025 will continue to be taxed if remitted to the UK under the current rules.

When does this come into effect?

The proposed new legislation is still at draft stage, but the changes are due to come into effect from 6 April 2025.

What should financial planners do next?

Identify those who may be impacted by the new legislation as their UK tax liabilities could increase significantly as a result. Investments should be structured to maximise the use of all available allowances, e.g. dividend allowance, savings allowance, personal allowance, etc., and maximise tax efficient investing into ISAs and pensions as appropriate.

Abolition of Furnished Holiday Lets (FHLs) tax regime

The specific tax treatment and separate reporting requirements for FHLs will be abolished. Any income or capital gains from a FHL will then form part of the person's UK or overseas property business and will be treated in line with all other property income and gains.

This change will remove the tax advantages that current furnished holiday let landlords have received over other property businesses in four key areas by:

- applying the finance cost restriction rules so that loan interest will be restricted to basic rate for income tax
- removing capital allowances rules for new expenditure and allowing replacement of domestic items relief
- withdrawing access to reliefs from taxes on chargeable gains for trading business assets
- no longer including this income within relevant UK earnings when calculating maximum pension relief

When does this come into effect?

On or after 6 April 2025 for income tax.

What should financial planners do next?

Identify those who will be impacted by the changes – furnished holiday lets may be less attractive going forward as a result of the removal of the tax advantages these currently provide. Currently, profits from furnished holiday lets are treated as relevant earnings for pension contributions. Tax relief for personal contributions is limited to contributions of the higher of £3,600 or 100% of relevant UK earnings. Furnished holiday let income will therefore no longer be considered for this purpose.

Relevant sources of information

Autumn Budget 2024

Autumn Budget 2024 - Fixing the Foundations to Deliver Change

[Autumn Budget 2024 - Overview of tax legislation and rates]

[Changes to the taxation of non-UK domiciled investors]

[Furnished holiday lettings tax regime abolition]

Techlink

Learn more about income tax

[The personal allowance]

[The tax treatment of dividends received]

[How the starting rate band and the personal allowance apply to an individual's savings income]

[Changes to the taxation of non-UK domiciled individuals - the Government's initial plans]

[Changes to the taxation of furnished holiday lettings from April 2025 - new legislation]

2. NATIONAL INSURANCE

Changes to secondary Class 1 (employers') National Insurance

The secondary Class 1 rate of National Insurance will be increased from 13.8% to 15%. This will also apply to Class 1A and Class 1B employer rates.

The secondary threshold will also reduce to £5,000 from £9,100 and frozen at this rate until 5 April 2028.

When does this come into effect?

6 April 2025.

What should financial planners do next?

Consideration of pensions salary sacrifice or restructure of owner/manager profit extraction.

Uprating National Insurance Contributions, Limits and Thresholds

The government will use the September Consumer Prices Index (CPI) figure of 1.7% as the basis for uprating the following.

- Class 1 Lower Earnings Limit to £125 per week
- Class 2 Small Profits Threshold to £6,845 per week
- Class 2 Below Small Profits Threshold (SPT) to £3.50 per week (voluntary)
- Special Class 2 rate for share fisherman to £4.15 per week
- Special Class 2 rate for volunteer development workers to £6.25 per week; and
- Class 3 National Insurance Contributions to £17.75 per week.

When does this come into effect?

6 April 2025.

What should financial planners do next?

Ensure those impacted are aware of the changes.

Increase in Employment Allowance

The Employment Allowance will be increased from £5,000 to £10,500 and removes the restriction on the level of previous tax years liability being less than £100,000.

When does this come into effect?

6 April 2025.

What should financial planners do next?

Ensure that employers are aware and amend their payroll accordingly.

Techlink

Learn more about National Insurance

National Insurance

3. CAPITAL GAINS TAX

Main rates of capital gains tax

The basic rate of capital gains tax (CGT) will increase from 10% to 18% and the higher rate will increase from 20% to 24%.

Residential property CGT rates will remain at 18% and 24% respectively.

The main rate of CGT for trustees and personal representatives will increase from 20% to 24%.

When does this come into effect?

For disposals on or after 30 October 2024.

What should financial planners do next?

Given that the increased rates apply with immediate effect and with a CGT annual exemption of only £3,000, consideration should be given to maximising ISA subscriptions to benefit from tax-free growth and making pension contributions where possible. In addition, for higher and additional rate taxpayers who have additional funds, to invest, investment bonds (UK or international – as appropriate) could be considered for their tax deferment and tax management qualities – especially where the investment has a strong income component.

It should, however, be noted that the revaluation of otherwise chargeable assets that continues to take place on death will be a continued benefit for collective investments that is not available to investment bonds.

Don't forget that capital losses can still be offset against capital gains, and some individuals may have substantial brought-forward losses that could also be used against capital gains to reduce their overall liability going forward. The "value" of these losses will increase with the increase in the rate of CGT otherwise born.

Transferring shares/UTs to a spouse/civil partner could also be considered to use both individuals' CGT annual exemption and possible lower rate of tax – remember though that such a transfer must be on an outright and unconditional basis.

Business asset disposal relief and Investor's relief

The rate of CGT payable on qualifying gains will increase from 10% to 14% from 6 April 2025 and then further increase from 14% to 18% from 6 April 2026. The cumulative limit for qualification remains at £1m.

When does this come into effect?

For disposals made on or after 6 April 2025 and then further increase for disposals made on or after 6 April 2026.

What should financial planners do next?

For those who are already considering selling their qualifying business or an interest that qualifies for investment relief and for whom relief is relevant may, commercial conditions permitting, wish to act quickly prior to the increased rates on the £1m qualifying amount, coming into effect. For any gains above the amount, the new main rates of CGT will apply, with immediate effect.

Lifetime limit for Investors' relief

The lifetime limit for Investors' relief will reduce from £10M to £1M for disposals made on or after 30 October 2024.

When does this come into effect?

For disposals on or after 30 October 2024.

What should financial planners do next?

Given this change is with immediate effect individuals should be made aware of this taking place.

Carried interest

CGT on private equity carried interest will increase from 18% for basic rate taxpayers and 28% for higher rate taxpayers into a single unified rate of 32% from 6 April 2025.

Then from April 2026, carried interest will be subject to a revised regime within the income tax framework.

When does this come into effect?

From 6 April 2025.

What should financial planners do next?

This measure is unlikely to affect many individuals as according to the government, carried interest is only paid by a small population of fund management executives.

Techlink

Learn more about capital gains tax

Capital Gains Tax – Fundamentals
Capital Gains Tax – Reliefs
Capital Gains Tax - Planning
Capital Gains Tax - Computations

4. SAVINGS AND INVESTMENTS

No change to ISA, Junior ISA, Lifetime ISA and Child Trust Fund Allowances

The annual subscription limits will remain at £20,000 for ISAs, £4,000 for Lifetime ISAs and £9,000 for Junior ISAs and Child Trust Funds. These allowances are frozen until 5th April 2030.

When does this come into effect?

Limits already in place.

What should financial planners do next?

Identify those who have not yet used these allowances for themselves or for their children and recommend they are maximised as appropriate, as otherwise the allowances will be lost for this tax year.

British ISA no longer proceeding

It has been confirmed that the Government will not be proceeding with the previously proposed British ISA due to mixed responses at the consultation stage.

When does this come into effect?

The British ISA will not be coming into effect.

What should financial planners do next?

Recommend clients maximise their standard annual ISA allowances.

Help to Save Scheme

The government has confirmed it will extend the current Help to Save scheme until 5 April 2027. Eligibility will be extended to all Universal Credit claimants who are in work.

When does this come into effect?

From 6 April 2025.

What should financial planners do next?

Ensure those affected are aware of the changes.

Relevant sources of information

Autumn Budget 2024 - Fixing the Foundations to Deliver Change

Autumn Budget 2024 - Overview of tax legislation and rates

Techlink

Learn more about savings and investments

ISAs in financial planning

ISA fundamentals

ISAs and Child Trust Funds - an update from HMRC

Child Trust Fund

5. PENSIONS

Pension funds subject to inheritance tax

From 6 April 2027 most pension funds will fall into the estate for inheritance tax (IHT) purposes. This will include funds paid out as a lump sum and those paid as beneficiary's drawdown or an annuity. Lump sum payments into a bypass trust will also be in scope.

Scheme pensions and funds paid as charity lump sum death benefits will be exempt.

Currently most pension funds are outside of the estate as they are paid at the discretion of the pension scheme. The new rules will remove the distinction between discretionary and non-discretionary payments and the value of all benefits will fall into the estate.

The Government have issued a consultation paper explaining the changes which state that IHT will be payable on the value of the gross funds in the pension immediately before death, but before being distributed or designated to the beneficiary.

The IHT charge will be paid by the scheme and the usual pre and post age 75 income tax rules on the residual funds will still apply. This means that post 75 death benefits, or funds in excess of the LSDBA pre 75, will be subject to both IHT and income tax on the residual.

The process will require the personal representatives and the pension scheme administrator/trustee having to work together to establish the IHT charge and the proportion of the charge the scheme must pay.

The new rules will apply to all overseas pensions schemes as well as UK pension schemes.

The spousal exemption will still apply in the normal way and so any funds that pass to a spouse or civil partner will remain free of IHT on first death.

When does this come into effect?

6 April 2027.

A technical consultation paper has been published on the implementation with a deadline for responses of 22 January 2025.

What should financial planners do next?

