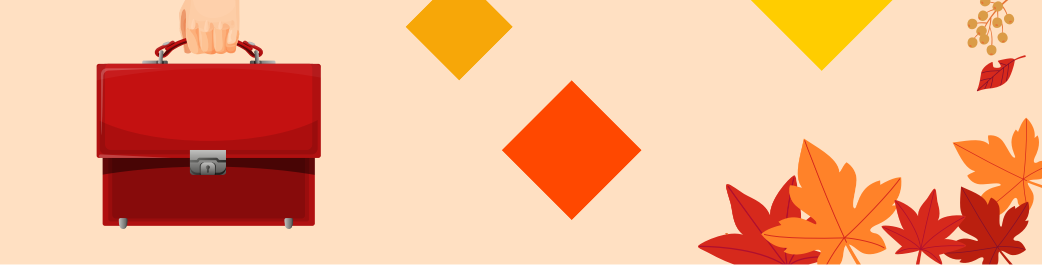
Croner-i

AUTUMN BUDGET 2024

Expert summary report



Contents

Below we have provided you with links of useful tools and information, in addition to the contents of this report. To find out more on what we offer, follow these links.

Autumn Budget 2024 Quick Links related content here

Our Experts

Sarah Arnold
Lead Technical Writer

Sarah is a Lead Technical Writer at Croner-i Tax.

She is responsible for the quality of our tax legislation and treaty databases.

Sarah joined Croner-i in 2018 with over 20 years' experience in tax practice. Before joining Croner-i, Sarah worked as an independent tax adviser and freelance tax writer and before that as a Director of tax in accountancy practice. Sarah is experienced in advising high net worth individuals and sportspersons on personal tax matters and co-authored Taxation of Partnerships.

Angela Bedi
Senior Technical Writer

Angela is a Senior Technical Writer at Croner-i Tax.

She specialises in VAT and is Product Champion for Navigate Learning.

Angela has spent over 30 years working in VAT, initially with HMC&E as a visiting VAT officer before joining the tax department of Arthur Andersen. In 1994, she moved to Grant Thornton to manage their Scottish VAT practice. Following ten years in that role, and a further 15 in private consultancy, Angela joined Croner-i in 2019 and is an active member of the VAT Practitioners Group.

Laura Burrows
Senior Technical Writer

Laura is a Senior Technical Writer at Croner-i Tax.

She specialises in business profits, partnerships, residence and double taxation and is Product Champion for the businesses courses in Navigate Tax.

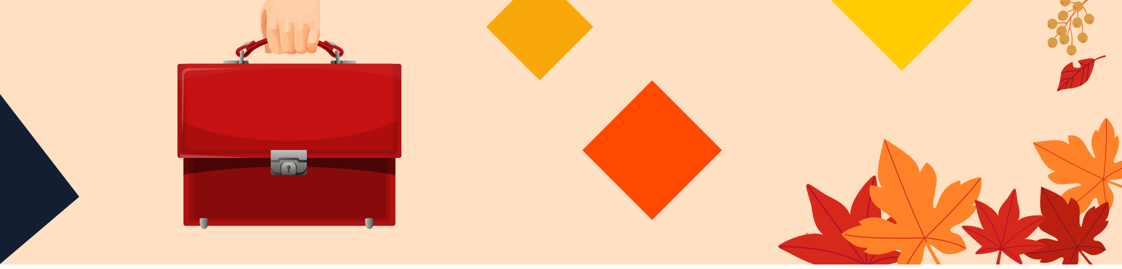
Laura started her career in tax working in practice advising a wide range of clients including companies, owner-managed businesses and high net worth individuals. Prior to joining Croner-i, she spent 11 years as a tax adviser on the advice lines at Croner Taxwise, assisting with all areas of direct tax.

Paul Davies
Senior Technical Writer

Paul is a Senior Technical Writer at Croner-i Tax.

He specialises in corporation tax issues including company reconstructions, distributions, company losses, close companies and groups of companies. He is Product Champion for In-Depth commentary on direct tax.

A former North-East tax adviser of the year, Paul has over 30 years of corporation tax experience, qualifying with Price Waterhouse before moving to Northern Rock plc as Head of Tax. There, he spent 16 years managing the bank's tax planning, compliance and risk management activities including the conversion of the former building society to plc status; successful litigation before the special commissioners; and advising on the restructuring of the bank following the 2008 financial crisis.



Glyn Fullelove
Lead Technical Writer

Glyn is a Lead Technical Writer at Croner-i Tax.

He specialises in the taxation of large companies and R&D relief and is Product Champion for Quick Links.

Glyn has worked in tax for over 35 years. He has been with Croner-i since July 2020, although he had written on a freelance basis for Croner-i prior to that. He qualified with Arthur Andersen and was a partner and Head of International Tax for Robson Rhodes before moving into commerce in 1998. He then spent most of the next twenty years in Head of Tax roles in UK based quoted multi-national companies, most recently, until September 2018, with FTSE 100 group Informa PLC.

He chaired the Chartered Institute of Taxation's Technical committee from May 2016 to May 2019 and was President of the Institute from May 2019 to November 2020. In January 2021 he was appointed an Independent Advisor to HMRC's Professional Standards Committee.

Peter Halford
Senior Technical Writer

Peter Halford is a Senior Technical Writer at Croner-i Tax.

He has practised in tax as a solicitor for 30 years, specialising in corporate direct taxation. He is Product Champion for Hardman's Key Data.

Peter qualified at City law firm Frere Cholmeley Bischoff in 1993, and then from 1996 worked as an advisory lawyer in the tax department of then named Lovell White Durrant for over ten years, specialising in M&A tax, general corporate tax and taxation of investment funds. He then worked in the Office of the Solicitor to HMRC, initially advising on tax disputes against very large corporates, and latterly conducting tax litigation for HMRC.

Martin Jackson
Lead Technical Writer

Martin is a Lead Technical Writer at Croner-i Tax.

He specialises in employment taxes and is Product Champion for Tax Tools.

Martin has over 30 years' experience in employment taxes, having started as a National Insurance Inspector before moving to the Institute of Payroll and Pensions Management (now the Chartered Institute of Payroll Professionals) where he represented employers on a variety of government consultation committees.

Martin joined Croner-i in 2019, having spent the previous 15 years as an adviser and team leader with the Tax & Payroll Advice Lines in our sister company, Croner-i Taxwise-protect.

Sarah Kay
Lead Technical Writer

Sarah is a Lead Technical Writer at Croner-i Tax.

She specialises in VAT and other indirect taxes and is Product Champion for In-Depth commentary on indirect tax.

Sarah's career in tax started over twenty years ago when she joined Ernst & Young's indirect tax graduate recruitment scheme. Since then, as well as gaining 'Big 4' experience, she has worked for a boutique consultancy firm and set up her own VAT practice providing VAT support to small and medium sized accountancy firms.

After working as an external author for a couple of years, Sarah joined Croner-i's in-house writing team in 2018. In addition to maintaining In-Depth and Quick Overview commentary, she writes case reports, presents Navigate Learning courses and contributes articles to Tax Weekly.

Zigurds Kronbergs
Senior Technical Writer

Zigurds is a Senior Technical Writer at Croner-i Tax.
He specialises in stamp taxes and ATED, pensions taxation and some aspects of income tax and is Product Champion for our In-depth commentary on stamp taxes.

Zigurds joined Croner-i in June 2019, after many years of contributing to Croner publications as a freelance author. During his 45-year career in tax, he has worked, inter alios, for Butterworths (Tolley), the Association of Chartered Certified Accountants, BDO UK and BDO Global. He combines his work with Croner with his ongoing role as Tax Coordinator, Europe for Moore Global.

Jo Lawless
Senior Technical Writer

Jo is a Senior Technical Writer at Croner-i Tax.
She is experienced in inheritance tax, capital gains tax, trust tax, probate and estates, and income tax compliance.

Jo joined Croner-i in January 2024, and prior to that had spent 20 years working in practice, starting out as an auditor and gaining her CTA qualification in 2008. Jo has extensive experience in dealing with personal tax compliance, but in the latter part of her time in practice focused on advising clients on inheritance tax matters with a particular emphasis on the use of trusts to help mitigate liabilities. She also advised on capital gains tax issues and gained practical experience of dealing with probate and estate tax.

Andy Richens
Senior Technical Writer

Andy is a Senior Technical Writer at Croner-i Tax.
He specialises in personal taxes, property tax and OMB.

He was a Senior Policy Adviser at the government's independent Office of Tax Simplification, from shortly after the office was formed in 2010 until its closure in early 2023. Previously he was Tax Technical Director at Bishop Fleming, a mid-sized firm based in the southwest. Andy's background is tax training, having worked at EY and KPMG on their national tax training teams, and has appeared on the tax conference circuit for over 30 years.

Andy is a member of the Tax Professionals Forum, set up by the Financial Secretary to the Treasury, critiquing the government's development of new tax legislation, and is a member of the CIOT property and OMB technical committees.

AUTUMN BUDGET 2024

Paul Robbins
Associate Director for Tax

Paul is the Associate Director for Tax at Croner-i.

He is responsible for the quality and development of the Croner-i tax portfolio.

Paul worked in the tax departments of two large firms now absorbed into the Big 4 before joining Croner-i as a tax technical writer specialising in corporates. He has held various publishing posts whilst also leading the team of in-house tax writers and being lead technical editor on a number of core titles.

Stephanie Webber
Senior Technical Writer

Stephanie is a Senior Technical Writer at Croner-i Tax.

She specialises in capital gains tax, inheritance tax and trusts and pensions. She is also Product Champion for the individuals courses in Navigate Tax.

Following a career in tax training, Stephanie joined the CCH in-house writing team in the mid-1990s. After several years back in practice, where her main focus was owner-managed businesses and high net worth individuals. followed by a career break in France, she spent a number of years doing freelance writing work before joining Croner-i in 2018.

Diane Wright
Senior Technical Writer

Diane is a Senior Technical Writer at Croner-i Tax.

She has a wide-ranging area of expertise, covering corporation tax, employment-related securities, capital allowances, double tax relief, certain areas of income tax, and the compliance aspects of the management of taxes. She is Product Champion for the business modules in Navigate Tax.

Diane has spent over 25 years working in tax. Following a decade within KPMG and PwC dealing with a large range of clients, Diane spent almost ten years working in the in-house tax team of a FTSE 100 company. She then re-joined the Big Four for a time before joining a smaller firm in Edinburgh dealing with a wide variety of issues, largely based around OMBs and their shareholders, with a particular focus on employment-related securities and funding under the Enterprise Investment Scheme.

So now we know

Contributed by Paul Robbins ACA CTA, Associate Director for Tax, Croner-i

I daresay there has never been a Budget with such a long build up. This and the prevalence of social media has led to unprecedented levels of rumour and speculation fuelled by pressure groups, news-hungry media (guilty!) and apparently the Government itself. It is a relief to know at last what the new Chancellor is going to do. Many of the pre-Budget hunches have proven to be accurate but there are also a number of changes from out of left field.
The Chancellor rattled through numerous changes affecting a range of taxes including some that have tootled along for many years largely unchanged. Alongside her own ideas, Rachel Reeves has adopted or adapted some of the previous Government's measures. There has already been a fiscal event in all but name back in July.

As ever, seeing the wood for the trees can be difficult but let's have a go.

Personal taxes

In a surprising move, the freeze on income tax thresholds is to be lifted for 2028–29 with levels increasing with inflation.

The individual savings accounts (ISAs) regime is largely unchanged and the previous Government's British ISA has been abandoned.

With effect for disposals on or after 30 October 2024, the main rates of capital gains tax will be increased from 10% and 20% to 18% and 24%. Property CGT rates are unchanged.

The CGT rate for business asset disposal relief and investors' relief will increase to 14% for disposals on or after 6 April 2025 and from 14% to 18% for disposals made on or after 6 April 2026. For the latter, the lifetime limit falls from £10m to £1m for qualifying disposals made on or after 30 October 2024.

Everyone predicted changes to inheritance tax. What we got in the end was an extension of the thresholds freeze for a further two years to 5 April 2030. In addition, from 6 April 2027 unused pensions funds and death benefits payable will be brought into a person's estate.

