

## Autumn Budget 2024 – Tax Measures

On 30 October 2024, the Chancellor of the Exchequer, Rachel Reeves, presented her first Budget.

The key focus of this Budget was to fix the foundations of the economy and deliver change by protecting working people, fixing the NHS and rebuilding Britain.

The main tax changes are detailed below:

### Business and Corporate Taxes

#### Corporation Tax

- The main rate of Corporation Tax will remain at 25%.
- Full expensing will remain.
- The £1,000,000 annual allowance will remain.
- Research & Development tax credits will remain.

### Value Added Tax (VAT)

- There will be no increase in the main rate of VAT, which will remain at 20%.
- Private school fees, including boarding fees, will be subject to 20% VAT from 1<sup>st</sup> January 2025.

### Property Taxes

#### Stamp Duty Land Tax (SDLT)

- The higher rates of SDLT, which apply to individuals on the purchase of additional residential property and to purchases made by companies or trusts, will be increased from 3% to 5% effective from 31<sup>st</sup> October 2024.

#### Capital Gains Tax (CGT)

- Capital gains tax rates on residential property will remain the same at 18%/24%.
- Capital gains tax rates on non-residential property will be increased from 10%/20% to 18%/24% from 30<sup>th</sup> October 2024.

#### Annual Tax on Enveloped Dwellings (ATED)

- The annual chargeable amounts for ATED will be increased by 1.7% for the 2025/26 ATED chargeable period.

### Personal Taxes and National Insurance

#### Income tax

- The headline rates of income tax remain unchanged.
- Thresholds and allowances will remain frozen until 6<sup>th</sup> April 2028, at which time they will increase each year in line with inflation.

## National Insurance Contributions (NICs)

- The rates of employee national insurance will remain unchanged.
- The rates of employer national insurance will be increased from 13.8% to 15% from April 2025. The threshold at which employers will have to start paying employers NIC will also be reduced from £9,100 to £5,000 from April 2025.

## Capital Gains Tax

- The main rates of capital gains tax will be increased effective 30th October 2024 from 10%/20% to 18%/24%.
- Business Asset Disposal Relief (BADR) and Investors Relief (IR) will remain. The £1,000,000 lifetime limit for BADR will be unchanged. The lifetime limit for IR will be reduced to £1,000,000 with effect from 30<sup>th</sup> October 2024.
- The CGT rate on gains qualifying for BADR or IR will be increased from 10% to 14% from 6<sup>th</sup> April 2025 and then to 18% from 6<sup>th</sup> April 2026.

## Inheritance Tax

- The IHT nil rate bands will remain frozen until April 2030. The 'nil rate band' will continue at £325,000 and the additional 'residence nil rate' band at £175,000. The 'residence nil rate band' will continue to be subject to taper for estates in excess of £2,000,000.
- The 100% reliefs currently allowed for agricultural and business property will be limited to the first £1,000,000 of combined agricultural and business property. The rate of relief will be 50% thereafter.
- BPR on AIM listed shares will be restricted to 50% regardless of the £1,000,000 threshold.
- From April 2027, unused pension funds and death benefits from a pension fund will be brought into a person's estate for IHT purposes.

## Carried Interest

- From April 2025, the capital gains tax rate for Carried Interest will be increased to 32%.
- From April 2026, all carried interest will be taxed within the income tax framework, with a 72.5% multiplier applied to qualifying carried interest that is brought within charge.

## Replacing the non-domiciled tax regime

- The "non-dom" regime will be abolished from 6 April 2025. This means that the remittance basis of taxation will cease to be available from that date.
- This will be replaced by a new residence-based regime. The highlights of the new regime are that:
  - individuals coming to the UK, will not pay UK tax on any foreign income or gains arising in their first four years of tax residence, provided they have been non-UK tax resident for the last ten years.
  - overseas workday relief will be reformed, with the relief extended to a four year period and the need to keep income offshore removed. The relief will be capped at the lower of £300,000 or 30% of the net employment income.
  - anyone who has been tax resident in the UK for more than four years will pay tax on their worldwide income and gains, as is the case for other UK residents.
  - from 6 April 2025, a new residence-based system will be introduced for inheritance tax, ending

the use of offshore Trusts to shelter assets from UK IHT.

- transitional arrangements for existing 'non-doms' will include:
  - an option to re-base the value of capital assets to 5 April 2017;
  - a three-year temporary repatriation facility to bring previously accrued foreign income and gains into the UK at a reduced rate of tax.

***We will publish a separate, detailed analysis covering the changes to the taxation of non-domiciled individuals.***

### [Further Information and Advice](#)

For further information or advice, please speak to your usual Verfides contact, or email or call the Tax Team: [tax\\_team@verfides.com](mailto:tax_team@verfides.com); call +44 20 7930 7111.

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