As the new rules do not apply until 6 April 2027 advisers (and providers) have time to fully consider the changes. In addition, the complexity of the implementation and potential harshness of the 'double taxation' for deaths over 75 may lead to changes before the implementation date.

However, some initial points for to consider

- Where clients are funding their pensions purely for estate planning purposes, advisers should now reconsider the appropriateness of this.
- Where clients have deferred taking tax free cash from their pension beyond the age of 75, advisers should review this. Taking the tax-free cash will ensure that this is only subject to IHT on death and not IHT and income tax.
- Where clients have left pension funds undrawn mainly for estate planning purpose this should be reviewed. As above, this is particularly important where clients are over 75.
- Where pension funds are not required – taking the tax-free cash and making gifts will now be a much more attractive option than leaving them in the pension.
- Review all death benefit nominations. Passing to a spouse may give more opportunities to remove the funds from the estate before second death.
- Binding nominations may now be far more appropriate. The key disadvantage of using them has been removed. However, note that it may take time for schemes to update their rules to allow them.

- Payment of death benefits into a bypass trust may still offer advantages. Although this won't escape the IHT on first death, they will keep the funds outside of the estate on second death.

Overseas transfer charge – EEA and Gibraltar exception removed

Where UK residents transfer their pension funds to a Qualifying Recognised Overseas Pension Scheme (QROPS) Fund in EEA and Gibraltar they will no longer be exempt from the overseas transfer charge.

The removal of the lifetime allowance introduced a 'loophole' in the rules that could allow clients with large pension funds to benefit from two lots of tax-free cash by transferring some of their benefits to a QROPS. They could then take their full lump sum allowance from their UK pension fund and any available tax-free lump sum from the QROPS.

The change means that all transfers where the member remains UK resident will subject to a 25% overseas transfer charge.

When does this come into effect?

30 October 2024.

What should financial planners do next?

Anyone advising clients in this area should review this immediately.

Note that where a client moves abroad and wishes to take their pension with them – ie transfer to a QROPS in their country of residence, the charge doesn't apply on any transfers up to the Overseas Transfer Allowance.

Increase in employer National Insurance rates

The employer national insurance (NI) rate is increasing to 15% from 6 April 2025.

Whilst this does not directly impact pensions it does mean that employer pension contribution will be more attractive, and salary/bonus sacrifice arrangements will offer even greater benefits.

When does this come into effect?

6 April 2025.

What should financial planners do next?

Where employers do not have salary sacrifice arrangements in place they should consider implementing them. The employer can choose how much of their national insurance (NI) savings to pass onto the employee and may want to retain some of these to offset the increase in the NI rates more generally.

For owner/directors of small business, pension contributions may now be even more attractive than salary.

Relevant sources of information

Technical consultation - Inheritance Tax on pensions: liability, reporting and payment
Reducing tax-free overseas transfers of tax relieved UK pensions

Techlink

Learn more about pensions

An overview of the abolition of the lifetime allowance
Transitional tax-free cash amount certificates
What is the lump sum allowance?

What is the lump sum and death benefit allowance?
Valuing pre-2024 lump sums for LSA purposes
Benefit Crystallisation Events - an overview
Techlink in Conversation Podcast - Episode 63 - Claire and Eddie discuss the lifetime allowance changes

6. EIS, VCT, SEIS, INVESTMENT ZONES AND FREEPORTS

Enterprise Investment Scheme (EIS), Venture Capital Trusts (VCT) & Seed Enterprise Investment Schemes (SEIS)

In October 2023, the UK authorities notified the EU of a prolongation of the existing EIS/VCT schemes for another ten years after their originally envisaged 2025 expiry and received confirmation from the European Commission in a letter to the UK Foreign Secretary dated 22 July 2024 that it had decided "not to raise objections to the aid on the grounds that it is compatible with the internal market". The SEIS, being for smaller investment amounts, is a de minimis State aid, rather than a notified State aid and, as such, even if the legislation had remained unchanged, SEIS tax reliefs would have continued to be available after April 2025.

IHT business property relief may reduce the taxable value of a chargeable transfer of qualifying shares and securities in an unquoted trading company (including shares in an EIS company) by 100%. To qualify for relief from IHT, the shares must have been owned (or be deemed to have been owned) for two years before the transfer for which business property relief is claimed. However, it was announced that a new £1 million allowance will apply to the combined value of property in an estate qualifying for 100% business property relief and 100% agricultural property relief, and it will be 50% thereafter. There is a further special provision limiting relief for quoted shares treated as "unlisted" for IHT such as those listed on AIM. For more information, please see the Inheritance Tax section later.

When does this come into effect?

The extension of EIS and VCT reliefs to 2035 has already come into effect.

What should financial planners do next?

While these are considered higher-risk investments, investing in EIS and VCT schemes enables an individual to benefit from income tax relief at 30%, subject to the annual investment amount, against their income tax liability and CGT free gains provided the shares are held for three years (EIS) and five years (VCT) respectively. Given the recent increases to CGT, more individuals may consider investing in these schemes to benefit from tax-free gains as well as the income tax reliefs available. Remember also that, where capital gains are realised, investing in EIS shares also provides the ability to benefit from CGT deferral relief. In addition, as VCT dividends can be free of income tax within certain limits, these investments may be attractive where the tax-free dividend allowance of £500 is, otherwise, likely to be exceeded.

Investment Zones and Freeports

The Budget confirmed funding for the Investment Zones and Freeports programmes UK-wide. This includes approval of the East Midlands investment Zone to support advanced manufacturing and green industries and confirms that five new customs sites will be designated in existing Freeports shortly. The government will also work to ensure the Freeports policy model aligns with the national Industrial Strategy.

When does this come into effect?

These are ongoing programmes.

What should financial planners do next?

These changes won't directly affect advice given to individuals.

Techlink

Learn more about EIS, VCTs, SEIS, Investment Zones and Freeports

[Tax Advantaged Solutions]
[Enterprise Investment Scheme (EIS)]

Venture Capital Trusts (VCT)

7. INHERITANCE TAX

Nil rate band and residence nil rate band frozen until 2030

The Chancellor announced that the inheritance tax nil rate band and residence nil rate band, which are at present set at £325,000 and £175,000 respectively until 5 April 2028, will stay fixed at these levels for a further two years until 5 April 2030. There is no change to the residence nil-rate band taper threshold which will remain at £2 million.

When does this come into effect?

The inheritance tax nil rate bands will remain at current levels until 5 April 2030.

What should financial planners do next?

Frozen allowances – especially when considered in conjunction with the other IHT changes announced at Autumn Budget 2024 and together with asset price inflation - mean a greater proportion of clients coming within the scope of IHT and needing advice on how to reduce the impact of IHT on their accumulated wealth. Add to this the fact that IHT regularly polls as one of the most disliked taxes and the opportunity to add value through engagement and advice is palpable. Even though only a relatively small proportion of all estates actually bear inheritance tax a much greater proportion of the estates of the clients of advisers will.

Reform of agricultural property relief and business property relief

It was announced today that the government will introduce a new £1m allowance which will apply to the combined value of property in an estate qualifying for 100% business property relief and 100% agricultural property relief and replace the current regime under which relief is unlimited for both asset types. There is a special separate new rule for quoted shares that are "unlisted" for IHT purposes (eg AIM listed shares) and this new rule is explained below.

In relation to qualifying property other than unlisted quoted shares, if the total value of the qualifying property to which 100% relief applies is more than £1 million, the allowance will be applied proportionately across the qualifying property, with any excess qualifying for relief at the lower rate of 50%. For example, if there was agricultural property of £3 million and business property of £2 million, the 100% allowance for the agricultural property and the business property will be £600,000 and £400,000 respectively (and vice versa), with the remainder qualifying for relief at 50% only.

Assets automatically receiving 50% relief (such as assets owned personally and used in the business of a trading company) will not use up the allowance. The £1m 100% allowance would seem to apply to each individual transferor (so £2m between spouses/civil partners if they each own £1m of qualifying business and/or agricultural property) but unused allowance will not be transferable between them.

The policy paper published today states that the allowance will cover the following transfers:

- property in the estate at death
- lifetime transfers to individuals in the 7 years before death ("failed potentially exempt transfers")
- chargeable lifetime transfers where there is an immediate lifetime charge, so for example when property is transferred into trust

It is assumed that the allowance is a lifetime allowance that will apply only to the first £1m of business and/or agricultural property transferred by the same transferor – whether during lifetime or on death.

The government will publish a technical consultation in early 2025 which will provide further insight into the proposals and inform the legislation which will be included in a future Finance Bill.

When does this come into effect?

The £1m allowance will take effect for deaths on or after 6 April 2026. However, anti-forestalling measures will provide that the new allowance will also apply to failed lifetime transfers of business or agricultural property made on or after 30 October 2024 if the donor dies on or after 6 April 2026.

What should financial planners do next?

Business owners not planning to sell their businesses during their lifetime may wish to bring forward succession planning by introducing other family members, such as adult children, into the business at an earlier stage in the hope of surviving 7 years and reducing the value of business property in the estate to within the £1m allowance by the point of death. Professional advice could be sought on the potential merits of a reorganisation of share capital into different share classes to facilitate the transfer of wealth in such a way that doesn't impact on control and dividend allocation. As for any lifetime transfer strategy, due consideration will need to be given to the potential CGT consequences of any such transfer. This will be so even when, as for business assets, the gain can be held over – deferred. There remains a tax-free revaluation of chargeable assets on the death of an owner for CGT.