On business relief and agricultural relief, from 6 April 2026, the existing 100% rates will continue for the first £1m (combined) and will be 50% thereafter. AIM and similar shares will be restricted to 50% relief. Environmentally managed land will qualify for agricultural relief from 6 April 2025. There is to be money for the digitalisation of IHT.

Finally, it is full steam ahead on the changes to the taxation of non-UK domiciled individuals and carried interest.

Employment taxes

As was widely trailed, employer NICs have been targeted. The secondary threshold falls from £9,100 to £5,000 from 6 April 2025 to 5 April 2028 and the rate increases from 13.8% to 15%. Class 1A and 1B employer rates will increase in line. For smaller businesses there is some relief as the employment allowance will increase from £5,000 to £10,500.

Employee NICs will not be restored to the level they were at before the recent reductions.

Company car benefit rates for 2028–29 and 2029–30 are to change. For electric cars there will be a 2% rise in both years so the rate reaches 9%. For cars with emissions of 1 to 50g of CO_2 per kilometre, including hybrid vehicles, the rate will be 18% in 2028–29 and 19% in 2029–30. For all other cars there will be a 1% rise in both years.

The Government is going to introduce a package of reforms to the taxation of employee ownership trusts and employee benefit trusts which take effect from 30 October 2024.

Business taxes

As promised, the Government published a corporate tax roadmap. It can best be summarised as non-disruptive. The main rate of corporation tax is to be kept at 25% for the duration of the Parliament, as is full expensing. There are also commitments to preserve the rest of the capital allowances and research and development relief regimes.

Lower business rates for retail, hospitality and leisure properties are to be made permanent from 2026–27 and a paper setting out how the Government will 'create a fairer business rates system that protects the high street, supports investment and is fit for the 21st century' has been published.

First-year allowances at 100% for vehicle charge points are to be extended to 31 March 2026 (corporation tax) and 5 April 2026 (income tax).

Businesses will welcome the stability these announcements bring – the pain for them is the NIC changes covered above.

On VAT, there was confirmation that the Government will press ahead with VAT on private school fees despite the reservation of many.

Property taxes

For transactions with an effective date on or after 31 October 2024, the rate of stamp duty land tax payable by purchasers of additional dwellings and companies increases from 3% to 5% and the rate payable by companies and other non-natural persons purchasing dwellings over £500,000 will increase from 15% to 17%.

There is also confirmation that the specific tax treatment for furnished holiday lets is to be withdrawn from April 2025.

Other taxes

Many thought fuel duty (frozen since 2011) would be a tempting target for the Chancellor. She resisted and continued with the freeze. The Office for Budget Responsibility estimates the cumulative cost of freezing the duty from 2010–11 to 2025–26 as about £100bn.

Changes to rates and thresholds for a range of other indirect taxes were also announced. More details can be found in the Comment section.

Management of taxes

The Government is anxious to close the tax gap between what is collected and what they consider to be due. A number of measures are promised.

The interest charged on late payment or unpaid tax is to increase by 1.5% from 6 April 2025, there are to be new powers to tackle promoters of marketed tax avoidance (including the legal professionals behind them) and a consultation on dealing with tax advisers who facilitate non-compliance.

All those interacting with HMRC for clients must be registered from April 2026 and, following up on the consultation launched by the previous Government, this Chancellor will consider options for strengthening the regulatory framework of the tax advice market

Making Tax Digital for Income Tax will be extended to those with incomes over £20,000 by the end of the Parliament – timings to be confirmed.

Responses to the call for evidence in respect of powers, penalties and safeguards have been published and there are to be consultations on tackling the hidden economy and new ways to tackle non-compliance.

HMRC will get more resources, including more staff – expected to raise £6.5bn. It would appear that they will be focused on the tax gap rather than staffing helplines. Instead of providing more of those resources, the Government seems to be pinning its hopes on a consultation in Spring 2025 on the better use of new and improved third-party data to help taxpayers get their tax right first time.

So now we know. Or at least we know a lot more. Inevitably over the next few weeks more detail will emerge on many of the Budget announcements, and the Finance Bill 2024–25 will soon be published. I'm pretty sure I heard the Chancellor say 'Autumn Budgets' in her speech so it looks like there won't be another Budget in the Spring – but who knows. We at Croner-i will continue to keep you in the picture.

Personal taxes

Personal tax and allowances

Contributed by Jo Lawless FCA CTA, Senior Technical Writer, Croner-i Ltd

As promised by Labour in its election manifesto, no increases in income tax rates were announced in the Autumn Budget. It was somewhat of a surprise though, that the Chancellor announced the freeze on the personal allowance and relevant income limits would not be extended. The current freeze will therefore be lifted from the 2028–29 tax year, and the personal allowance and income limits will be increased in line with the movement in the consumer prices index (CPI).

The starting rate of 0% for savings income will remain at its current level of £5,000 for the 2025–26 tax year.

Changes to the taxation of non-UK domiciled individuals

Contributed by Laura Burrows CTA, Senior Technical Writer, Croner-i Ltd

Finance Bill 2024–25 will introduce legislation to abolish the remittance basis of taxation for non-UK domiciled individuals from 6 April 2025 and replace it with a residence-based regime.

Individuals eligible for this new regime will not pay UK tax on foreign income and gains (FIG) for the first four years of UK tax residence, provided they have not been UK resident in any of the ten consecutive tax years prior to their arrival. The planned 50% reduction in foreign income subject to tax in the first year of the new regime which was announced by the previous Government will not be implemented.

For capital gains tax purposes, current and past remittance basis users will be able to rebase foreign assets they held on 5 April 2017 to their value at that date when they dispose of them provided certain conditions are met.
Any foreign income or gains that arose on or before 6 April 2025 whilst an individual was taxed under the remittance basis will continue to be taxed when remitted to the UK under the current rules. This includes remittances by individuals who are eligible for the new regime.

For those who have previously claimed the remittance basis, a Temporary Repatriation Facility will be available whereby it will be possible to designate and remit foreign income and gains that arose prior to the changes at a reduced rate. This Temporary Repatriation Facility will be available for a limited period of three tax years with a reduced rate of 12% applying for the first two years and 15% in the final year.

The current domicile-based system of inheritance tax will also be replaced with a new residence-based system. From 6 April 2025, an individual will be within the scope of inheritance tax on their non-UK assets if they are long-term resident. Under the draft legislation, an individual will be long-term resident when they have been UK resident for at least ten out of the last 20 tax years. Non-UK assets will also remain within the scope of inheritance tax for between three and ten years of leaving the UK.

The Government also announced a call for evidence on the personal tax offshore anti-avoidance rules seeking to understand and identify areas of ambiguity, undue complexity and inconsistency in areas such as the settlements legislation in ITTOIA 2005, Pt. 5, Ch. 5 and the transfers of assets abroad legislation at ITA 2007, Pt. 13, Ch. 2 .

Help to Save scheme and ISAs

Contributed by Jo Lawless FCA CTA, Senior Technical Writer, Croner-i Ltd

The Help to Save scheme (due to end on 5 April 2025) will be extended for a further two years and as a result, an account may be opened under the existing scheme until 5 April 2027. From 5 April 2025, the scheme will be extended so that all individuals in receipt of Universal Credit earning £1 or more will be eligible to apply.

It was announced at the Autumn Budget that the annual ISA subscription limits would remain as they are until April 2030. These are as follows:

- ISAs – £20,000;
- Junior ISAs – £9,000;
- Lifetime ISAs – £4,000 (but included in the overall limit of £20,000);
- Child trust funds – £9,000.

The Government will not be proceeding with the British ISA (announced by the previous Chancellor) due to mixed responses received from the consultation.

Digital reporting for ISA managers will be mandatory from April 2027, and draft legislation will be published for a technical consultation in 2025.

Changes to the taxation of EOTs and EBTs

Contributed by Diane Wright CTA, Senior Technical Writer, Croner-i Ltd

Employee ownership trusts (EOTs)

Rachel Reeves has announced the Government's response following the 2023 consultation on Employee Ownership Trusts (EOTs) and Employee Benefit Trusts (EBTs). This response takes the form of new measures targeted at tackling perceived abuses of the EOT tax reliefs.

EOTs are a particular type of EBTs involving the ownership of a majority of a company's shares by a trust, of whom the company's employees are the beneficiaries.

EOTs have become increasingly popular in recent years, mainly because the vendor may benefit from an exemption from capital gains tax on disposal of shares to an EOT.

The new measures, which will be included in Finance Bill 2024–25 and apply from 30 October 2024, are as follows:

- former owners will not be able to maintain control of the company following disposal, by controlling the Trust;
- at the time of the disposal to the EOT, the trustees as a single body of persons must be UK-resident;
- the trustees must take reasonable steps to ensure that the consideration paid for the shares is not greater than market value;
- the period during which the CGT relief afforded to the vendor on disposal to the EOT can be clawed back on a disqualifying event post-sale has been extended significantly, to the end of the fourth tax year following that of the disposal (previously this clawback could only apply for one year following that of disposal); and
- there are now disclosure requirements for vendors claiming the relief, concerning the sale proceeds and number of employees at the time of disposal.

More welcome is confirmation that contributions from the company to the trustees of the EOT in order to pay the deferred proceeds to the vendor will not be taxed as distributions: this has long been perceived as a risk which was generally resolved by way of a clearance.

Dispositions in trusts for employees

For inheritance tax purposes, the conditions attaching to the exemption for disposition of shares in favour of an EBT have been tightened somewhat. The changes, which will not surprise those who followed the 2023 consultation, are as follows:

- the restrictions on connected persons benefiting from an employee trust now apply for the lifetime of the trust;
- the exemption for transfers into an employee trust by an individual now applies only where the shares have been held for at least two years; and
- no more than 25% of employees able to benefit from income payments under the trust can be connected to a participator.

Rates of tax on carried interest

Contributed by Andy Richens ATII, Senior Technical Writer, Croner-i Ltd

Following a call for evidence in July and August 2024 on the tax treatment of carried interest, a performance-related reward received by fund managers, it was announced in the Autumn Budget that the normal and higher rates of capital gains tax on carried interest will be consolidated into a single unified rate of 32% for the tax year 2025–26.

From April 2026, the Government will introduce a revised regime for carried interest treating this as trading profits subject to income tax and Class 4 National Insurance contributions, with a 72.5% multiplier applied to the income tax rate for qualifying carried interest brought into charge. Detailed engagement with expert stakeholders will take place to ensure the regime is robust and effective.

Reform of the HICBC

Contributed by Diane Wright CTA, Senior Technical Writer, Croner-i Ltd

The previous Chancellor announced earlier this year that by April 2026, it was hoped that the High Income Child Benefit Charge (HICBC) would be levied based on household income, rather than that of individuals. This measure has now been dropped.

Rachel Reeves has instead announced that from 2025–26 onwards, employees will be able to report child benefit payments through their tax code, and that tax returns of individuals who do not use the tax code reporting service will be pre-populated with child benefit information.

This is a disappointing measure which will not resolve the arbitrary and unfair way that HICBC often operates; and nor will it do much to alleviate inadvertent non-compliance by taxpayers who don't realise they are liable to the charge or that there is a reporting requirement as a result.

Employment taxes

Contributed by Martin Jackson ATT, Lead Technical Writer, Croner-i Ltd

Having committed to not making any increases to the rates of tax and NICs in respect of 'working people' whilst also looking to raise £40bn, it was inevitable that the Government would look to employers to bear the brunt of any changes, and that has proved to be the case. Nevertheless, the scale of those changes still comes as something of a surprise.

National Insurance contributions

The rate of employer's NICs is increased to 15% from 6 April 2025 (up by 1.2% from 13.8%). Simultaneously, the 'secondary threshold' at which those contributions start to be paid is almost halved, down from £9,100 to £5,000.

To partly offset the additional cost for employers, Employment Allowance is more than doubled from £5,000 to £10,500 per annum. Large employers will now be able to qualify as the current restriction limiting the relief to employers whose total NICs liability was less than £100,000 in the previous tax year will be removed.

The combined effect of these changes is expected to raise an additional £25bn.

