



Budget Update 2024

**How the latest budget
announcements affect
your taxes**

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Personal Taxes

Tax Thresholds

Personal tax thresholds, initially frozen until 2028, will be maintained, meaning fiscal drag will continue as planned

From 2028/29, thresholds are expected to increase in line with inflation

Minimum wage

National Living Wage will increase by 6.7% to £12.21 per hour starting next April

Minimum wage for 18-20 year olds will rise by 16.3% to £10 per hour

Capital Gains Tax (CGT)

Capital Gains Tax (CGT) rates have increased to 18% for basic rate taxpayers and 24% for higher rate taxpayers, likely effective from 6 April 2024.

CGT rates on residential property will remain at 18% and 24%.

Enterprise Investment Scheme (EIS) and Venture Capital Trust (VCT) schemes have been extended to 2035.

As previously indicated by Starmer, primary residences will continue to be exempt from CGT.

CGT on carried interest will rise to 32% from 2025, specifically targeting the fund management industry

Personal Taxes

Tax on Pensions

Labour has not reintroduced the lifetime allowance on pension pots.

Labour has retained the 25% tax-free lump sum for individuals drawing from their pensions.

Starting in 2027, Labour will introduce Inheritance Tax (IHT) on pensions, meaning they will form part of the deceased's estate.

Labour has maintained the triple lock system on the state pension.

Inheritance Tax (IHT)

The Inheritance Tax (IHT) nil rate band remains frozen at £325,000 for individuals, while the residence nil rate band remains at £175,000 for estates up to £2 million. Both thresholds are frozen until 2030.

From April 2026, the first £1 million of combined business and agricultural assets will continue to attract no inheritance tax, but for assets over £1 million, inheritance tax will apply with 50% relief, at an effective rate of 20%.

A 50% relief now applies in all circumstances on inheritance tax for shares on the alternative investment market, and other similar markets, setting the effective rate of tax at 20%.

Stamp Duty Land Tax (SDLT)

Labour has not maintained the current Stamp Duty Land Tax (SOLT) relief threshold of £425,000 for first-time buyers. As a result, first-time buyers purchasing a property will now pay SOLT at the 2025 rate of 5% on properties priced above £300,000 and below £500,000.

For first-time buyers purchasing a property priced above £500,000, the standard SOLT rates for 2025 will apply.

Labour has increased the SOLT surcharge for second and additional properties from 3% to 5%, effective from 31st October 2024.

Business Taxes

Business Rates

The current 75% discount on business rates, set to expire in April 2025, will be replaced by a 40% discount, capped at a maximum of £110,000

Headline rates of corporation tax will be capped at 25% for the duration of this Parliament.

Employer NICs

Employers' NIC will increase from the previous rate of 13.8% to 15% starting in April 2025

The secondary threshold at which employers must pay NICs will be reduced to £5,000 from £9,100

The Employment Allowance has been increased to £10,500.

Duties

Fuel - Labour has frozen fuel duties for this Budget and has extended the current Sp cut for another year

Air passenger Duty

Economy flights: The duty will increase by £2

Private Jets: The duty for private jets will increase by 50%, reaching £450 per passenger.

VAT on Private School Fees - Labour has followed through on its pledge to remove VAT and business exemption rates from private schools, effective January 2025.