Business owners and farmers in a position to transfer business or agricultural property into trust prior to 6 April 2026, would appear to be able to do so without any immediate IHT charge regardless of the value transferred; however, if death occurs after 6 April 2026 and within 7 years of the transfer, the £1m limit will apply for the purposes of recalculating the IHT – the age and state of health of the client will therefore be key in determining whether this is a viable strategy. Again CGT would need to be considered.

Business and farm owners should, in addition to lifetime transfers when appropriate and subject to commercial considerations, seriously consider the potentially powerful solution that appropriate life insurance in trust can deliver in order to meet any new liability that could arise as a result of this limitation in business and agricultural property relief.

Reduction in the rate of business relief for quoted shares not listed on the markets of recognised stock exchanges

The government will reduce the rate of business property relief available from 100% to 50% in all circumstances for quoted shares designated as "not listed" on the markets of recognised stock exchanges, such as AIM. Those shares will not benefit from the £1m allowance described above.

When does this come into effect?

Business relief will be given at the reduced rate of 50% for transfers made on or after 6 April 2026.

What should financial planners do next?

Although the new measure will make investment in AIM shares less attractive, financial planners and their clients will be relieved that the relief has not been abolished in its entirety and also that business relief investments that invest in unquoted shares of trading companies will continue to qualify for IHT relief at 100% (subject to the £1m allowance which will apply from 6 April 2026).

Where tax effective intergenerational planning with the donor wishing to retain control over and access to the assets to be given, BR qualifying investment will continue to deliver albeit with 50% less IHT effectiveness.

As always, where there is available cash, planners should also give due consideration to other flexible planning strategies such as loan trusts and DGTs and protection in trust. Often it is a combination of solutions that will achieve the optimum outcome.

Extension of the scope of agricultural property relief

The government has confirmed it will extend the existing scope of agricultural property relief to land managed under an environmental agreement with, or on behalf of, the UK government, devolved governments, public bodies, local authorities, or relevant approved responsible bodies.

When does this come into effect?

Extended relief will be available for lifetime transfers and transfers at death occurring on or after 6 April 2025.

Inheritance tax — unused pension funds and death benefits

The Chancellor today announced that the government will bring unused pension funds and death benefits payable from a pension into a person's estate for inheritance tax purposes from 6 April 2027. For more detail on the measure please see the Pensions section of this Bulletin.

When does this come into effect?

The IHT charge on pension death benefits will apply from 6 April 2027.

What should financial planners do next?

Bringing unused pension funds and pension death benefits into the scope of IHT is likely to prompt some rethinking of decumulation strategies and dilute the argument that clients should draw on other means to fund their retirement in preference to their pension pot.

For all their other continuing benefits of registered pensions (e.g. the tax free cash and tax free accrual of capital gains and income in the fund) pension will become a much less attractive estate planning tool.

One option for those with large pots and /or do not need access to the funds and are worried about IHT could be to cash in, take the income tax hit and gift or use other available planning structures (eg BR relief investment – with 100% or 50% relief, Loan trust, DGT or a variation on the theme). An alternative could be to draw down on the pension and use normal expenditure (if that survives) to cover lifetime gifts or to fund a life insurance in trust to meet the IHT. Informed advice will be essential to reach the right solution.

Changes to the IHT treatment of non-domiciles

It was confirmed in the Autumn Budget that the current IHT regime which is based on domicile status will move to a residence-based system with effect from 6 April 2025. From this date, individuals who have been resident in the UK for at least 10 out of the last 20 tax years immediately preceding the tax year in which the chargeable event (including death) arises will be subject to UK IHT on their worldwide assets.

It was also announced that:

- The current rule that allows the non-domiciled spouse or civil partner of a UK domiciled individual to elect to be treated as deemed UK domiciled for IHT purposes, will amended so that the spouse or civil partner of a long-term resident (i.e. someone who has been UK resident for 10 out of the last 20 tax years) who is not themselves long-term resident can elect to be treated as long term resident for IHT purposes (until they become a long-term resident themselves); and

- lifetime transfers of excluded property will remain outside of scope for IHT, even if the individual becomes long-term resident by the time of their death.

Full details of the proposals – including the impact on Excluded Property Trusts - are provided in the Residence and Domicile section of this Bulletin.

When does this come into effect?

These changes will come into force on 6 April 2025, although transitional rules will apply for non-domiciled or deemed domiciled individuals who are non-resident in 2025 to 2026.

What should financial planners do next?

Individuals who are currently neither domiciled nor deemed domiciled in the UK but have been resident here for more than 10 tax years, appear to have a window whereby they can transfer excluded property (namely foreign situs assets and authorised unit trusts) out of their estate before they become long-term resident in April 2025.

The new "domicile to residence" provisions as explained in the 34-page policy paper on the subject are extremely complex. Specialist practitioner advice is absolutely essential before taking or refraining from taking any action.

Relevant sources of information

Inheritance tax nil rate band and residence nil rate bands from 6 April 2028
Summary of reforms to agricultural property relief and business property relief
Inheritance Tax on pensions: liability, reporting and payment
Changes to the taxation of non-UK domiciled individuals

Techlink

Learn more about social security benefits

Inheritance tax fundamentals
Inheritance tax planning

8. TRUST TAXATION

Changes to IHT treatment of Excluded Property Trusts

As previously announced, a new residence-based system for IHT will be introduced from 6 April 2025 to replace the current domicile-based system. Although it was widely anticipated that Excluded Property Trusts (EPTs) settled by 'long-term residents' (i.e. those living in the UK for 10 or more out of the previous 20 tax years) would lose all IHT protections with effect from 6 April 2025; a policy paper published today confirms that while EPTs, whenever created, will indeed be subject to the relevant property regime of periodic and exit charges once the settlor becomes a long-term resident, foreign property held in trusts created before 30 October 2024 will not be subject to IHT on death of the settlor as a gift with reservation even if the settlor has by the point of his death become a long-term resident.

When does this come into effect?

The changes to the IHT treatment of EPTs will take effect from 6 April 2025.

What should financial planners do next?

The news that the gift with reservation rules will not apply to EPTs settled prior to 30 October 2024 will be welcomed by long-term resident settlors who decided to 'wait and see' before taking action to exclude themselves from benefit prior to Budget day.

It should also be noted that where a settlor, who was non-UK domiciled when he established the trust, dies before 6 April 2025, the trust will not be subject to relevant property charges for the duration of its existence provided it continues to hold only excluded property. This could present an opportunity in limited cases.

Financial planners should also be mindful of the fact that from 6 April 2025, an unexpected IHT exit charge could apply where a settlor ceases to satisfy the long-term residence test.

Trust protections for foreign income and gains

As announced at Spring Budget, the protection from tax on foreign income and gains (FIG) arising within settlor-interested trust structures will no longer be available for non-domiciled and deemed domiciled individuals who do not qualify for and claim the 4-year FIG regime (see the Residence and Domicile section of this Bulletin for more information on the FIG regime generally). FIG arising in the trust (whenever established) from 6 April 2025 will be taxed on the settlor on the same basis as UK domiciled settlors, unless the settlor is eligible for and claims the 4-year FIG regime.

Special rules will apply to benefits received from non-UK trusts. Generally speaking, the 4-year FIG regime will prevent a taxpayer from being subject to tax on benefits received from non-UK trusts during the four-year period. However, the benefits will not be treated as matched to FIG and so will not reduce the relevant tax pools of the trust.

When does this come into effect?

These changes are due to take effect from 6 April 2025.

What should financial planners do next?

The removal of the existing trust protections will mean that many non-domiciled settlors of non-resident trusts that remain settlor-interested post-April 2025, could face significant tax liabilities on worldwide income and net capital gains from trust assets if they remain UK resident from 6 April 2025. Clients impacted by the changes will have decisions to make in advance of 6 April 2025 and while leaving the UK is not the only option, advice is going to be essential to help deliver positive outcomes. We will be analysing the technical guidance over the coming days with a view to providing some more detailed insight in future bulletins.

Tax rate changes affecting trustees

The increases to the top rate of CGT (from 20% to 24%) will affect trustees of both discretionary and interest in possession trusts; while the increase in the SDLT surcharge (from 3% to 5%) will impact trustees of discretionary purchasing residential property.

When does this come into effect?

The CGT rate increase will apply for disposals made on or after Budget Day while the SDLT rate increase will apply to transactions with an effective date on or after 31 October 2024.

What should financial planners do next?

Trustees with additional funds to invest who are affected by the CGT rate increase will want to give careful consideration to their investment options especially when the recent reduction to the annual exempt amount is factored in. It may be that non-income/non-capital gains producing assets, such as investment bonds, will become more appropriate given the ability to benefit from tax deferment and tax management, unless there is a need (or a requirement under the terms of the trust) for real income to be produced.

Relevant sources of information

[Reforming the taxation of non-UK individuals]

Techlink

Learn more about trust taxation

[Trust taxation]

9. EMPLOYEE BENEFITS

National Living Wage Increase

The National Living Wage will increase to £12.21 per hour for all eligible employees, and the National Minimum Wage for 18-20 year olds will increase to £10.00 per hour for all eligible workers. The government is also increasing the minimum wages for those under 18 and Apprentices to £7.55 per hour.

When does this come into effect?

From 6 April 2025.

What should financial planners do next?