The lower earnings limit for Class 1 is to be uprated to £125 per week (from £123 per week) and the corresponding small profits threshold for Class 2 rises to £6,845 per annum (from £6,725). These rises are in line with the Consumer Prices Index (CPI) to September 2024 (1.7%), but will have minimal practical impact as contributions aren't physically payable until the primary threshold/lower profits limit is reached, neither of which is changing.
In addition, while there has been no change to either the rate or physical payment thresholds for employees (and thus, no manifesto pledges are broken), the operation of 'fiscal drag' allows the Government to collect more in both income tax and NICs each year as wages increase and more employees are sucked into the net.

A very small number of individuals whose income currently exceeds the lower earnings limit/small profits threshold but will not do so from April 2025 may be adversely affected, as they will no longer be credited with NICs and will need to consider paying voluntary NICs to ensure they have a qualifying year.

The rates of voluntary NICs from 6 April 2025 are:

- standard Class 2 increases to £3.50 (from £3.45);
- special Class 2 for share fishermen increases to £4.15 (from £4.10);
- special Class 2 for volunteer development worker increases to £6.25 (from £6.15);
- Class 3 increases to £17.75 (from £17.45).

National Minimum Wage

The Government has implemented the recommendations of the Low Pay Commission. Around 3.5m workers will benefit from these increases, which take effect from the first pay reference period to begin on or after 1 April 2025.
For the 18–20 years old category, it is the largest increase in the rate on record and represents the 'first step towards aligning the National Minimum Wage and National Living Wage to create a single adult wage rate'.

	2024	**2025**	**Increase**	
			%	**Annual equivalent (approx)**
Aged 21 and over (NLW)	£11.44	£12.21	6.7%	£1,500
Aged 18–20	£8.60	£10.00	16.2%	£2,730
Under 18	£6.40	£7.55	18%	£2,242
Apprentice	£6.40	£7.55	18%	£2,242

Statutory Neonatal Care Pay

From 6 April 2025, the Neonatal Care (Leave and Pay) Act 2023 provides that parents who have a child requiring neonatal care in the first 28 days following birth can receive up to 12 weeks of Statutory Neonatal Care Pay and leave. The rate and administration processes will fall into line with existing statutory payments (SMP, SPP, SPP, SHPP, SPBP), so the new benefit will be taxable and subject to NICs. The Budget also makes a minor amendment to ensure that the possible effect of deductions from salary in respect of Share Incentive Plans (SIPs) on entitlement to social security benefits and statutory payments will also refer to Statutory Neonatal Care Pay.

Employee Ownership Trusts

Effective from 30 October 2024 (Budget day), an adjustment to the 'all-employees' condition for bonuses in respect of an Employee Ownership Trust (EOT) owned company will be made (to ITEPA 2003, s. 312C) allowing for directors to be excluded from the 'participation requirement'. This enables employees to qualify for tax relief in cases where directors are excluded from the award.

Company cars

The taxable benefit percentage rates for company cars remain as previously announced up to and including the 2027–28 tax year.

For the 2028–29 and 2029–30 tax years, the rates for electric vehicles (which will have reached 5% by 2027–28) will increase by 2% each year, bringing them up to 9% in 2029–30.

For vehicles with CO_2 emissions between 1–50g/km (generally hybrid cars), the taxable benefit percentage currently depends upon their electric-only range. From 2028–29 the rate is to be standardised at 18%, regardless of their electric-only range and will increase to 19% in 2029–30.

For all other cars, the taxable benefit percentage will increase by 1% in 2028–29 and again in 2029–30, subject to an overall maximum of 38% in 2028–29 and 39% in 2029–30.

These changes will have a knock-on effect for diesel cars, which are currently subject to a diesel supplement of 4% unless their certified NO_x emissions meet the Euro 6d standard. Currently, the supplement cannot take the total percentage above 37%, but this will be increased to 38% in 2028–29 and 39% in 2029–30.

Similarly, the rates for cars registered before 1 January 1998 (and those with internal combustion engines which do not have a CO_2 emissions figure) will also be increased by 1% in 2028–29 and in 2029–30. Cars registered before 1 January 1998 which cannot emit CO_2 but which do not have an official CO_2 figure will be brought into line with other electric vehicles.

A perceived loophole in respect of certain employee car ownership schemes is to be closed to prevent avoidance of a company car benefit.

Fuel benefit for company cars and vans

From 6 April 2025:

- the van benefit charge increases to £4,020 (from £3,960);
- the van fuel benefit charge increases to £769 (from £757);
- the car fuel benefit charge multiplier increases to £28,200 (from £27,800).

Double cab pick-ups

Double cab pick-ups with a load capacity of at least one metric tonne will no longer be treated as vans for benefit-in-kind (and capital allowances) purposes. There are transitional arrangements for vehicles purchased, leased or ordered before 6 April 2025 which allow the current treatment to continue until the earlier of disposal, lease expiry, or 5 April 2029. HMRC are revising their guidance.

Since 6 April 2002, HMRC have interpreted the legislation that defines cars and vans for income tax in line with the definitions used for VAT. The rule was 'borrowed' from the Value Added Tax (Cars) Order 1992 (SI 1992/3122), art. 2(1), which excepts vehicles constructed to carry a payload of one tonne or more from the definition of a motor car for VAT purposes.

However, this does not accord with either the current statute or case law for income tax and HMRC initially announced (12 February 2024) that with effect from 1 July 2024, the arbitrary 'one tonne' condition would no longer be applicable and that they would instead consider each vehicle on a case by case basis, applying the legislation and the principles established by the Court of Appeal in Payne (Coca-Cola) v R & C Commrs [2020] BTC 19. The practical effect of this was that almost all double cab pick-ups would be treated as cars for income tax, as they are equally suited to the conveyance of goods or people and would thus fail the legal test for being a van, which is that it is a vehicle 'primarily suitable for the conveyance of goods or burden'.

Revised HMRC guidance was initially published at EIM23151, but within a week, HMRC bowed to Parliamentary pressure and withdrew their new policy. The guidance in EIM23151 was archived and HMRC announced instead (19 February 2024) that the 'one tonne' condition would remain and that the legislation would be changed in the next available Finance Bill to permanently reflect this.

The Chancellor announced in the Budget that the Government will not now introduce that legislation.

Official interest rate

The official rate of interest is used to calculate the taxable benefit of employment-related loans and accommodation. HMRC (the Inland Revenue as they then were) gave an undertaking in 2000 that the rate would not be increased during a tax year, though it may be decreased. In practice, the rate has not varied during the course of a tax year since 2009–10. The Chancellor has lifted that restraint from 6 April 2025 and with interest rates being considerably more volatile in recent years, we can expect in-year changes to follow in the not-too-distant future.

Payrolling benefits

As previously announced, the Chancellor confirmed the intention to make payrolling benefits compulsory from April 2026, with the exceptions of employment-related loans and accommodation, for which payrolling will be available on a voluntary basis – with a view to making it compulsory at some point in the future.

Forms P11D and P11D(b) will no longer be available to report benefits in kind or pay Class 1A NICs, other than for employment-related loans and accommodation. HMRC estimate that four million end of year returns will no longer be needed, as all benefits will be reported via employer's RTI Full Payment Submissions.

Umbrella companies

A change will be introduced to make agencies responsible for accounting for PAYE on payments made to workers that are supplied using umbrella companies. Where there is no agency, the responsibility will fall to the end client business. This will take effect from April 2026. Legislation is not yet drafted but is to be included in a future Finance Bill.
HMRC have published a number of their Spotlight series (for example Spotlight 45, 60 and 64) on the subject of umbrella companies, which unfortunately have been used in a variety of tax avoidance schemes and other abusive arrangements. Despite these warnings there is still a perceived problem and legislation is the last resort. End clients are well advised to apply due diligence to their labour supply chains.

Overseas workday relief

Currently, earnings from employment duties performed outside the UK by a non-UK domiciled individual may benefit from the remittance basis in respect of the first three tax years that the individual is UK resident. This is known as overseas workday relief (OWR). Employees who are eligible for OWR only pay tax on their earnings from employment duties performed outside the UK if those earnings are remitted to the UK.

From 6 April 2025, overseas workday relief will be extended from its current three years to four years in order to align with the new four-year foreign income and gains regime. As the remittance basis is also being abolished, there will no longer be the need to keep the income offshore, but relief will be limited to a maximum of either £300,000 or 30% of employment income (whichever is the lower) per year.

The new system will be simpler to operate, as employers or their agents will no longer have to wait for HMRC to approve their application for a 'section 690 direction' in order to operate PAYE on the proportion of an employee's employment income which relates to work performed in the UK.
Similarly, the time limit applicable to the exemption of travel costs incurred by non-domiciled employees travelling to the UK in order to work (and their return journeys home from the UK) that are paid for by employers, is reduced from five years to four years to align with the four-year foreign income and gains regime.

Pensions taxation

Contributed by Zigurds G Kronbergs FCA FCCA, Senior Technical Writer, Croner-i Ltd

Everyone in the pensions world will no doubt be breathing a huge collective sigh of relief that the changes to pensions taxation announced by the Chancellor are few. None of the following 'raids' on pensions floated or rumoured before the Budget has materialised:

- introduction of a single rate of relief for pension contributions;
- subjecting employers' pension contributions to NICs;
- reducing the lump-sum allowance to £100,000 or some figure lower than the current £268,275.

Instead, the Chancellor is making two changes. One will affect people with foreign pension funds and the other, a more far-reaching change, will affect everyone inheriting a pension pot from a deceased member of a registered pension scheme.

Transfers to certain EEA-based pension funds

Since April 2017, transfers of pension funds from a UK registered pension scheme to a QROPS (qualifying recognised overseas pension scheme) have been subject to an overseas-transfer charge of 25%. A QROPS is a foreign-based or 'overseas' pension scheme that, subject to meeting certain conditions, is authorised to accept transfers of pension funds from a UK scheme. Such transfers will be authorised payments and not incur additional tax charges in the UK.

Although these transfers are authorised, they are still subject to the 25% transfer charge, unless they benefit from a broad range of exclusions. One such exclusion applies if the QROPS is established in an EEA (European Economic Area) state or Gibraltar.

The Government has decided that a QROPS established in the EEA or Gibraltar should no longer be treated more favourably than a QROPS established anywhere else in the world, so this exclusion is being withdrawn immediately, i.e. for any transfer made after today (30 October 2024), subject to transitional provisions.

The QROPS sits at the top of three layers of overseas pension scheme. To be a QROPS, a scheme must first be an 'overseas pension scheme' (OPS), which is a pension scheme established outside the UK but one that must be regulated along the same lines as a registered pension scheme based in the UK. An OPS that satisfies certain further conditions is a 'recognised overseas pension scheme' (ROPS) and a ROPS satisfying yet more conditions is a QROPS.
In line with the abolition of the exclusion from the overseas-transfer charge for transfers to an EEA or Gibraltar QROPS, the Government has also announced that from 6 April 2025:

- an OPS established in the EEA must be regulated by a regulator of pension schemes in that country (this was already a requirement for occupational schemes where there was such a regulator); and
- a ROPS established in the EEA must be established in a country or territory with which the UK has a double taxation agreement providing for the exchange of information or a separate tax information exchange agreement (again, this will already be the case in most instances).

Further, from 6 April 2026, scheme administrators of pension schemes registered in the UK must be UK-resident.

End of IHT exemption for discretionary pension funds and death benefits

The Chancellor has announced that from 6 April 2027, when a member of a discretionary pension scheme dies, any uncrystallised (unused) pension funds and any death benefits payable to the member's beneficiaries will no longer be exempt from inheritance tax. Most registered pension funds are discretionary, meaning that the trustees have discretion over who is to receive death benefits.

For further details, see the comments from my colleague Jo Lawless.

Capital gains tax

Contributed by Stephanie Webber ACA, CTA, Senior Technical Writer, Croner-i Ltd

Changes to capital gains tax (CGT) rates

Legislation will be included in Finance Bill 2024–25 to increase the main rates of CGT from 10% and 20% to 18% and 24% respectively for disposals made on or after 30 October 2024. The rates applicable to residential property gains (of 18% and 24%) will remain unchanged. The rates applicable to trustees and personal representatives will also increase from 20% to 24% for disposals on or after 30 October 2024.

The Finance Bill 2024–25 will also include legislation to increase the rate of CGT for disposals eligible for both business asset disposal relief (BADR) and investors' relief to 14% for disposals on or after 6 April 2025 and to 18% for disposals on or after 6 April 2026.

An anti-forestalling provision will apply to unconditional contracts entered into but not completed before 30 October 2024 (in relation to the increase in the main CGT rates) and to unconditional contracts entered into from 30 October 2024 to 5 April 2026 and completed from 6 April 2025 (for the increases in the rates on disposals eligible for BADR or investors' relief). In such cases, the increased rates will apply unless the parties can demonstrate that the purpose was not to obtain a tax advantage because of the CGT timing rule that treats the disposal date for unconditional contracts as the contract rather than completion date and, if the parties were connected, that the contract was entered into wholly for commercial reasons. If the gain exceeds £100,000 and it is claimed that these exceptions apply, a statement will be required.

A further anti-forestalling provision may also apply for the purposes of both the increases in the main CGT rates and the phased increases in the rate applicable to disposals eligible for BADR or investors' relief where there has been a share reorganisation before 30 October 2024 (or on or after that date for the purposes of the phased increases in BADR and investors' relief rates) and an election was made to disapply the reorganisation rules for the purposes of claiming BADR or investors' relief. In the case of an election made for investors' relief purposes, or an election made for BADR purposes in relation to the reorganisation of a single company, the gain will be chargeable at the rate applicable on the date the election is made. In the case of an election for BADR purposes where there was an exchange of shares in one company for those in another, the gain will be charged at the rate applicable on the date of the election only if the two companies are under substantially the same control or ownership, or if the persons who held shares in the first company hold a greater percentage of the shares in the issuing company

Investors' relief: Reduction in lifetime limit

Finance Bill 2024–25 will also contain legislation that will reduce the investors' relief lifetime limit to £1m for qualifying disposals made on or after 30 October 2024. If a share reorganisation took place before 30 October 2024 and the shareholder elects to trigger a gain at the date of the reorganisation in order to benefit from investors' relief, the share disposal will be treated as taking place at the date the election is made for the purposes of the lifetime limit (assuming the shareholder continued to meet the conditions for claiming relief on 30 October 2024). This means that the reduced limit of £1m will apply.

Inheritance tax

IHT nil-rate bands

Contributed by Jo Lawless FCA CTA, Senior Technical Writer, Croner-i Ltd

Inheritance tax (IHT) nil-rate bands are already set at current levels until 5 April 2028, and legislation will be introduced in Finance Bill 2024-25 to freeze these for another two years until 5 April 2030. The nil-rate band (NRB) will remain at £325,000 and the residential nil-rate band (RNRB) at £175,000. The tapering of the RNRB will continue to start at £2m. Therefore, estates qualifying for both nil-rate bands can pass £500,000 (or £1m if an individual has inherited their deceased spouse/civil partner's allowances) without an IHT liability.

Agricultural property relief – extension to environmental land management

Contributed by Jo Lawless FCA CTA, Senior Technical Writer, Croner-i Ltd

Legislation will be introduced in Finance Bill 2024–25 to extend the scope of agricultural property relief (APR) to land managed under an environmental agreement with (or on behalf of) the UK Government, devolved Governments, pubic bodies, local authorities or approved responsible bodies. This will apply for deaths or transfers of value from 6 April 2025. This measure will allow landowners who have taken land out of agricultural production for an extended period for an environmental scheme to still be able to benefit from APR.

However, measures were also announced at the Autumn Budget that APR (and business property relief (BPR)) would be reformed from 6 April 2026. See article below for further details of the reforms.

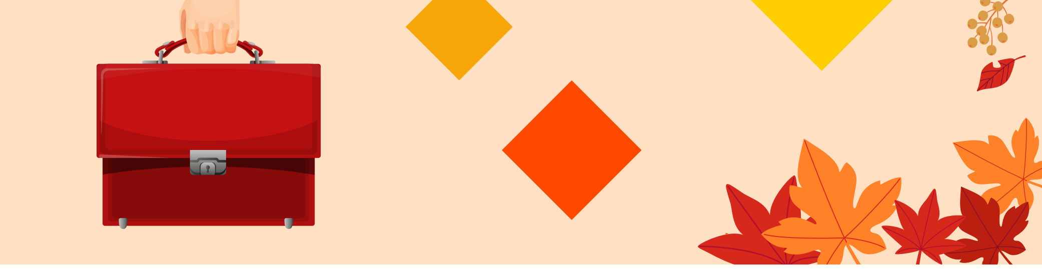
Agricultural property relief and business property relief

Contributed by Stephanie Webber ACA, CTA, Senior Technical Writer, Croner-i Ltd

It was announced at Autumn Budget 2024 that the Government will reform agricultural property relief (APR) and business property relief (BPR) from 6 April 2026. The existing 100% rate of relief will continue, except in relation to shares that are designated as not listed on a recognised stock exchange, where the rate will reduce to 50%. However, the 100% rate of relief will be limited to the first £1m of property eligible for either relief, with the balance eligible for only 50% relief. A technical consultation is expected in early 2025, with legislation to be included in a future Finance Bill.

The policy paper published on 30 October 2024 contains the following further detail:

- the allowance will apply to the combined value of property in an estate qualifying for 100% BPR and APR. If the total value exceeds £1m, it will be applied ratably across the qualifying property;
- the allowance covers property passing on death plus failed PETs and chargeable lifetime transfers;
- there will also be a £1m allowance for trustees on the value of qualifying property to which 100% relief applies, in relation to ten-year charges and exit charges (and the Government intends to introduce rules to ensure the allowance is divided between trusts set up by the same settlor on or after 30 October 2024). The detailed application of the rules to trusts will be included in the technical consultation;
- the new rule will apply to lifetime transfers on or after 30 October 2024 if the donor dies on or after 6 April 2026.



IHT – unused pension funds and death benefits

Contributed by Jo Lawless FCA CTA, Senior Technical Writer, Croner-i Ltd

Widely speculated prior to the Autumn Budget, the Government announced that it will bring unused pension funds and death benefits payable from a pension into a person's estate for IHT purposes from 6 April 2027, a move that will remove the incentive to use pensions as wealth planning tools. This measure will apply to both defined contribution and defined benefit schemes.

As part of these changes, pension scheme administrators will become liable for reporting and paying any inheritance tax due on unused pension funds and death benefits.

There is a technical consultation on the processes required to implement these changes for UK registered pension schemes, which will run until 22 January 2025, when the Government will publish draft legislation and carry out a technical consultation.

Business tax

Corporate tax roadmap

Contributed by Paul Davies FCA, Senior Technical Writer, Croner-i Ltd

The Government published its Corporate Tax Roadmap, a 28-page document designed to provide clarity about the major features of the corporation tax system and highlight areas where the Government may consider making changes to existing rules. The document recognises the needed to ensure the tax system remains dynamic and up to date on the one hand whilst providing stability and predictability to taxpayers on the other. Major policy commitments announced in the document include the following.

Corporation tax rates and thresholds

- The headline rate of corporation tax will be capped at 25% for the remainder of the current Parliament.
- The small profits rate of corporation tax and marginal relief will be maintained at their current rates and thresholds.
- International developments will be monitored with a view to ensuring that the UK's regime remains competitive.

Capital allowances

- Capital allowances full expensing will be maintained for the current Parliament.
- Other core features of the capital allowances regime will be maintained including the £1m annual investment allowance, writing down allowances, and the structures and buildings allowance.
- The Government will explore how to provide greater clarity on what expenditure qualifies for different types of capital allowance; how to simplify the capital allowances legislation; and consider the tax treatment of pre-development costs.
- The extension of full expensing to include assets bought for leasing or hiring purposes will also be explored.

R&D reliefs

- Rates for the merged R&D expenditure credit scheme and the enhanced support for R&D-intensive SMEs will be maintained.
- The administration of the R&D reliefs will be enhanced by establishing an R&D expert advisory panel; improving signposting and guidance on R&D reliefs; and launching an R&D disclosure facility by the end of 2024.
- A consultation process will also consider widening the use of advance clearances for the R&D tax reliefs.

Other corporation tax reliefs

- The Government confirmed that it would maintain the patent box scheme and the existing rules for intangible fixed assets.
- The audio-visual expenditure credit and the video games expenditure credit will also be maintained.
- The effectiveness of land remediation relief will be reviewed.

International corporation tax issues

- There will be further consultation on reforms to the UK's rules on transfer pricing, permanent establishments, and the diverted profits tax. This may include the removal of UK-to-UK transfer pricing requirements.
- The changes to the transfer pricing rules may include lowering the exemption thresholds; introducing a requirement for multinationals to report cross-border related party transactions to HMRC; and reviewing the transfer pricing treatment of cost contribution arrangements.
- The Government will continue to support international agreement to a multilateral solution under Pillar One and maintain the UK's commitment to repeal the UK's digital services tax when that solution is in place.
- In relation to Pillar Two, the Government will continue to ensure that the UK's domestic rules reflect internationally agreed updates.
- The Government will also consider opportunities to simplify or rationalise the UK's rules for taxing cross-border activities in the light of Pillar Two.

Tax administration

- The Government will consult on a new process to provide increased certainty to investors in major projects.
- It will also publish an update in Spring 2025 on how the Government will take forward its ambitions to modernise the technology that the CT system relies on.

Corporation tax measures relating to research and development (R&D) reliefs

Contributed by Peter Halford, Senior Technical Writer, Croner-i Ltd

Rates unchanged

The rates of the reliefs under the two R&D schemes are unchanged:

- the rate of the R&D expenditure credit (RDEC) remains at 20% of qualifying R&D expenditure (or 49% for ring-fenced trades) for accounting periods beginning on or after 1 April 2024;
- the additional deduction under the enhanced R&D-intensive support (ERIS) for loss-making, R&D-intensive SMEs remains at 86% of qualifying R&D expenditure;
- the rate of the payable R&D tax credit under the ERIS, for loss-making, R&D-intensive SMEs, remains at 14.5% of the unrelieved loss attributable to deductions for qualifying R&D expenditure, for accounting periods beginning on or after 1 April 2024.

Technical correction to 'R&D-intensity' definition

The Government has announced a technical correction to the relief for SMEs by way of payable tax credit for losses attributable to R&D expenditure incurred on or after 1 April 2023 in accounting periods beginning before 1 April 2024. For expenditure on or after 1 April 2023, the Finance Act 2023 (FA 2023) reduced the rate of the payable R&D credit for SMEs from 14.5% to 10% of unrelieved losses attributable to R&D relief. However, following an announcement at Spring Budget 2023, the Finance Act 2024 (FA 2024) permits an SME to continue to claim the credit at the 14.5% rate if it satisfies an 'R&D-intensity' condition – its qualifying R&D expenditure in the accounting period must be at least 40% of (broadly) its total expenditure brought into account in determining the profits of its trade under GAAP. Under the rules as originally enacted by FA 2024, Sch. 1, para. 21 , R&D expenditure was only included in the intensity calculation to the extent that it qualified for relief under the SME R&D scheme; due to a drafting error, R&D expenditure was not included if it qualified instead for relief by way of the RDEC. An HMRC policy paper published on 30 October 2024 notes that it was always intended that expenditure qualifying for the RDEC should also be included. The Finance Bill 2024–25 will amend FA 2024, Sch. 1, para. 21 to include all relevant R&D expenditure incurred on or after 1 April 2023 in the calculation of the R&D-intensity condition.

State aid de minimis cap on enhanced R&D-intensive support (ERIS) for SMEs in Northern Ireland

The Government has announced a change to the State aid cap on relief under the enhanced R&D-intensive support (ERIS) for loss-making, R&D-intensive SMEs registered in Northern Ireland. The cap (on relief under the ERIS over and above the net after-tax credits that would have been available under the merged RDEC scheme) is amended from £250,000 over a three-year period to refer instead to the amount exempted from notification to the European Commission under EU de minimis State aid regulations. For most companies, the amount exempted from notification to the Commission is €300,000 cumulated with other sources of State aid over a three-year rolling period. Lower caps apply to the agriculture and fisheries sectors.

This change has effect in relation to claims made on or after 30 October 2024.