An increase in salary is always welcome and for some individuals this may enable them to start saving on a regular basis. This may be in the form of creating an emergency fund, contributing to a pension or start saving into an ISA.

Taxation of Employee Ownership Trusts and Employee Benefit Trusts

The government is introducing a package of reforms to the taxation of Employee Ownership Trusts and Employee Benefit Trusts. These reforms are intended to prevent opportunities for abuse, ensuring that the regimes remain focused on encouraging employee ownership and rewarding employees.

When does this come into effect?

From 30 October 2024.

What should financial planners do next?

Make sure relevant individuals are aware of the changes, the reforms focus on ensuring the schemes work as intended and prevent opportunities for the reliefs to be abused to obtain a tax advantage outside the intended purpose.

Employee related securities - Consequential to the Neonatal Care (Leave and Pay) Act

Under a share incentive plan the notice an employer must provide an employee regarding the possible effect of deductions from salary on entitlement to social security benefits and statutory payments must refer to statutory neonatal care pay.

When does this come into effect?

From 6 April 2025.

What should financial planners do next?

Ensure those affected are aware of the changes.

Relevant sources of information

[Taxation of Employee Ownership Trusts and Employee Benefit Trusts]

Techlink

Learn more about employee benefits

[Benefits in Kind - Taxable Benefits]

10. CORPORATION AND BUSINESS TAX

Corporation tax

The commitment to retain the maximum corporation tax rate at 25% remains for companies with profits over £250,000. The rate remains at 19% for profits below £50,000 and the effective marginal rate of 26.5% for profits between these two profit levels.

Full expensing for qualifying capital expenditure by companies will continue.

There are a number of other anti-avoidance and relatively technical changes related to companies and corporation tax.

Corporate Tax Roadmap

The government has published a Corporate Tax Roadmap. The Roadmap includes a commitment to cap the Corporation Tax Rate at 25%; maintain the Small Profits Rate and marginal relief at current rates and thresholds; and maintain key features as such as Full Expensing, the Annual Investment Allowance, R&D relief rates, and the Patent Box. The Roadmap also outlines areas for further exploration including a new process for advanced assurance for major projects and simplifying and improving tax administration.

Making Tax Digital

From April 2026, Making Tax Digital (MTD) for income tax, will apply to unincorporated businesses and landlords (relevant persons) with business and/or property income over £50,000, followed by those with income over £30,000 from April 2027. The government said it is committed to delivering MTD for income tax and will expand the rollout of MTD to those with incomes over £20,000 by the end of this Parliament.

When does this change come into effect?

The government will set out the precise timing for this at a future fiscal event.

National Minimum Wage

- The minimum wage for over 21s, (the National Living Wage) will rise by 6.7%, from £11.44 to £12.21 from April 2025. For someone working full time, or a 37.5 hour week, that equates to £23,809.50 a year, up from £22,308.

- For 18-to-20 year olds, the minimum wage will rise from £8.60 to £10. This means someone on a 37.5 hour week would earn £19,500 a year, up from £16,770. However, only a minority of people in this age group do work full time.

- Apprentices will get the biggest pay bump percentage wise, from £6.40 to £7.55 an hour. This means their annual wage will go up to £14,723 from £12,480 at the moment for a 37.5 hour week.

The Treasury said a big hike in the minimum wage for 18-to-20 year olds – the largest on record, marked the first step towards a single rate for all adults.

When do these changes come into effect?

From 1 April 2025.

National Insurance

The government will increase the rate of employer NICs from 13.8% to 15% from 6 April 2025.

The Secondary Threshold is the point at which employers become liable to pay NICs on employees' earnings, and is currently set at £9,100 a year. The government will reduce the Secondary Threshold to £5,000 a year from 6 April 2025 until 6 April 2028, and then increase it by the Consumer Price Index (CPI) thereafter.

The Employment Allowance currently allows businesses with employer NICs bills of £100,000 or less in the previous tax year to deduct £5,000 from their employer NICs bill. The government will increase the Employment Allowance from £5,000 to £10,500, and remove the £100,000 threshold for eligibility, expanding this to all eligible employers with employer NICs bills from 6 April 2025.

These changes to National Insurance are covered in more detail in the National Insurance section above.

When do these changes come into effect?

6 April 2025.

What should financial planners do next?

The main concerns for businesses (and SMEs in particular) will be the increased costs associated with

- The increase to employers NIC
- The reduction of the Secondary Threshold to £5,000
- Where relevant, the increase to the National Minimum Wage

Longer term there is also the changes (limitations) to business relief to consider.

The main corporation tax rate remains capped at 25% and full expensing (tax deductibility) remains for qualifying capital expenditure though.

And there are improvements to the Employment Allowance and no new limitations on the relief available for pension contributions .

Overall SME clients of advisers will continue to benefit from advice on

- How best to extract funds from their business to minimise tax and NIC outflow
- Invest any longer term surplus funds
- Provide for and financially protect against business risk
- Plan for any proposed intergenerational transfer of business given the new limitations on business relief

Relevant sources of information

Autumn Budget 2024 tax related documents

Autumn Budget and Spending Round 2024

Techlink

Learn more about corporation and business tax

Corporation Tax
Trading Income
Corporate Investing

11. TAXATION OF SHAREHOLDING DIRECTORS

National Insurance

The government will increase the rate of employer NICs from 13.8% to 15% from 6 April 2025.

The Secondary Threshold is the point at which employers become liable to pay NICs on employees' earnings and is currently set at £9,100 a year. The government will reduce the Secondary Threshold to £5,000 a year from 6 April 2025 until 6 April 2028, and then increase it by the Consumer Price Index (CPI) thereafter.

The Employment Allowance currently allows businesses with employer NICs bills of £100,000 or less in the previous tax year to deduct £5,000 from their employer NICs bill. The government will increase the Employment Allowance from £5,000 to £10,500, and remove the £100,000 threshold for eligibility, expanding this to all eligible employers with employer NICs bills from 6 April 2025.

However, it should be noted that another of the existing restrictions is that the Employment Allowance cannot be claimed if the director is the only employee paid above the Secondary Threshold.

These changes to NICs are covered in more detail in the National Insurance section above.

The rate of NIC is very relevant in determining how to most tax efficiently extract funds from a business for a shareholding director – please see below.

Other factors to consider are of course:

- The rate of corporation tax
- The dividend allowance
- The dividend tax rate above the dividend allowance
- The income tax rates

None of these have changed as a result of the Budget.

When does this come into effect?

The NICs rate and Secondary Threshold both change from 6 April 2025.

What should financial planners do next?

Shareholder directors should work with their accountant to review their remuneration structure, ensuring that they are drawing income in the most tax efficient manner. Creating a remuneration structure with the correct blend of salary, dividends and tax efficient pension contributions can make a significant tax difference to the after tax and NIC outcome for shareholding directors.

With the relatively recent changes to dividend tax rates, the corporation tax increase and the reduction in the dividend tax allowance to £500, together with the new changes to employer NICs, this review will be very important.

Almost every "moving part" in the decision-making process has recently changed or, in the case of employer NICs, is about to change.

Specialist, experienced tax advice should thus be sought on matters of incorporation and remuneration structure.

For couples where one is a shareholder in a private, "owner managed company" and the other is not, then, subject to any non-tax considerations and provided that fully participating shares are used, thought should be given to the income tax (and potential longer term) CGT benefits that a transfer of shares could deliver in relation to future declared dividends if the transferee's income tax rate is lower than that of the transferor. Such a transfer must, however, be on an outright and unconditional basis.

For funds that are not required for personal expenditure, and especially given the relaxations in relation to the annual and lifetime allowances, then, as indicated above, serious thought should be given to the power and tax efficiency of corporate pension contributions.

In relation to the personal investments of business owners then full account should be taken of the recently reduced dividend allowance and CGT exemption when determining the most tax efficient strategy for their investments. In some cases, investment bonds can look more attractive for their tax deferment and tax management qualities. This is especially so in relation to growth in investment value that is driven by reinvested income otherwise subject to high rates of personal tax when generated outside of an investment bond wrapper.

For corporate investment of funds not needed for business purposes (i.e. "on balance sheet" investments, subject to an appropriate assessment of liquidity requirements and attitude to risk, some thought could be given to corporate investment in appropriate collective investments for their tax efficiency and tax deferment and tax management qualities.

Techlink

Learn more about social security benefits

[Business Succession - Company Shareholders](#)
[Corporate Investment](#)
[Dividends](#)
[Pension Planning Opportunities and Ideas](#)

12. CAPITAL ALLOWANCES

Annual investment allowance

Since April 2008, companies, individuals, and partnerships consisting only of individuals, have been able to claim the annual investment allowance in respect of their qualifying expenditure on plant and machinery. It is effectively a 100% upfront allowance that applies to most qualifying expenditure up to an annual limit or cap (with expenditure on cars being the most notable exception). The £1 million annual investment allowance will be kept in place.

When does this come into effect?

Immediately.

What should financial planners do next?

The confirmation around the annual investment allowance is good news, particularly for unincorprated businesses, as the full cost of qualifying plant and machinery can be deducted from their profits before tax. The annual investment allowance is an incentive for businesses to invest because it accelerates the tax relief available, so it can all be claimed in the year of investment, rather than over a number of years, helping a business's cash flow. Full expensing and the 50% First Year Allowance (FYA) for special rate expenditure– please see below - are not available to unincorporated businesses (apart from partnerships with corporate partners).