By way of background, notwithstanding the UK's withdrawal from the EU in 2020, the EU State aid rules still apply (under the part of the Withdrawal Agreement known as the ' Windsor Framework') in respect of aid that has an effect on trade between Northern Ireland and the EU in goods or wholesale electricity. The ERIS scheme applicable to loss-making, R&D-intensive SMEs in accounting periods beginning on or after 1 April 2024 is a new aid scheme not falling within the approval granted by the European Commission in respect of the 'old' SME R&D scheme applicable in prior periods. Reflecting this, for accounting periods beginning on or after 1 April 2024, companies whose registered office is in Northern Ireland and which claim relief under the ERIS scheme for accounting periods beginning on or after 1 April 2024 are currently restricted to a maximum net benefit, over and above the amount of the net credit (after notional tax deduction) that they would have been entitled to under the merged RDEC scheme, of £250,000 over a period of three years (broadly corresponding to the EU limit of €300,000 for de minimis aid not requiring approval). This is designed to ensure that the ERIS does not entail unlawful State aid in relation to trade between Northern Ireland and the EU in goods or wholesale electricity. However, Northern Ireland companies which do not trade in goods or electricity can opt out of this requirement by notice to HMRC.

For claims made on or after 30 October 2024, the £250,000 cap is amended to, instead, the amount exempted from notification to the Commission under EU de minimis aid regulations.

The existing £250,000 cap is in Regulations (the Research and Development (Chapter 2 Relief) Regulations 2024 (SI 2024/348)). Draft Finance Bill provisions revoke the Regulations and enact the new cap in primary legislation.

Reform of transfer pricing rules

Contributed by Paul Davies FCA, Senior Technical Writer, Croner-i Ltd

In relation to UK transfer pricing rules, permanent establishment rules, and the diverted profits tax, the Government will:

- consult on draft legislation to modernise and simplify the rules;
- consult on bringing medium sized businesses within the scope of the transfer pricing rules by reducing the existing thresholds of the small and medium sized enterprise exemption to align with international peers and protect the UK tax base. Small businesses will continue to be exempt;
- consult on the introduction of a new filing obligation that will require businesses within the transfer pricing rules to report information to HMRC on certain cross-border related party transactions. The data gathered will be used to inform compliance activity and permit more efficient and targeted use of HMRC resource. The consultation will ensure the reporting obligations are proportionate and appropriately targeted; and
- review the transfer pricing treatment of cost contribution arrangements, where costs and benefits of developing intellectual property are shared, with a view to encouraging inward investment and increasing tax certainty.

Changes to Advance Pricing Agreements (APAs)

Contributed by Diane Wright CTA, Senior Technical Writer, Croner-i Ltd

wThis measure is intended to fix a technical gap in TIOPA 2010, Pt. 5 , which means that APAs, including Advance Thin Capitalisation Agreements (ATCAs), cannot currently be used in relation to financing arrangements which are only within the scope of transfer pricing legislation because persons act together in relation to those arrangements. It is intended to bring the legislative position in line with current practice.

Close company shareholder loans

Contributed by Paul Davies FCA, Senior Technical Writer, Croner-i Ltd

The Government will legislate to ensure that shareholders are unable to extract untaxed funds from close companies by removing opportunities to side-step existing anti-avoidance rules.

This measure will take immediate effect (30 October 2024). Further details including draft legislation can be found here.

Audio-visual expenditure credit – visual effects costs

Contributed by Paul Davies FCA, Senior Technical Writer, Croner-i Ltd

The Government will introduce legislation to allow film and high-end TV companies to claim an enhanced 39% rate of audio-visual expenditure credit (AVEC) on their UK visual effects costs. Such costs will also be exempt from the AVEC's 80% cap on qualifying expenditure. This measure was originally announced at Spring Budget 2024 and will be enacted in Finance Bill 2024–25 with effect from 1 April 2025 in relation to expenditure incurred on or after 1 January 2025.

Audio-visual expenditure credit and video games expenditure credit – administrative changes

Contributed by Paul Davies FCA, Senior Technical Writer, Croner-i Ltd

The Government will make some small administrative changes to the audio-visual and video games expenditure credits. These measures will affect the British certification condition; the treatment of unpaid expenditure; and regulation-making procedures.

Further information can be found in the tax information and impact note: Audio-Visual and Video Games Expenditure Credits: administrative amendments.

This measure will be enacted in Finance Bill 2024–25 and will take effect from Royal Assent to Finance Bill 2024–25.

Reserved Investor Funds

Contributed by Paul Davies FCA, Senior Technical Writer, Croner-i Ltd

The Government will proceed with the introduction of the Reserved Investor Fund (Contractual Scheme). Minor amendments will also be made to the tax rules for Co-ownership Authorised Contractual Schemes (CoACS). Secondary legislation will be brought forward before the end of tax year 2024–25. This measure was originally announced at Spring Budget 2024.

Land remediation relief and pre-development costs

Contributed by Paul Davies FCA, Senior Technical Writer, Croner-i Ltd

The Government will consult in Spring 2025 in relation to the effectiveness of land remediation relief. The consultation will consider whether the relief is still meeting its objectives and evaluate its overall value for money. There will also be a consultation in early 2025 to explore the tax treatment of pre-development costs.

Electronic invoicing

Contributed by Paul Davies FCA, Senior Technical Writer, Croner-i Ltd

The Government will launch a consultation in early 2025 to explore electronic invoicing and how this can support businesses by establishing common standards and increasing adoption.

Freeports and investment zones

Contributed by Diane Wright CTA, Senior Technical Writer, Croner-i Ltd

There was not a great deal to report on freeports and investment zones in the Chancellor's speech, following the flurry of activity prior to the Budget (involving an incorrect briefing that five new freeports would be announced, in what was described as a 'cock-up with the comms' by one Government official). The Government confirmed that funding will continue for the freeport and investment zone programmes, and that further special tax sites and customs sites will be designated in due course.

Capital allowances

Contributed by Diane Wright CTA, Senior Technical Writer, Croner-i Ltd

On capital allowances for businesses, Labour has – as expected – honoured its pre-election commitment to retain the current 100% first-year reliefs given by 'full expensing' and the £1m Annual Investment Allowance (AIA), and the 50% first year allowance for 'special rate' expenditure.

In a measure intended to encourage uptake of electric vehicles, the existing 100% first year allowances for expenditure on qualifying zero-emission cars and plant or machinery for vehicle charging points were extended by a year, until 31 March 2026 (corporation tax) and 5 April 2026 (income tax).

No new reliefs for capital expenditure were announced.

For the treatment of double cab pick-up vehicles, for capital allowances and benefit-in-kind purposes alike, please refer to Martin Jackson's excellent article in this Budget edition of Tax Weekly.

Changes to tax rules on liquidations of Limited Liability Partnerships

Contributed by Laura Burrows CTA, Senior Technical Writer, Croner-i Ltd

Finance Bill 2024–25 will include legislation to change the capital gains tax rules that apply to the liquidation of Limited Liability Partnerships (LLP) from 30 October 2024.

Currently, TCGA 1992, s. 59A provides that assets held by an LLP are treated as held by its members such that no chargeable gain arises when a member contributes an asset to the LLP. It further provides that this treatment ceases on the appointment of a liquidator, and that this cessation does not give rise to a disposal of any assets by its members. The proposed legislation will add a new section into TCGA 1992 that deems a disposal to arise when an LLP is liquidated and assets a member has contributed are disposed of to the member, or to a company or other person connected to them. The amount of chargeable gain that will accrue to the member is the amount that would have accrued at the time they contributed the asset to the LLP in the absence of s. 59A . The LLP will remain liable in the normal way for gains from that time on the actual disposal of the asset.

Charity tax compliance

Contributed by Laura Burrows CTA, Senior Technical Writer, Croner-i Ltd

The Government has announced that it will introduce legislation in a future Finance Bill to prevent abuse of charity tax reliefs. The legislation will strengthen several existing anti-abuse rules to ensure only the intended tax relief is given and will take effect from April 2026 to give charities time to adjust to the new rules.

Implementing the undertaxed profits rule (UTPR)

Contributed by Laura Burrows CTA, Senior Technical Writer, Croner-i Ltd

Legislation will be included in Finance Bill 2024–25 to introduce the undertaxed profits rule (UTPR) contained within the Pillar Two Global Anti-Base Erosion rules (an international agreement to help tackle profit shifting and aggressive tax planning by large multinational groups). The UTPR is the UK's adoption of the third and final Pillar Two rule and ensures that any top-up taxes that are not paid under another jurisdiction's Pillar Two rules are brought into charge in the UK. UTPR will take effect for accounting periods beginning on or after 31 December 2024.

Repeal of Offshore Receipts in Respect of Intangible Property (ORIP) rules

Contributed by Laura Burrows CTA, Senior Technical Writer, Croner-i Ltd

The ORIP legislation is no longer required because the OECD and G20 Inclusive Framework's Pillar Two global minimum tax will more effectively address the multinational tax-planning arrangements that ORIP sought to counter. Therefore, legislation will be included in Finance Bill 2024–25 such that the ORIP legislation at ITTOIA 2005, Pt. 5, Ch. 2 will not apply to income arising from 31 December 2024. This repeal will take place alongside the introduction of Pillar Two's undertaxed profits rule in the UK from 31 December 2024.

Amendments to Multinational Top-up Tax (MTT) and Domestic Top-up Tax (DTT)

Contributed by Laura Burrows CTA, Senior Technical Writer, Croner-i Ltd

Finance Bill 2024–25 will include legislation to make amendments to MTT and DTT to reflect amendments identified from stakeholder consultation and those necessary to ensure that UK legislation remains consistent with recent internationally agreed guidance and technical adjustments required to ensure the Pillar Two rules work effectively. The amendments will also include the introduction of the transitional country-by-country reporting safe harbour anti-arbitrage rule, and provision for certain territories and domestic top-up taxes to have qualifying or accredited status in accounting periods ending before regulations are made specifying particular territories and taxes. These amendments will mainly take effect for accounting periods beginning on or after 31 December 2024. The anti-arbitrage rule will take effect from 14 March 2024.

Energy Profits Levy

Contributed by Diane Wright CTA, Senior Technical Writer, Croner-i Ltd

The temporary Energy Profits Levy (EPL), which has applied since 2022 on upstream oil and gas production in the UK or on the UK continental shelf, will be extended by a year to 31 March 2030, and will be increased from 35% to 38% with effect from 1 November 2024. These changes do not come as a surprise, having been announced earlier this year.
From the same date, the Investment Allowance (currently 29%) will be scrapped, and the 80% Decarbonisation Investment Allowance will be reduced to 66% (currently 80%) to maintain its cash value given the increase in the EPL.

There will be a consultation early in 2025 to consider how the Government can maintain energy security after March 2030.

Business rates

Contributed by Andy Richens, Senior Technical Writer, Croner-i Ltd

The following steps were announced in the first steps in reforming the business rates system:

- an intention to introduce permanently lower multipliers for retail, hospitality and leisure properties with a rateable value (RV) under £500,000 from April 2026–27;
- funding this via a higher multiplier on properties with RV of £500,000 and above;
- providing 40% relief for retail, hospitality and leisure properties in 2025–26 up to a cash cap of £110,000. Relief is currently set at 75% with the same cap, but was due to cease; and
- freezing the small business mutiplier for 2025–26.

A discussion paper, Transforming Business Rates, setting out the next steps for consultation, was published alongside the Autumn Budget documents.

Stamp taxes and ATED

Stamp duty land tax

Contributed by Zigurds G Kronbergs FCA FCCA, Senior Technical Writer, Croner-i Ltd

In a surprise move (to the extent that it wasn't leaked or mooted in advance), the Chancellor has decided to increase the surcharge that applies to purchases of second or additional homes and buy-to-let properties by individuals and of any residential property by companies and other corporate entities from three to five percentage points, with effect from 31 October 2024.

This means that the lowest rate of SDLT on these properties will now be 5% and the highest rate 17% for resident purchasers and 7% and 19%, respectively, for non-resident purchasers.

The new rates will not apply in most cases where contracts were exchanged before 31 October but do not complete until on or after that date.

However, it appears that the increase in the surcharge for non-resident purchasers that featured in the Labour manifesto will not now be introduced, remaining at two percentage points.