The purchase of capital equipment giving capital allowances will sometimes compete with expenditure on occupational pensions. Often, with a limited amount of funds available, a business is torn between two competing calls on their available cash. The first determinant must be the commercial validity of the decision to spend on one cause or another. The tax effectiveness of that cause, whilst important, should always be secondary. Where a business has a genuine desire and need for capital equipment, the fact it could secure relief of 100% on the investment, may well influence the decision to make the purchase.

Green first year allowances

The government will extend 100% FYAs for a further year for qualifying expenditure on zero-emission cars and 100% FYAs for qualifying expenditure on plant and machinery for electric charge points, to 31 March 2026 for corporation tax purposes and to 5 April 2026 for income tax purposes.

When does this come into effect?

Immediately.

What should financial planners do next?

This provides good news, particularly for small businesses, as the full cost of these assets can continue to be deducted from their profits before tax.

Extending full expensing to assets bought for leasing

For qualifying expenditure on the provision of plant or machinery, incurred on or after 1 April 2023, companies can claim a 100% FYA for main rate expenditure — known as full expensing, and a 50% FYA for special rate expenditure. The government will explore extending full expensing to assets bought for leasing or hiring. Draft legislation will be published shortly.

When does this come into effect?

TBA – when fiscal conditions allow.

What should financial planners do next?

No planning opportunities arise as full details are unknown.

Techlink

Learn more about capital allowances

Capital Allowances

13. PROPERTY RELATED CHANGES

Stamp Duty Land Tax — increase to the higher rates payable on purchases of additional dwellings

In the Autumn Statement, the Chancellor announced that the higher rates of Stamp Duty Land Tax (SDLT), payable by purchasers of additional dwellings, trustees of discretionary trusts and companies will increase by 2 percentage points from 3% to 5% above the standard residential rates.

This measure does not apply to Scotland or Wales where devolved land transaction taxes apply.

When does this come into effect?

The changes will apply to transactions with an effective date on or after 31 October 2024 (although those who exchanged contracts prior to this date will not be affected).

What should financial planners do next?

The increase in the surcharge payable by purchasers of additional properties will be a blow to both individual and corporate property investors at the accumulation stage of investment - and there is little that those planning on purchasing additional property can do to avoid the impact of the measure given the immediate effective date.

The increase, which comes hot on the heels of the abolition of multiple dwellings relief, may also act as a further barrier to individuals who have been considering transferring an existing property portfolio into a corporate structure but have not yet made the move. Although no changes have been made to corporation tax rates (meaning that accumulated rental income will typically be taxed at a lower rate within a corporate wrapper), the additional SDLT that will be payable as a result of the changes lessens the attractiveness – and cost-effectiveness - of incorporating a personally owned property portfolio unless the individual investor is a higher or additional rate taxpayer and the portfolio is highly geared and/or there is likely to be a long period over which rental profits are reinvested in further properties before any profit is extracted.

Stamp Duty Land Tax — increase to single rate of tax on purchases by non-natural persons

In addition to increasing the higher rates of SDLT as outlined above, the government will also increase the single rate of SDLT payable by companies and non-natural persons acquiring dwellings for more than £500,000, from 15% to 17%.

When does this come into effect?

The changes will apply to transactions with an effective date on or after 31 October 2024 (although those who exchanged contracts prior to this date will not be affected).

What should financial planners do next?

The increase to the single rate of SDLT payable by companies and non-natural persons acquiring dwellings for more than £500,000 is unlikely to affect property investors due to an exemption from the 15%/17% rate which applies where the acquired property is let commercially to unconnected third parties. A similar exemption applies where property is acquired for development. The increase will however act as a further deterrent to those considering buying property within a corporate wrapper for occupation by themselves or a family member as a main residence or second or holiday home.

Relevant sources of information

Stamp Duty Land Tax — increase to the higher rates on additional dwellings and to the single rate of tax on purchases by non-natural persons

Learn more about property related changes

[Property Investments]
[Stamp Duty]

14. TAX AVOIDANCE AND CLOSING THE TAX GAP

Tax Avoidance and closing the tax gap

New measures to close the tax gap and combat tax avoidance are something we have become used to over the years.

This government is placing great importance on continuing this effort as a key contributor to generating more tax to help to bring the current account into balance.

Many of the measures introduced each year are to combat schemes and structures that are largely unknown. This year is largely no exception
Here are some of the main measures proposed:

Modernising and mandating tax adviser registration

The government will invest £36 million to modernise HMRC's tax adviser registration services and will mandate registration of tax advisers who interact with HMRC on behalf of clients from April 2026. The government will legislate for this in a future Finance Bill.

When does this come into effect?

This will take effect from April 2026.

Advanced Electronic Signatures for specific income tax repayments

The government will require tax advisers to provide an Advanced Electronic Signature when making specified income tax repayment claims.

When does this come into effect?

This will take effect from April 2026.

Strengthening the regulatory framework in the tax advice market

The government has published a summary of responses to the ‘Raising standards in the tax advice market: strengthening the regulatory framework and improving registration’ consultation and is considering options to strengthen the regulatory framework of the tax advice market.

Enhancing HMRC’s powers and sanctions against tax adviser facilitated non-compliance

The government will publish a consultation in early 2025 on options to enhance HMRC’s powers and sanctions to take swifter and stronger action against tax advisers who facilitate non-compliance.

Tackling tax non-compliance in the umbrella company market

To tackle the significant levels of tax avoidance and fraud in the umbrella company market, the government will make recruitment agencies responsible for accounting for PAYE on payments made to workers that are supplied via umbrella companies. Where there is no agency, this responsibility will fall to the end client business. The measure will protect workers from large, unexpected tax bills caused by unscrupulous behaviour from non-compliant umbrella companies. The government has published a policy paper alongside the Budget that provides further information on this measure.

When does this come into effect?

This will take effect from April 2026.

Changing late payment interest rates on unpaid tax liabilities

The government will increase the late payment interest rate charged by HMRC on unpaid tax liabilities by 1.5 percentage points.

When does this come into effect?

This measure will take effect from 6 April 2025.

Ending contrived car ownership schemes

The government will publish draft legislation relating to loopholes in car ownership arrangements, through which an employer or a third party sells a car to an employee, often via a loan with no repayment terms and negligible interest, then buys it back after a short period. This arrangement means those benefiting don't pay company car tax which other employees pay, and so this measure will seek to level the playing field.

When does this come into effect?

This will take effect from 6 April 2026.

Charity compliance measures

The government will support charitable giving by legislating to prevent abuse of the charity tax rules, ensuring that only the intended tax relief is given to charities.

When does this come into effect?

These changes will take effect from April 2026 to give charities time to adjust to the new rules.

Changes to tax rules on liquidations of Limited Liability Partnerships

The government will change the way capital gains are taxed when a Limited Liability Partnership is liquidated, and assets are disposed of to a contributing member or person connected to them, to close a route used for avoidance of tax.

When does this come into effect?

Changes came into effect from 30 October 2024 and will be legislated for through Finance Bill 2024.

Close company loans to shareholders

The government will ensure shareholders cannot extract funds untaxed from close companies by legislating to remove opportunities to side-step the anti-avoidance rules attached to the loans to participators regime .

When does this come into effect?

This change applies from 30 October 2024.

Tackling rogue company directors

The government will increase collaboration between HMRC, Companies House, and the Insolvency Service to tackle those using contrived corporate insolvencies and dissolutions, often referred to as “phoenixism”, to evade tax.

Deterring tax fraud

The government will expand HMRC's counter-fraud capability to address high value and high harm tax fraud.

Rewards for informants

The government will strengthen HMRC's scheme for rewarding informants, to encourage reporting of high value tax fraud and avoidance.

Tackling promoters of marketed tax avoidance

The government will publish a consultation in early 2025 on a package of measures to tackle promoters of marketed tax avoidance.

Offshore tax compliance

The government is committed to tackling offshore non-compliance as part of the ambition to close the tax gap and is committing additional resources, including the scaling up of compliance activity to tackle serious offshore non-compliance including fraud by wealthy customers and intermediaries, corporates they control and other connected entities. It has published a Call for Evidence which will be used to inform areas which will be subject to a formal consultation in 2025.

Simplification of taxation of offshore interest

The government has published a consultation document to tackle challenges arising from the mismatch of information on offshore interest being provided on a calendar year basis rather than a UK tax year basis. The consultation is seeking views on options to address this mismatch, including changes to the rules so that individuals are taxed on the non-UK interest arising in the year ended 31 December that ends in the tax year.

Taxation of Employee Ownership Trusts and Employee Benefit Trusts

The government is introducing a package of reforms to the taxation of Employee Ownership Trusts and Employee Benefit Trusts. These reforms will prevent opportunities for abuse, ensuring that the regimes remain focused on encouraging employee ownership and rewarding employees.

When does this come into effect?

This change applies from 30 October 2024.

Consultation on new ways to tackle tax non-compliance

The government is publishing a consultation on reforming HMRC's correction powers, exploring changes to HMRC's existing powers and processes, and a potential new power to require taxpayers to correct mistakes themselves.

What should financial planners do next?

Whilst they are extensive, these are not provisions that should concern the vast majority of financial planners (or their clients) who access the wide range of tried and tested strategies for delivering tax effective (but entirely uncontentious) financial planning outcomes for their clients.

Engagement with clients should continue to be absolutely focussed on the strategies that operate safely and effectively can be deployed to help to achieve their carefully ascertained objectives.