It is also clear that the temporary extension of the SDLT nil-rate band on residential property, under which the standard rate of SDLT on the first £250,000 of relevant consideration is 0% implemented by the previous Government with a sunset date of 31 March 2025 will indeed expire on that date.

From 1 April 2025, therefore, the nil-rate band will revert to the first £125,000.

Although there was no announcement to that effect, we also expect the first-time buyers' relief nil-rate band will revert on 1 April 2025 to £300,000 (instead of the current £425,000) and the consideration beyond which no first-time buyers' relief is available will revert to £500,000 (instead of the current £625,000).

There will be no change to the non-residential rates of SDLT, so there will be even more incentive for purchasers of residential property to claim part of their land is non-residential in order to avail themselves of the lower non-residential rates on the whole of the purchase price.

Along with the two percentage point increase for second homes, etc. the single flat rate for non-natural persons acquiring residential property worth over £500,000 is also increasing from 15% to 17%, with effect from 31 October 2024, subject to similar transitional provisions. There are a number of exclusions from this rate for rental property, property traders, farmhouses, etc.

SDLT applies to transactions in land in England and Northern Ireland only. The Scottish and Welsh Governments may, but are not obliged to, make similar changes to their devolved land taxes.

Stamp duty and SDRT

The Government has announced that Finance Bill 2024–25 will contain measures allowing HM Treasury to issue Statutory Instruments making changes to stamp duty and SDRT in relation to 'FMI sandboxes', as part of its commitment to delivering the Private Intermittent Securities and Capital Exchange System (PISCES).

The intention is to provide exemption from stamp duty and SDRT for transfers on a PISCES platform and for onward transfers to end-purchasers resulting from trading on a PISCES platform.

PISCES is a new type of trading platform that will allow private companies to have their shares traded intermittently. A consultation on PISCES was launched in March 2024 by the Conservative Government and the new Labour Government is committed to deliver the platform.

The regulatory framework for PISCES is being developed using a ‘financial-market infrastructure (FMI) sandbox’, as established under the Financial Services and Markets Act 2023.

An FMI sandbox is a structure designed to allow designated firms to participate in it to test and adopt new technologies and practices (such as distributed ledger technology) by temporarily disapplying, modifying or applying certain legislation for specific purposes.

There are no changes to stamp duty or SDRT rates.

Annual tax on enveloped dwellings (ATED)

The Autumn Budget documents contain an announcement regarding changes to the treatment of alternative finance under ATED (the annual tax on enveloped dwellings).

Currently, where a residential property is purchased using alternative finance, the financial institution purchases the property and then leases it to the end client. Where the lessee is a company, ATED applies as if the interest held by the financial institution were instead held by the lessee and the lease or sublease granted by the financial institution had not been granted.

Legislation will be introduced in Finance Bill 2024–25 to apply this rule equally where the lessee is an individual. The aim of this measure is to ensure that an ATED charge will not arise in an alternative-finance arrangement where the end client is an individual. The measure will be treated as having come into force today (30 October 2024).

Property taxes – FHLs

Contributed by Andy Richens ATII, Senior Technical Writer, Croner-i Ltd

As announced previously on 29 July 2024, the Government confirmed it will remove the specific tax treatment and separate reporting requirements for furnished holiday lettings (FHL). From 6 April 2025 for individuals and 1 April 2025 for companies, income from a FHL will form part of that person's UK or overseas property business. From that date:

- individuals will be restricted to relief at the basic rate of income tax on loan interest;
- profits will no longer be relevant UK earnings for pension relief purposes;
- capital expenditure incurred will no longer qualify for capital allowances, instead replacement of domestic items allowance may be claimed. However, the written down value of the capital allowance pool may be carried forward into the property business, and writing down allowances continued to be claimed. In particular, there will be no balancing adjustments required as the abolition of the regime is not a deemed cessation;
- unrelieved losses may be carried forward against future profits of the corresponding property businesses; and
- replacement of business asset roll-over relief, gift hold-over relief, business asset disposal relief, relief for loans to traders and exemption for disposals by companies with substantial shareholdings will cease to be eligible for relief. However, if the FHL business ceases before the above commencement date, and conditions are satisfied for business asset disposal relief, then a disposal within three years will continue to attract the relief.

Where an unconditional contract is entered into on or after 6 March 2024 but the property is not transferred before the above commencement date, then the abolition of FHL status applies to the disposal unless the contract was entered into wholly for commercial reasons or the parties were not connected, and in each case no purpose of entering the contract was to avoid the changes.

Value added tax

Contributed by Angela Bedi, Senior Technical Writer, Croner-i Ltd

VAT on private school fees

It has been confirmed the removal of VAT exemption from private school fees from 1 January 2025 will take effect from 30 October 2024.

From 1 January 2025, all education services and vocational training provided by a private school or connected person, in the UK, for a fee will be subject to VAT at the standard rate of 20%, as will boarding fees.
Prepayments made on or after 29 July 2024 that relate to terms starting on or after 1 January 2025 will also be subject to VAT at the standard rate.

Normal time of supply rules will apply to all payments received after 30 October 2024 so that VAT will be due on issue of an invoice or receipt of payment, as appropriate.

Payments made between 29 July 2024 and 30 October 2024 will become subject to VAT on the later of 1 January 2025 or the first day of that term.

Following a technical consultation there have been some amendments to the draft legislation previously published to ensure that Independent Training Providers (ITPs) and Independent Learning Providers (ILPs) would not be within scope of the policy. Non-maintained special schools, originally excluded under the draft legislation, will be brought within its scope but excluded from the anti-forestalling provisions. Accordingly, only placements paid for from 30 October 2024 and relating to terms starting from January 2025 onwards will be subject to VAT.

The provision of the teaching of English as a foreign language (TEFL), and the provision of higher education courses are also now specifically excluded from these provisions.

Electronic invoicing

The Government is to publish a consultation, in early 2025, on the implementation of electronic invoicing (e-invoicing) in the UK, how it can establish standards, increase adoption and support businesses.

Climate change levy

Contributed by Zigurds G Kronbergs FCA FCCA, Senior Technical Writer, Croner-i Ltd

With effect from 1 April 2026, the main rates of climate change levy (CCL) on supplies of electricity, gas and solid fuels will be increased in line with changes in the Retail Price Index (RPI). The rate for LPG will remain frozen.

Hitherto, rates have been set in advance by annual Finance Acts, so the current rates (applicable from 1 April 2024) were set by F(No. 2)A 2023.

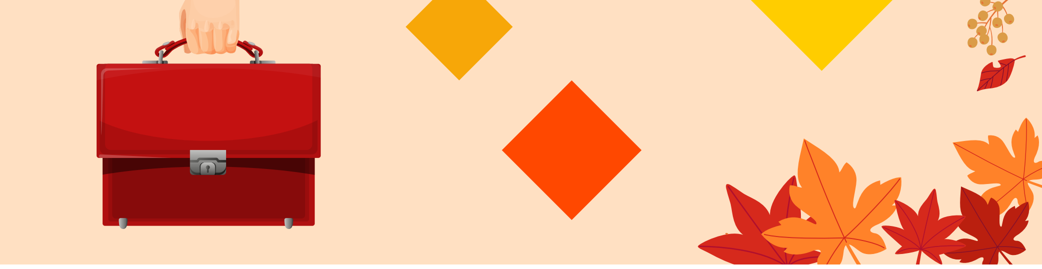
The rates applicable from 1 April 2026 will be contained in the Finance Bill 2024–25, and will be as shown in the following table.

Taxable commodity	**Rate of CCL**
Electricity	£0.00801 per kWh
Gas	£0.00801 per kWh
Liquid petroleum gas (LPG)	£0.02175 per kg
Other (solid fuels)	£0.06264 per kg

The new rates for electricity, gas and solid fuels reflect an increase of approximately 3.35% over current rates.

There will continue to be reduced rates for suppliers who enter into a Climate Change Agreement with the Government. The discounts in force are 92% for electricity, 89% for gas, 77% for LPG and 89% for other taxable commodities. The scheme is set to continue until at least 31 March 2027.

The Chancellor also confirmed a freeze in the carbon-price support rates for CCL (and fuel excise duty) for the year 2026–27, ensuring it remains at £18 per tonne of carbon dioxide in Great Britain. In order not to conflict with the European Single Market, the support rate does not apply in Northern Ireland.



Landfill tax

Contributed by Zigurds G Kronbergs FCA FCCA, Senior Technical Writer, Croner-i Ltd

Both the standard and lower rates of landfill tax will increase from 1 April 2025 in line with the Retail Prices Index (RPI), adjusted to account for high inflation in the period 2022 to 2024.

The standard rate increases from £103.70 to £126.15 per tonne, while the lower rate increases from £3.30 per tonne to £4.05 per tonne. These are increases of approximately 22%.

The new rates will apply to taxable disposals made or treated as made after 31 March 2025.
These changes will not apply to Scotland or Wales, which have their own landfill taxes.

Plastic packaging tax

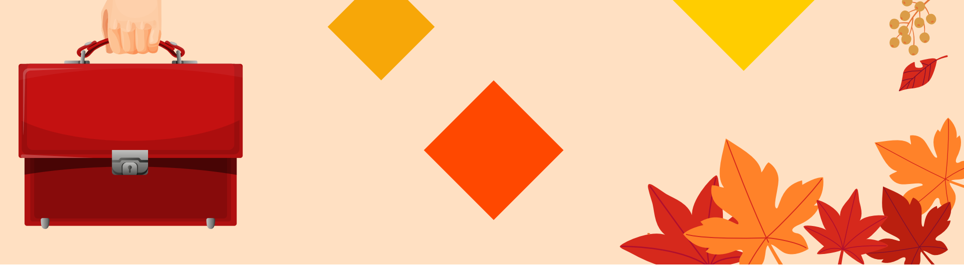
Contributed by Zigurds G Kronbergs FCA FCCA, Senior Technical Writer, Croner-i Ltd

Following consultation that took place in 2023, the Government has confirmed that it will allow businesses to use a mass-balance approach for the attribution of chemically recycled plastic to packaging for the purpose of plastic packaging tax.

Before the change takes effect, there will be further technical engagement with industry and draft legislation will be published for consultation.

The Chancellor also confirmed that pre-consumer waste would no longer be eligible for treatment as recycled plastic. This change will take effect at the same time as the introduction of the mass-balance approach.

The rate of plastic packaging tax will increase on 1 April 2025 in line with the RPI from £217.85 to £223.69 per tonne.



Excise Duties

Contributed by Sarah Kay, Lead Technical Writer, Croner-i Ltd

Air passenger duty

Increases to air passenger duty (APD) for years beginning 1 April 2024 and 1 April 2025, which were announced by the previous Chancellor at Spring Budget 2024 will go ahead as planned.

Chancellor Reeves announced a significant up-rating to the duty for the year beginning 1 April 2026. From this date all rates will be increased by 13% (rounded to the nearest pound) but the higher rates applicable to flights in private jets will increase by 50%. In a further indication that the Government regards private jets as a potential source of revenue a consultation on applying the higher rate of APD to all private jets was announced (currently a private jet is any aircraft of 20 tonnes and above with fewer than 19 seats).

It was also announced that from 1 April 2027 duty increases would be rounded to the nearest penny.

Tobacco duty

Duty rates applicable to all tobacco products will increase by 2% above RPI from 6pm on 30 October 2024, with the rate applicable to hand-rolling tobacco increasing by 12% above RPI.

Vaping products duty

Chancellor Reeves confirmed that, as announced by the previous Chancellor at Spring Budget 2024, vaping products duty will be introduced from 1 October 2026. When originally announced, it was planned that the duty rate would vary according to the nicotine content of the vape but, following feedback received during the recent consultation exercise, the new duty will be a single flat rate.

The duty will be set at £2.20 per 10ml of vaping liquid.

Alcohol duty

The standard rates of alcohol duty will all be uprated in line with RPI from 1 February 2025, and the temporary easement allowing all wine with alcohol by volume of 11.5–14.5% to be treated as having an alcohol by volume of 12.5% for duty purposes will end from the same date.

However, the reduced duty rates for draught products will be cut slightly from 1 February 2025; the cut will be the equivalent of 1p per pint. The Government also intends to increase the discount provided to small producers (although we await publication of legislation to confirm the amount of this increase).

Chancellor Reeves also confirmed the announcement made by the previous Chancellor at Spring Budget 2024 that the alcohol duty stamp scheme will be discontinued from 1 May 2025.

Soft drinks industry levy

Soft drinks industry levy, which has not been increased since it was first introduced on 6 April 2018, will be uprated with effect from 1 April 2025. The Chancellor announced that the Government intends to increase the duty over the next five years to reflect the 27% increase in the consumer prices index since 2018.

At the same time a consultation exercise to review the effectiveness of the tax as an incentive to reduce sugar consumption will commence in December 2024. The intention is that it will conclude in Spring 2025 in order that any changes to the levy can be included in the 2025 Budget. One area the consultation will be examining is whether to include milk-based and milk substitute drinks in the scope of the tax as they are currently exempt.

Vehicle excise duty and HGV road user levy

The Chancellor announced increases to vehicle excise duty which will take effect from 1 April 2025; the changes include the extension of vehicle excise duty to many zero-emission vehicles which previously paid nil duty.

HGV road user levy will also increase from 1 April 2025, in line with inflation.

Gambling duties

No changes were announced to the rates of any of the excise duties which apply to betting and gaming activities. The gross gaming yields used to calculate gaming duty will be unchanged, continuing the freeze which has been in place since 1 April 2023.

A consultation exercise on proposals to bring remote gaming into a single tax, rather than the three tax structure which applies at present will be launched in 2025.

Fuel duty

The Chancellor announced that the fuel duty rates are unchanged as a result of this Budget. The decrease in duty from 6 p.m. on 23 March 2022 was intended to expire on 22 March 2025; it has been extended to 22 March 2026.

Management of taxes

Raising standards in the tax advice market

Contributed by Andy Richens ATII, Senior Technical Writer, Croner-i Ltd

Following an HMRC consultation from March to May 2024 on exploring options to raise standards in the tax advice market, the Government announced it will invest £36m in modernising HMRC's tax adviser registration services, and from April 2026, all tax advisers who interact with HMRC on behalf of a client will have to register before doing so. HMRC will publish a technical consultation on draft legislation ahead of the 2025 Budget.

The Government will also implement more targeted reforms and consult on measures to enhance HMRC's ability to act against a tax adviser who facilitates a taxpayer's non-compliance, and will introduce a requirement for tax advisers to obtain an advanced electronic signature from their client if they wish to submit an income tax repayment claim on their behalf. The intention will be to implement these specific changes from 2026 onwards.

Interest on underpayments of tax

Contributed by Diane Wright CTA, Senior Technical Writer, Croner-i Ltd

The Chancellor has announced that the rate of interest charged on underpayments of tax will increase by 1.5% from 6 April 2025 onwards. This presumably means that the rate will be calculated as Bank of England base rate plus 4% (rather than 2.5%, as at present) but there are no further details as yet, including any indication of whether this increase will apply 'across the board' to all taxes.

Making tax digital

Contributed by Diane Wright CTA, Senior Technical Writer, Croner-i Ltd

As things stand, Making Tax Digital for Income Tax Self Assessment (MTD for ITSA) will be mandated as follows:

- from April 2026 for sole traders and landlords with relevant income over £50,000; and
- from April 2027 for sole traders and landlords with relevant income over £30,000.
- The Chancellor has now announced that by the end of the Parliament (presumably, this means with effect from April 2029), sole traders and landlords with relevant income over £20,000 will be mandated to use ITSA.

Outcomes of the Tax Administration Framework Review and HMRC's powers

Contributed by Diane Wright CTA, Senior Technical Writer, Croner-i Ltd

HMRC powers, penalties and safeguards

The Government has announced its next steps following the Tax Administration Framework Review earlier in 2024, which sought ways to reform HMRC's powers to check the accuracy of information provided to it and address taxpayer non-compliance, the penalty regime, and the safeguards in place to ensure fair treatment of taxpayers. The responses received during the review will now be used to formulate a future consultation exercise on:

- making it easier for taxpayers to correct errors, avoiding lengthy investigations and offering a way for HMRC to tackle large amounts of low-value non-compliance;
- how HMRC can make penalties simpler and more effective as a deterrent, focussing particularly on inaccuracy and failure to notify penalties; and
- making it easier to resolve disputes without resorting to the tribunal (for example, alternative dispute resolution and statutory review).

New ways to tackle non-compliance

A consultation has also been opened to consider how HMRC approach mistakes by taxpayers. The consultation will run until 22 January 2025, and could reform HMRC's existing powers to check and correct returns, and/or introduce a requirement for a taxpayer to correct their return themselves, upon issue of a notice by HMRC stating that they believe the return is incorrect. The consultation can be found here.

Simplifying the taxation of offshore interest

Contributed by Diane Wright CTA, Senior Technical Writer, Croner-i Ltd

A consultation has been opened to explore ways of resolving a practical difficulty in relation to overseas interest income. The difficulty arises because tax on this income is based on tax years running from 6 April to 5 April, but the interest income is often reported from overseas on a calendar year basis. This causes difficulties for taxpayers and HMRC. This issue is expected to worsen with the reform of 'non-dom' taxation, and abolition of the remittance basis. One solution may be to tax offshore interest on a calendar year basis (based on the calendar year which ends during the tax year).

The consultation will run until 22 January 2025, and can be found here.

Forthcoming consultations

Contributed by Peter Halford, Senior Technical Writer, Croner-i Ltd

On 30 October 2024, HMRC announced several forthcoming consultations on various aspects of tax administration.

Promoters of marketed tax avoidance

A consultation is to be published in early 2025 on a package of measures to tackle promoters of marketed tax avoidance, including:

- new powers focused on those who own or control promoter organisations;
- new options to tackle legal professionals behind avoidance schemes.

As regards the second point, if a law firm is promoting an avoidance scheme, it may already be within the scope of measures such as the POTAS (promoters of tax avoidance schemes) regime. It appears, therefore, that the proposed measure may be aimed at lawyers, usually barristers (typically, KCs), who provide opinions giving their 'blessing' to marketed avoidance schemes. Details will not be known until the consultation is published.

Making better use of new and improved third-party data to help taxpayers get their tax right first time

A consultation is to be published in Spring 2025 on 'modernising how HMRC acquire and use third-party data to make it easier for taxpayers to get tax right the first time'.

No details are yet available. The consultation can be expected to build on the Office of Tax Simplification's 2021 report on Making better use of third party data: a vision for the future.

Tackling the hidden economy by expanding 'tax conditionality' to new sectors

A consultation is to be published to consider expanding 'tax conditionality' to new sectors.

This will build on the existing tax conditionality regime introduced in the taxi, private hire vehicle and scrap metal sectors from April 2022. Under the existing regime, operators in the relevant sector (taxi drivers, scrap metal dealers, etc.), when applying for renewal of their professional licence, are required to complete a tax check which involves informing HMRC how they pay tax due on income from their licensed activity.

Offshore compliance

Also on 30 October 2024, HM Treasury published a policy paper, Tackling offshore tax non-compliance , outlining measures being taken by HMRC to increase compliance in respect of income covered by Automatic Exchange of Information (AEOI), and address other non-compliance such as relating to crypto-assets, and the use of 'complex offshore structures to hide assets and income'. Measures referred to include:

- the Reporting Rules for Digital Platforms, effective from 1 January 2024, requiring digital platform operators to report information on people selling goods and services via their platform;
- the Crypto-Asset Reporting Framework, to be implemented from 2026–27, allowing automatic exchange of information on ownership of and transactions in crypto-assets;
- drawing on data from international exchanges to design 'intelligent nudges' in customers' self-assessment returns to ensure they declare foreign income correctly;
- using data to prompt customers to review their tax affairs and correct any undeclared offshore tax liabilities, e.g. through the Worldwide Disclosure Facility;
- increased 12-year time limit for assessing offshore tax, and strengthening offshore penalties and information powers;
- collaborating on global enforcement, e.g. through the Joint Chiefs of Global Tax Enforcement (J5) group with the US, Canada, Australia and the Netherlands;
- using data from the Registration of Overseas Entities, which requires the disclosure of information on beneficial owners of UK property and trusts, to identify and target individuals who avoid or evade tax;
- investing in advanced analytical capability to exploit new sources of information to improve the identification of areas of non-compliance.

Status of announced legislation

Prepared by Sarah Arnold FCA CTA, Lead Technical Writer, Croner-i Ltd

This list provides implementation dates for tax measures announced but not yet enacted and measures enacted prospectively but not yet entered into force. The table also includes measures that have been legislated for on a temporary basis, together with expiry dates. The list includes measures announced up to and including the Autumn Budget 2024 on 30 October 2024.

Category	Description	Announced	Legislation	Effective date
Personal tax	Income tax: main rates, savings rates, default rates to remain unchanged for 2025–26	Autumn Budget 2024	Finance Bill 2024–25	2025–26
	Income tax: starting rate for savings to remain at 0% on £5,000 savings income	Autumn Budget 2024	Finance Bill 2024–25	2025–26
	Income tax: basic rate limit and personal allowance frozen until 2027–28 (at £37,700 and £12,570 respectively), then uprated by inflation from April 2028	Confirmed Autumn Budget 2024 (Autumn Statement 2022)	FA 2023, s. 5 ; FA 2021, s. 5	until 5 April 2028
	Income tax: carried interest to be subject to revised regime within income tax framework	Confirmed Autumn Budget 2024 (29 July 2024);	Future Finance Bill	April 2026
	High income child benefit charge: reform to base charge on household income scrapped; payment through tax codes and self-assessment pre-population to be introduced	Autumn Budget 2024	to be confirmed	2025
	NIC: Class 2 and 3 rates uprated by CPI (1.7%) for 2025–26 to £3.50 and £17.75 per week; small profits threshold increased by CPI to £6,845	Autumn Budget 2024	Statutory Instrument	April 2025
	ISA annual subscription limits to remain unchanged until April 2030 – ISA limit at £20,000, lifetime ISA limit at £4,000, junior ISA and child trust fund limits at £9,000	Autumn Budget 2024	–	until April 2030

	Help to save scheme extension to all recipients of universal credit and reform	Autumn Budget 2024	to be confirmed	April 2025
	New 'British ISA' with separate £5,000 allowance to invest in UK-focused assets scrapped	Confirmed Autumn Budget 2024 (Spring Budget 2024)	—	—
	Non-UK domiciled tax regime replaced with new residence-based regime including first four years non-taxation of foreign income and gains regime	Confirmed Autumn Budget 2024 (29 July 2024; Spring Budget 2024)	Finance Bill 2024–25	6 April 2025
	Income tax: relief for investment in EIS and VCT sunset provisions extended from April 2025 to 2035	Confirmed Autumn Budget 2024 (Autumn Statement 2023)	FA 2024, s. 11	until April 2035
	Alternative finance tax rules aligned with conventional financing rules	Autumn Budget 2024	Finance Bill 2024–25 (ITA 2007, Pt. 10A)	30 October 2024
	Gift Aid legislation amendments in consequence of *Digital Markets, Competition and Consumers Act* 2024	Spring Budget 2024	Statutory Instrument	before the relevant provisions enter into force
Employment taxes	Company car tax rates: zero emission and electric vehicle rates increased by 2% per year in 2028–29 and 2029–30 (to 9% in 2029–30); cars with emissions 1–50g CO_2 increased to 18% in 2028–29 and 19% in 2029–30; all other vehicles by 1% per year 2028–29 and 2029–30 to max 38% in 2028–29 and 39% in 2029–30	Autumn Budget 2024	Finance Bill 2024–25	2028–29 and 2029–30
	Company car tax rates: set for 2025–26 to 2027–28 (1 percentage point increase per annum)	Autumn Statement 2022	FA 2023, s. 11	2025–26 to 2027–28
	Van benefit and car and van fuel benefit: uprated by CPI to £4,020 (van benefit) and £769 (van fuel benefit); car fuel benefit multiplier set at £28,000	Autumn Budget 2024	Statutory Instrument	6 April 2025
	Employee car ownership schemes: ending contrived schemes to avoid the company car benefit in kind charge	Autumn Budget 2024	to be confirmed	6 April 2026