Relevant sources of information

[Autumn Budget and Spending Round 2024]
[Tackling tax non-compliance in the umbrella company market]
[Simplification of Taxation of Offshore Interest]
[Personal Tax: Offshore Anti-Avoidance legislation]

Techlink

Learn more about social security benefits

[Tax Avoidance]

15. RESIDENCE AND DOMICILE

The replacement of Domicile with a new Residence based test for Foreign Income and Gains (FIG) and for Inheritance Tax

Foreign Income and Gains: core provisions

The government will legislate to abolish the remittance basis of taxation for non-UK domiciled individuals and replace it with a simpler and internationally competitive residence-based regime, which will take effect from 6 April 2025. Individuals who opt-in to the regime will not pay UK tax on foreign income and gains (FIG) for the first four years of tax residence. The previously proposed 50% reduction for foreign Income subject to tax for 2025/26 has been scrapped.

For Capital Gains Tax purposes, current and past remittance basis users will be able to rebase personally held foreign assets to 5 April 2017 on a disposal where certain conditions are met.

Overseas Workday Relief will be retained and reformed, with the relief extended to a four-year period and the need to keep the income offshore removed. The amount claimed annually will be limited to the lower of £300,000 or 30% of the employee's net employment income.

Temporary Repatriation Facility

The government is extending the Temporary Repatriation Facility (TRF) to three years, expanding the scope to offshore structures, and simplifying the mixed fund rules to encourage individuals to designate their accrued, as yet untaxed, foreign income and gains, as repatriated so as to qualify for a reduced rate of tax on the amount when it is taken and spent in the UK.

In a bit more detail, the new 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. The TRF will be available provided the individual is UK resident in the relevant tax years.

The TRF will also be available for qualifying UK resident settlors or individuals who receive a benefit from an offshore trust structure during the 3 tax years, from 6 April 2025. To qualify the relevant individual must be a former remittance basis user, the benefit must be received during the TRF period and must be capable of being matched to FIG that arose within the settlement before 6 April 2025.

Individuals who make a designation under the TRF and have paid the TRF tax charge will have the freedom to choose in which year to remit the designated amounts to the UK. This does not need to be in the TRF window and could be in a later tax year

Inheritance Tax

IHT is currently a domicile-based system. A new residence-based system for IHT will be introduced from 6 April 2025. This will affect the scope of property brought into UK IHT for individuals and settlements. The test for whether non-UK assets are in scope for IHT will be whether an individual has been resident in the UK for at least 10 out of the last 20 tax years immediately preceding the tax year in which the chargeable event (including death) arises. The time the individual remains in scope after leaving the UK will be shortened where they have only been resident in the UK for between 10 and 19 years. Subject to transitional points, the excluded property status of non-UK settled assets will not be fixed at the time the assets are added to a settlement. Instead, they will only be excluded property (and so not subject to IHT charges) at times when the settlor is not long-term resident. When a settlor is long-term resident, any assets they have settled (even when not long-term resident) will be subject to IHT. For more information on the impact of the IHT reforms on Excluded Property Trusts, please see the Trust Taxation section of this Bulletin.

When does this come into effect?

6th April 2025.

What should financial planners do next?

There is a 34 page technical note explaining these changes which can be found in the relevant sources of information section below.

The provisions are far from simple and it will take a little time for the full implications to become clear. We will be providing further insight through future Techlink Bulletins .

The government have a relatively high expectation of how much additional tax these changes will generate and it will be interesting to see what the behavioural impacts are. There have been a number of reports leading up to the Budget of current non-doms seriously considering (or actually leaving) the UK. The impact of the IHT changes for non-doms is thought to be a main driver of these potential emigrations.

Any advisers with non-dom clients should take the opportunity to become familiar with the rules – especially in relation to existing Excluded Property Trusts which are most definitely affected by these new rules.

While chargeable gains under offshore bonds are not eligible for the four year freedom from tax under the new FIG rules the offshore bond does appear to offer the opportunity for longer term tax deferment and tax management. This may appeal to those residents expecting to be non-resident when they encash the investment. Care does need to be taken over the tax provisions in relation to offshore bond gains in the destination country though.

Relevant sources of information

[Reforming the taxation of non-UK individuals]

Learn more about Residence and Domicile

[Residence and Domicile]

16. SOCIAL SECURITY BENEFITS

Carer's Allowance

The government is raising the Carer's Allowance Weekly Earnings Limit to the equivalent of 16 hours at the National Living Wage, giving carers greater flexibility to work and increase their financial security.

When does this come into effect?

6 April 2025.

What should financial planners do next?

Individuals in receipt of benefits should ensure that they are fully aware of these changes and any impact they may have on other parts of their financial plan. In addition to the increase in the earnings limit the government is exploring what more can be done to help support more carers into work.

State Pensions

The government will maintain the State Pension Triple Lock for the duration of this parliament. The basic and new State Pension will increase by 4.1%, in line with earnings growth.

A new full State Pension will increase to £230.25 per week and the old Basic State Pension to £176.45.

When does this come into effect?

6 April 2025.

What should financial planners do next?

Any forecasts or plans using these benefits should be updated accordingly. As always it is wise to check state pension forecasts and top up where appropriate.

Pension Credit Standard Minimum Guarantee

The Government confirmed that the Pension Credit Standard Minimum Guarantee will increase by 4.1%, average earnings the same as the State Pension.

For single pensioners this will be to £2,27.10 a week in 2025/26 – an increase of £8.95 a week or £465.40 over 52 weeks.

For pensioner couples this will be to £346.60 a week in 2025/26 – an increase of £13.65 a week or £709.80 over 52 weeks.

When does this come into effect?

6 April 2025.

What should financial planners do next?

Those in receipt of benefits should ensure that they are fully aware of these changes and any impact they may have on other parts of their financial plan. Planners should ensure individuals who are entitled to claim do so, the Government is providing funds to support work to increase the take up of Pension Credit. Remember that the winter fuel payment will be paid to those clients in receipt of Pension Credit.

Universal Credit

The government will uprate working age benefits by September 2024 CPI of 1.7%. This will see around 5.7 million families on Universal Credit gain £150 on average.

The government are capping Universal Credit repayments to 15% of the standard allowance under a new Fair Repayment Rate allowing them to keep more of their UC award each month.

This will mean 1.2 million households will be better off by £420 per year on average as a result of this change.

When does this come into effect?

6 April 2025.

What should financial planners do next?

Those in receipt of benefits should ensure that they are fully aware of these changes and any impact they may have on other parts of their financial plan.

High Income Child Benefit Reform

The government will not proceed with the reform to base the High-Income Child Benefit Charge (HICBC) on household incomes rather than one person's earnings in the household

They will however make it easier for all taxpayers to get their claims correct by allowing employed individuals to pay the charge via PAYE and pre-populate self-assessment returns with Child Benefit data for those not using this service

When does this come into effect?

6 April 2025.

What should financial planners do next?

Financial Planners should continue to discuss ways to reduce the individuals net relevant income, which determines if the HICBC is applicable, this can be through making pension contributions or gift aid for example.

Married Couples Allowance and Blind Persons Allowance

Married Couple's Allowance and the Blind Person's Allowance will be uprated by the September 2024 CPI rate of 1.7%.

Married couples Allowance will increase to £11,270 maximum.

The income limit for Married Couples Allowance will also increase to £37,700. It is reduced by £1 for every £2 over the income limit, down to a minimum of £4,360.

Blind Person's Allowance will increase to £3,130.

When does this come into effect?

6 April 2025.

What should financial planners do next?

Those in receipt of these benefits should ensure that they are fully aware of these changes and any impact they may have on other parts of their financial plan.

Techlink

Learn more about social security benefits

State Benefits

17. GOALS BASED PLANNING – CASHFLOW MODELLING

Autumn Budget Announcements

It is important to consider any changes announced in the today's Budget in the context of your clients' cashflow plans to determine whether it would be appropriate to revisit of a client's plan. Most tools will incorporate personal taxation and national insurance calculations and therefore any changes can impact on cashflow planning forecasts.

Capital Gains Tax

The lower rate of Capital Gains Tax (CGT) will increase from 10% to 18% and the higher rate from 20% to 24% for disposals made on or after 30 October.

CGT rates for Business Asset Disposal Relief will rise gradually to 14% from 6 April 2025 and match the main lower rate of 18% from 6 April 2026.

What should financial planners do next?

The increasing rates of CGT coupled with the previous reductions in the annual CGT exemption from 2023 will lead to more individuals being subject to it. Maximising contributions to ISAs and pensions will continue to be an important planning fundamental, in addition to consideration of other CGT exempt solutions.

Inheritance Tax

The freeze of the Inheritance Tax nil-rate bands will be extended for another 2 years until 5 April 2030.

Unused pension funds and death benefits payable from a pension will be included in a person's estate for Inheritance Tax purposes from 6 April 2027.

From 6 April 2026 the current 100% rate of agricultural and business relief will only apply for the first £1 million of combined agricultural and business property reducing to 50% thereafter.

The government will also reduce the rate of business relief to 50% in all circumstances for shares designated as "not listed" on the markets of a recognised stock exchange, such as AIM.

What should financial planners do next?

This could lead to a significantly different outcome from an inheritance tax perspective and will be a key focus when revisiting a plan with any impacted clients when considering their legacy objectives.

Advisers will need to consider whether it makes more sense for a pension to be accessed earlier in order to mitigate the potential IHT consequences on death. This will be a marked shift from the current practice of preserving pensions as long as possible to benefit from the current rules of a pension being outside the estate for IHT. Please refer to the Pension section for more details on this topic.

APPENDIX 1: FACTS AND FIGURES

MAIN INCOME TAX ALLOWANCES

	2024/25	2025/26
	£	£
Personal allowance – standard	12,570	12,570
Personal allowance reduced if total income exceeds ∞	100,000	100,000
Transferable tax allowance (marriage allowance) §	1,260	1,260
Property allowance	1,000	1,000
Trading allowance	1,000	1,000
Rent a room relief	7,500	7,500
Employment termination lump sum limit	30,000	30,000

∞ For 2024/25 and 2025/26 the reduction is £1 for every £2 additional income over £100,000. As a result, there is no personal allowance if total income exceeds £125,140.

§ Available to spouses and civil partners born after 5 April 1935, provided neither party pays tax at above basic rate.

INCOME TAX RATES (UK EXCLUDING SCOTTISH TAXPAYERS' NON-DIVIDEND, NON-SAVINGS INCOME)

	2024/25	2025/26
	£	£
Starting rate	0%	0%
Starting rate on savings income	1-5,000	1-5,000
Personal savings allowance (for savings income):		
- Basic rate taxpayers	1,000	1,000
- Higher rate taxpayers	500	500
- Additional rate taxpayers	Nil	Nil
Basic rate	20%	20%
Higher rate - 40%	37,701-125,140	37,701-125,140
Additional rate on income over £125,140	45%	45%
Discretionary and accumulation & maintenance trusts (except dividends) °	45%	45%
Discretionary and accumulation & maintenance trusts (dividends) °	39.35%	39.35%
Dividend nil rate band (dividend allowance)	1-500	1-500

Basic rate on dividends	8.75%	8.75%
Higher rate on dividends	33.75%	33.75%
Additional rate on dividends	39.35%	39.35%
High income child benefit charge 1% of benefit per £100/£200 income between	£60,000 and £80,000	£60,000 and £80,000

° Trusts with income up to £500 will not pay tax on that income as it arises. If income exceeds £500, income tax will be due on the full amount of income.

For Scotland, the 2025/26 tax bands and tax rates will be announced in the Scottish Budget on 4 December 2024. The 2024/25 tax bands and tax rates, which cover only non-dividend and non-savings income, are:

Band name	**Tax rate**	**Taxable income**	
		2024/25	**2025/26**
Starter	19%	£0 - £2,306	TBA
Basic	20%	Over £2,306 - £13,991	TBA
Intermediate	21%	Over £13,991 - £31,092	TBA
Higher	42%	Over £31,092 - £62,430	TBA
Advanced	45%	Over £62,430 - £125,140	TBA
Top	47%/48%	Over £125,140	TBA

For dividends and savings income, the 'rest of UK' (rUK) rates and bands set by Westminster apply. Westminster also fixes the personal allowance (set at £12,570 for 2024/25 and 2025/26), which Scotland adds in when publishing out its tax bands.

NATIONAL INSURANCE CONTRIBUTIONS (NICs)

Class 1 employee NIC	**2024/25**		**2025/26**	
	Employee	Employer+	Employee	Employer+
Main NIC rate	8%	13.8%	8%	15%
No NICs on first: Under 21* 21* & over	 £242 pw £242 pw	 £967 pw £175 pw	 £242 pw £242 pw	 £967 pw £96 pw
Main NIC charged up to	£967 pw	No limit	£967 pw	No limit
Additional NIC rate on earnings over	2% £967 pw	N/A	2% £967 pw	N/A

+ No employer NICs for veterans on annual earnings up to £50,270 for the first year of a qualifying veteran's employment in a civilian role, until 5 April 2026.

NIC limits and thresholds	2024/25		2025/26	
	Weekly	Yearly	Weekly	Yearly
Lower earnings limit	£123	£6,396	£125	£6,500
Primary earnings threshold	£242	£12,570	£242	£12,570
Secondary earnings threshold	£175	£9,100	£96	£5,000
Upper secondary threshold - U21s*	£967	£50,270	£967	£50,270
Upper earnings limit	£967	£50,270	£967	£50,270

* Under 25 for apprentices.

Employment Allowance	2024/25	2025/26
Per business*	£5,000	£10,500

* Not available if a director is the sole employee. Up to 2024/25 only, not available if the previous tax year's secondary NICs were £100,000 or more.

Self-employed and non-employed NICs	2024/25	2025/26
Class 2 NICs		
Flat rate Small profits threshold	£3.45 pw* £6,725 pa	£3.50 pw* £6,845 pa
Class 4 NICs (*Unless over State Pension Age on 6 April*)		
On profits	£12,570 – £50,270 pa: 6% Over £50,270 pa: 2%	£12,570 – £50,270 pa: 6% Over £50,270 pa: 2%
Class 3 NICs (Voluntary)		
Flat rate	£17.45 pw	£17.75 pw

* Since 6 April 2024, self-employed people with profits above £12,570 are no longer required to pay Class 2 NICs, but continue to receive access to contributory benefits, including the State Pension. Those with profits between the small profits threshold and £12,570 continue to get access to those benefits through a NICs credit, without paying NICs. Those with profits under the small profits threshold and others who pay Class 2 NICs voluntarily to get access to those benefits continue to be able to do so.

CAPITAL GAINS TAX

Main exemptions and reliefs	**6 April 2024 to 29 October 2024**	**30 October 2024 to 5 April 2025**	**2025/26**
Annual exemption	£3,000*		£3,000*
Principal private residence exemption	No limit		No limit
Chattels exemption	£6,150		£6,150
Business assets disposal relief	Lifetime cumulative limit £1,000,000. Gains taxed at 10%		Lifetime cumulative limit £1,000,000. Gains taxed at 14%
Investors' relief	Lifetime cumulative limit £10,000,000. Gains taxed at 10%	Lifetime cumulative limit £1,000,000. Gains taxed at 10%	Lifetime cumulative limit £1,000,000. Gains taxed at 14%

* Reduced by at least 50% for most trusts.

Capital gains tax rates for business asset disposal relief and investors' relief will rise to 18% from 6 April 2026.

Individuals, personal representatives and trustees will not have to complete the capital gains tax pages of a tax return if their chargeable gains for the tax year do not exceed £50,000, and if their gains before losses do not exceed the annual exemption.

Rates of capital gains tax	**6 April 2024 to 29 October 2024**	**30 October 2024 to 5 April 2025**	**2025/26**
Individuals	10% on gains within basic rate band/20% on gains in higher rate band and above	18% on gains within basic rate band/24% on gains in higher rate band and above	18% on gains within basic rate band/24% on gains in higher rate band and above
Additional rate on property gains accruing to individuals	8%/4%	N/A	N/A

Trustees and personal representatives	20%	24%	24%
Additional rate on property gains accruing to trustees and personal representatives	4%	N/A	N/A
Additional rate on carried interest gains*	8%	14%/8%	14%/8%

* From April 2026, carried interest will be taxed fully within the income tax framework.

TAX PRIVILEGED INVESTMENTS (MAXIMUM INVESTMENT)

	2024/25	**2025/26**
ISA		
Overall per tax year	£20,000	£20,000
Maximum cash ISAs for 16 and 17 year olds**	£20,000	£20,000
Junior ISA (additional to overall limit for 16-17 year olds)	£9,000	£9,000
Lifetime ISA	£4,000	£4,000
Help to buy ISAº	*£200 p/m*	*£200 p/m*
Help to Save savings account	£50 p/m	£50 p/m
Enterprise Investment Scheme* (30% income tax relief)	£2,000,000	£2,000,000
Maximum carry back to previous tax year for income tax relief	£2,000,000	£2,000,000
Seed Enterprise Investment Scheme (50% income tax relief)	£200,000¶	£200,000¶
Venture Capital Trust (30% income tax relief)	£200,000	£200,000

** The age at which a cash ISA can be held has increased from 16 to 18, except in relation to individuals who were 16 or 17 years old on 5 April 2024 (and who have not subsequently reached the age of 18) who can continue to have, apply for or transfer a single cash ISA account. Transitional arrangements end on 5 April 2026.

º Closed to new investors from 1 December 2019. Existing investors may continue to contribute.

* Income tax-relieved investment above £1m must be in knowledge-intensive companies. No limit for capital gains tax reinvestment relief.
¶ 50% capital gains tax reinvestment exemption in 2024/25 and 2025/26.

The sunset clauses for the Enterprise Investment Scheme and Venture Capital Trust have been extended from 6 April 2025 to 6 April 2035.

PENSIONS

	2024/25	2025/26
The maximum an individual can claim as a PCLS (tax free cash lump sum), except where protections apply	£268,275	£268,275
Annual allowance	£60,000	£60,000
Annual allowance taper: ¶ Threshold income limit Adjusted income limit Minimum annual allowance	 £200,000 £260,000 £10,000	 £200,000 £260,000 £10,000
Money purchase annual allowance	£10,000	£10,000
Annual allowance charge	20%-45% of excess	20%-45% of excess
Max. relievable personal contribution	100% relevant UK earnings *or* £3,600 gross if greater	

¶ 50% taper down to the minimum allowance based on excess over adjusted income limit if threshold income limit is also exceeded.

INHERITANCE TAX

	Cumulative chargeable transfers [gross] 2024/25	Cumulative chargeable transfers [gross] 2025/26	Tax rate on death	Tax rate in lifetime*
Nil rate band+	£325,000	£325,000	0%	0%
Residence nil rate band¶	£175,000	£175,000	0%	N/A
Residence nil rate band reduced if estate exceeds°	£2,000,000	£2,000,000	N/A	N/A
Excess above available nil rate band(s)	No limit	No limit	40%∞	20%

* Chargeable lifetime transfers only.

\+ On the death of a surviving spouse/civil partner on or after 9 October 2007, their personal representatives may claim up to 100% of any unused proportion of the nil rate band of the first spouse/civil partner to die (regardless of their date of death).

¶ On the death of a surviving spouse/civil partner on or after 6 April 2017, their personal representatives may claim up to 100% of any residence nil rate band of the first spouse/civil partner to die (regardless of their date of death, but subject to the tapered reduction).

° The reduction is £1 for every £2 of additional estate over £2,000,000. As a result, there is no residence nil rate band available if the total estate exceeds £2,350,000 (£2,700,000 on second death if 100% is transferable).

∞ 36% where at least 10% of the net chargeable estate, before deducting the charitable legacy, is left to charity.

CAR BENEFITS

Company car tax

The charge is based on a percentage of the car's "price". "Price" for this purpose is the list price at the time the car was first registered including delivery and the price of extras but excluding the first registration fee or annual road tax. For cars first registered after 31 December 1997 the charge, based on the car's "price", is graduated according to the level of the car's approved CO_2 emissions.

For zero emission cars	
2024/25	**2025/26**
2%	3%

For petrol or diesel hybrid cars with an approved CO_2 emission figure of up to 50g/km				
	2024/25		**2025/26**	
Electric-only range (miles)	NEDC: Registered before 6/4/2020	WLTP: Registered after 5/4/2020	NEDC: Registered before 6/4/2020	WLTP: Registered after 5/4/2020
Less than 30	14%	14%	15%	15%
30-39	12%	12%	13%	13%
40-69	8%	8%	9%	9%
70-129	5%	5%	6%	6%
130 or more	2%	2%	3%	3%

For petrol and RDE2° diesel cars with an approved CO_2 emission figure of more than 50g/km				
	2024/25		**2025/26**	
Emissions g/km	NEDC: Registered before 6/4/2020	WLTP: Registered after 5/4/2020	NEDC: Registered before 6/4/2020	WLTP: Registered after 5/4/2020
51-54	15%	15%	16%	16%
55 and above	16%* - 37%	16%* - 37%	17%* - 37%	17%* - 37%

° For diesels not meeting RDE2 emission standards (which became mandatory for registrations from 1 January 2021), add 4%, maximum 37%.

* Calculated as 1% above 51-54g/km scale percentage for each extra 5g/km above 50g/km, subject to a maximum of 37%.

Car fuel benefit

For cars with an approved CO_2 emission figure, the benefit is based on a flat amount of £27,800 for 2024/25 and £28,200 for 2025/26. To calculate the amount of the benefit, the percentage figure in the above car benefits table (that is from 0% to 37%) is multiplied by £27,800 in 2024/25 and by £28,200 in 2025/26. The percentage figures allow for a diesel fuel surcharge. For example, in 2024/25, a petrol car registered before 6 April 2020 emitting 118g/km would give rise to a fuel benefit of 28% of £27,800 = £7,784; in 2025/26, a petrol car registered before 6 April 2020 emitting 118g/km would give rise to a fuel benefit of 29% of £28,200 = £8,178.

CORPORATION TAX

Year ending 31 March	**2025**	**2026**
Small profits rate (companies with profits under £50,000)	19%	19%
Main rate (companies with profits over £250,000)	25%	25%
Main rate (all profits except ring fence profits)	25%	25%
Marginal relief lower limit	£50,000	£50,000
Marginal relief upper limit	£250,000	£250,000
Standard fraction	3/200	3/200
Special rate for unit trusts and open-ended investment companies (OEICs)*	20%	20%

The 19% rate applies to the first £50,000 of profits and a marginal rate of 26.5% applies to any excess up to £250,000 (£50,000 @ 19% + £200,000 @ 26.5% = £62,500 = £250,000 @ 25%). The 19% rate does not apply to close investment-holding companies. For close investment-holding companies, the rate of corporation tax is 25%. (The 19% rate can apply to a property letting company with profits of up to £50,000.)

* The special rate for unit trusts and OEICs is based on the basic rate of income tax, which will be remaining at 20% from 1 April 2025.

STAMP DUTY LAND TAX, LAND AND BUILDINGS TRANSACTION TAX, LAND TRANSACTION TAX AND STAMP DUTY

England and Northern Ireland: Stamp Duty Land Tax to 31 March 2025			
Residential (on slice of value)		**Commercial (on slice of value)**	
Up to £250,000	0%	Up to £150,000	0%
		£150,001 – £250,000	2%
£250,001 – £925,000	5%	Over £250,000	5%
£925,001 – £1,500,000	10%		
Over £1,500,000	12%		

England and Northern Ireland: Stamp Duty Land Tax from 1 April 2025			
Residential (on slice of value)		**Commercial (on slice of value)**	
Up to £125,000	0%	Up to £150,000	0%
£125,001 – £250,000	2%	£150,001 – £250,000	2%
£250,001 – £925,000	5%	Over £250,000	5%
£925,001 – £1,500,000	10%		
Over £1,500,000	12%		

- 15% for purchases over £500,000 by certain non-natural persons; 17% for transactions with an effective date (usually the date of completion) on or after 31 October 2024.
- First-time buyers: from 23 September 2022 to 31 March 2025, first £425,000 slice of value at 0% if property consideration is not more than £625,000, 5% on £425,001 to £625,000; from 1 April 2025, first £300,000 slice of value at 0% if property consideration is not more than £500,000, 5% on £300,001 to £500,000.
- All rates increased by 4% for purchase of additional residential property if value is £40,000 or more, for transactions with an effective date (usually the date of completion) on or after 31 October 2024 (3% before that). Where contracts are exchanged prior to 31 October 2024 but complete or are substantially performed on or after that date, transitional rules may apply.
- All rates increased by 2% for purchase of residential property by non-UK resident if value is £40,000.

Individuals buying a new residential lease via a nominee or bare trust are able to claim First-time buyers' relief on their purchase for transactions with an effective date (usually the date of completion) on or after 6 March 2024. Multiple Dwellings Relief, which was available on the purchases of two or more dwellings, was abolished from 1 June 2024.

The devolved administrations in Scotland and Wales set their own rates of tax on Land and Buildings Transaction Tax (LBTT) and Land Transaction Tax (LTT):

Scotland: LBTT from 1 April 2021 on slices of value			
Residential (on slice of value)	¶	**Commercial (on slice of value)**	
£145,000* or less	0%	£150,000 or less	0%
£145,001* to £250,000	2%	£150,001 to £250,000	1%
£250,001 to £325,000	5%	Over £250,000	5%
£325,001 to £750,000	10%		
Over £750,000	12%		

¶ All rates increased by 6% (for transactions on or after 16 December 2022) for purchase of additional residential property if value is £40,000 or more.

* £175,000 for first-time buyers.

Wales: LTT from 10 October 2022			
Residential (on slice of value)	¶	**Commercial (on slice of value)**	
£225,000 or less	0%	£225,000 or less	0%
		£225,001 to £250,000	1%
£225,001 to £400,000	6%	£250,001 to £1,000,000	5%
£400,001 - £750,000	7.5%	Over £1,000,000	6%
£750,001 to £1,500,000	10%		
Over £1,500,000	12%		

¶ All rates increased for purchase of additional residential property. For purchases over £40,000 (for transactions with an effective date on or after 22 December 2020) LTT is charged at 4% on the full purchase price up to £180,000, 7.5% on the portion between £180,000 and £250,000, 9% between £250,000 and £400,000, 11.5% between £400,000 and £750,000, 14% within the next band up to £1.5 million and 16% over that.

UK Stamp Duty (including SDRT)

Stocks and marketable securities	0.5%

No stamp duty charge unless the duty exceeds £5.

APPENDIX 2: CONSULTATIONS

The following new consultations were published on the day of the Autumn Budget announcements:

- Soft Drinks Industry Levy review
- Vaping Products Duty consultation response and launch of technical consultation
- Financial transaction control framework
- Reform of Air Passenger Duty for private jets
- Transforming business rates
- Tackling tax non-compliance in the umbrella company market
- Expanding Tax Conditionality to new sectors
- Changes to the taxation of non-UK domiciled individuals: document collection
- Mandate the reporting of Benefits in Kind via payroll software from April 2026
- The Tax Administration Framework Review: New ways to tackle non-compliance
- The Cryptoasset Service Providers (Due Diligence and Reporting Requirements) Regulations 2025
- The International Tax Compliance (Amendment) Regulations 2025
- Simplification of Taxation of Offshore Interest
- Consultation on future social housing rent policy
- Assessing Effects of Scope 3 Emissions from Offshore Oil and Gas Projects
- Inheritance Tax on pensions: liability, reporting and payment
- Personal Tax: Offshore Anti-Avoidance legislation
- Tackling the hidden economy by expanding tax conditionality to new sectors

APPENDIX 3: POLICY COSTINGS

A comprehensive document covering policy costings for the Autumn Budget announcements can be found here.

OUR SERVICES

Continue to stay up to date with all aspects of the Budget and our other content through the following channels.

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