	Overseas workday relief: extended to 4 years to align with 4 year foreign income and gains regime; subject to financial limit of lower of £300,000 or 30% total employment income; no relief on chargeable overseas earnings for foreign employments carried out wholly abroad that do not qualify for overseas workday relief	Autumn Budget 2024	Finance Bill 2024–25	6 April 2025
	Statutory neonatal care pay: taxable as social security income (clarification)	Autumn Budget 2024	Finance Bill 2024–25	Royal Asset to Finance Bill
	Share incentive plans: notices regarding effect of deductions from salary on entitlement to social security benefits to include neonatal care pay	Autumn Budget 2024	Finance Bill 2024–25	Royal Asset to Finance Bill
	Employee ownership trusts: conditions for obtaining income tax relief on bonuses to exclude directors	Autumn Budget 2024	Finance Bill 2024–25	30 October 2024
	Income tax: official rate of interest to be reviewed quarterly	Autumn Budget 2024	to be confirmed	6 April 2025
	NIC: Class 1 lower earnings limit uprated by CPI for 2025–26 to £6,500	Autumn Budget 2024	Statutory Instrument	April 2025
	NIC: lower earnings limit (Class 1) and small profits threshold (Class 2) fixed at 2022–23 levels in 2024–25 (£6,396 and £6,725 respectively)	Confirmed Autumn Statement 2023 (Autumn Statement 2022)	SI 2023/236	until 5 April 2025
	NIC: primary threshold (Class 1) and lower profits limit (Class 4) frozen until 2027–28 (at £12,570)	Confirmed Autumn Budget 2024 (Autumn Statement 2023; Autumn Statement 2022)	SI 2023/236	until 5 April 2028
	NIC: upper earnings limit (Class 1), upper profits limit (Class 4) freeze extended until 2027–28 (at £50,270)	Confirmed Autumn Budget 2024 (Autumn Statement 2023; Autumn Statement 2022)	SI 2023/236	until 5 April 2028

	NIC: secondary Class 1 (employers) rate and Class 1A and Class 1B rates increased to 15% (from 13.8%)	Autumn Budget 2024	National Insurance Bill	6 April 2025
	NIC: secondary Class 1 (employers) threshold reduced to £5,000 (from £9,100) then increased by CPI from April 2028 (previously frozen until 5 April 2028)	Autumn Budget 2024	National Insurance Bill	6 April 2025 to 5 April 2028; from 6 April 2028
	NIC: upper secondary threshold of £50,270 for first year of veteran's employment extended to 5 April 2026 (previously frozen until April 2028)	Autumn Budget 2024	Statutory Instrument	2025–26
	NIC: upper secondary thresholds for under 21s and apprentices confirmed at £50,270 for 2025–26 (previously frozen until April 2028 at £50,270)	Autumn Budget 2024	Statutory Instrument	2025–26
	NIC: employment allowance increased to £10,500 (from £5,000) and restriction for prior year liabilities of less than £100,000 removed	Autumn Budget 2024	National Insurance Bill	6 April 2025
	Reporting benefits in kind by payroll software to be mandated	Autumn Budget 2024	to be confirmed	April 2026
	Agencies to be responsible for PAYE on payments to umbrella company workers	Autumn Budget 2024	to be confirmed	April 2026
Pensions tax	Transfers to qualifying recognised overseas pension schemes (QROPS) in EEA and Gibraltar subject to 25% overseas transfer charge (exclusion from charge removed)	Autumn Budget 2024	Finance Bill 2024–25	30 October 2024
	Conditions for overseas pension schemes (OPS) and recognised overseas pension schemes (ROPS) established in EEA brought in line with OPS and ROPS established in the rest of the world	Autumn Budget 2024	Finance Bill 2024–25	6 April 2025

	Requirement for scheme administrators of registered pension schemes to be resident in UK to be introduced	Autumn Budget 2024	Finance Bill 2024–25	6 April 2026
	Relief at source scheme: digitisation of current paper processes – deferred	Confirmed Autumn Statement 2023 (Spring Budget 2023)	Future Finance Bill and regulations	deferred until April 2027 earliest
	Increasing the normal minimum pension age for pensions tax	20 July 2021	FA 2022, s. 10	6 April 2028
Capital gains tax	Rates increased to 18% and 24% (from 10% and 20%); residential property gains rates to remain at 18% and 24%	Autumn Budget 2024	Finance Bill 2024–25	disposals on or after 30 October 2024
	Rate on assets qualifying for business asset disposal relief and investors' relief increased (from 10%) to 14% from 6 April 2025 and to 18% from 6 April 2026	Autumn Budget 2024	Finance Bill 2024–25	disposals on or after 6 April 2025 and 6 April 2026
	Investors' relief limit reduced to £1m (from £10m)	Autumn Budget 2024	Finance Bill 2024–25	disposals on or after 30 October 2024
	Residence based regime for foreign income and gains to replace remittance basis of taxation, including first four years non-taxation of foreign income and gains regime; transitional re-basing of foreign assets held on 5 April 2017	Confirmed Autumn Budget 2024 (29 July 2024; Spring Budget 2024)	Finance Bill 2024–25	6 April 2025
	Temporary repatriation facility for remittance users for 3 years to remit at reduced rate of 12% for first 2 years, then 15% in year 3	Autumn Budget 2024	Finance Bill 2024–25	2025–26 to 2027–28
	Rates of capital gains tax on carried interest increased to 32% (from 18% and 28%)	Autumn Budget 2024	Finance Bill 2024–25	6 April 2025
	Reform of taxation of carried interest – to be subject to revised regime within income tax framework	Confirmed Autumn Budget 2024 (29 July 2024);	Future Finance Bill	April 2026
	Abolition of furnished holiday lettings regime – anti-forestalling rule to prevent capital gains tax relief	Confirmed Autumn Budget 2024 (Spring Budget 2024)	Finance Bill 2024–25	6 March 2024

	Employee ownership trusts – changes to capital gains tax relief conditions	Autumn Budget 2024	Finance Bill 2024–25	disposals on or after 30 October 2024
	Limited liability partnership liquidations – charge on assets contributed to LLP on disposals to contributing member or connected person	Autumn Budget 2024	Finance Bill 2024–25	30 October 2024
	Alternative finance tax rules aligned with conventional financing rules	Autumn Budget 2024	Finance Bill 2024–25 (TCGA 1992, Pt. IV, Ch. 4)	30 October 2024
Inheritance tax	Residence based regime to replace domicile based system for long term residents in the UK for 10 out of last 20 years and to remain in scope for 3–10 years after leaving UK; non-UK settled property within scope while settlor is 'long-term resident'	Confirmed Autumn Budget 2024 (29 July 2024; Spring Budget 2024)	Finance Bill 2024–25	6 April 2025
	Employee ownership trusts – changes to conditions for inheritance tax exemption	Autumn Budget 2024	Finance Bill 2024–25	30 October 2024
	Agricultural property relief extended to land managed under environmental agreements with Government and public bodies	Autumn Budget 2024 (Spring Budget 2024)	Finance Bill 2024–25	6 April 2025
	Agricultural and business property relief to be reformed – 100% relief on first £1m combined agricultural and business property, 50% relief thereafter and on all non-listed shares	Autumn Budget 2024	to be confirmed	April 2026
	Nil-rate band and residence nil-rate band freeze extended further 2 years until 2029–30 (at £325,000 and £175,000 respectively, with residence nil-rate band taper at £2m)	Autumn Budget 2024 (Autumn Statement 2022)	FA 2021, s. 86 ; FA 2023, s. 9 ; Finance Bill 2024–25	until 5 April 2030
	Unused pension funds and death benefits payable from a pension into a person's estate brought within scope of inheritance tax	Autumn Budget 2024	Future Finance Bill	6 April 2027

Business tax	Corporation tax: main rate and small profits rate maintained at 25% and 19% respectively	Autumn Budget 2024 (Spring Budget 2024)	F(No. 2)A 2024, s. 12–13 ; Finance Bill 2024–25	1 April 2025 and 1 April 2026
	Corporation tax: anti-avoidance measure for arrangements which avoid the close company loans to participators charge	Autumn Budget 2024	Finance Bill 2024–25	30 October 2024
	Energy profits levy: increased to 38%; 29% investment allowance abolished; decarbonisation allowance set at 66% and levy extended until 31 March 2030	Confirmed Autumn Budget 2024 (29 July 2024)	Finance Bill 2024–25	rate changes from 1 November 2024; levy to end 30 March 2030
	Oil and gas taxes: relief for payments into carbon capture usage and storage decommissioning funds	Autumn Budget 2024 (Autumn Statement 2023; Spring Budget 2023)	Finance Bill 2024–25	Royal Assent to Finance Bill
	Furnished holiday lettings tax regime abolished	Confirmed Autumn Budget 2024 (29 July 2024; Spring Budget 2024)	Finance Bill 2024–25	1 April 2025 (corporation tax); 6 April 2025 (income and capital gains tax)
	Alternative finance tax rules aligned with conventional financing rules	Autumn Budget 2024	Finance Bill 2024–25 (CTA 2009, Pt. 6, Ch. 6)	30 October 2024
	Multinational top-up tax: additional amendments	Confirmed Autumn Budget 2024 (Autumn Statement 2023; 27 September 2023; Autumn Statement 2022)	FA 2024, s. 22 and Sch. 12 ; Finance Bill 2024–25	accounting periods beginning on or after 31 December 2024
	Multinational top-up tax: undertaxed profits rule	Confirmed Autumn Budget 2024 (Autumn Statement 2023; 27 September 2023; Autumn Statement 2022)	Finance Bill 2024–25	accounting periods beginning on or after 31 December 2024
	Pillar Two – transitional country by country reporting safe harbour anti-arbitrage rule	Confirmed 29 July 2024; ministerial statement 14 March 2024	Finance Bill 2024–25	14 March 2024
	Corporation tax: enhanced relief for R&D intensive SMEs – technical correction to intensity ratio	Autumn Budget 2024	Finance Bill 2024–25	1 April 2023

	Corporation tax: enhanced support for R&D intensive SMEs in Northern Ireland – amendments to cap benefit over 3 year period	Autumn Budget 2024	Finance Bill 2024–25	claims on or after 30 October 2024
	Corporation tax: rate rises for theatre, orchestra, and museums and galleries exhibition tax reliefs made permanent at 40% (non-touring productions) and 45% (touring and orchestras)	Confirmed Autumn Budget 2024 (Spring Budget 2024; Spring Budget 2023; Autumn Budget 2021)	F(No. 2)A 2024, s. 16–18 ; F(No. 2)A 2023, s. 13 and 14 ; FA 2022, s. 21	1 April 2025
	Corporation tax: additional tax credit (via AVEC) at 39% for visual effects costs in films and high-end TV	Confirmed Autumn Budget 2024 (Spring Budget 2024)	Finance Bill 2024–25	from 1 April 2025 for expenditure incurred on or after 1 January 2025
	Corporation tax: audio-visual and video games expenditure credits – administrative measures	Autumn Budget 2024	Finance Bill 2024–25	Royal Assent to Finance Bill
	Corporation tax: advance pricing agreements for certain financing arrangements – changes to ensure follows SP 1/12	Autumn Budget 2024	Finance Bill 2024–25	for all chargeable periods from introduction of TIOPA 2010
	Introduction of tax rules for a new 'reserved investor funds' for professional and institutional investors	Confirmed Autumn Budget 2024 (Spring Budget 2024)	F(No. 2)A 2024, s. 20 and Statutory Instrument	to be confirmed
	Corporation tax: offshore receipts in respect of intangible property rules to be repealed	Confirmed Autumn Budget 2024 (Autumn Statement 2023)	Finance Bill 2024–25	31 December 2024
	Corporation tax: reform of film, TV and video games tax reliefs to refundable expenditure credits	Confirmed Autumn Statement 2023 (Spring Budget 2023)	FA 2024, s. 3 and Sch. 2	accounting periods ending on or after 1 January 2024, existing schemes phased out from 1 January 2025 for new productions and will end for all productions on 1 April 2027
	Charity tax rules to be strengthened to ensure relief only where intended	Autumn Budget 2024	to be confirmed	April 2026

	Removing the charitable rates relief for private schools	29 July 2024	Local Government Finance Bill	April 2025
	40% relief on gross business rates for eligible film studios in England	Spring Budget 2024	to be confirmed	until 2034
	Business rates: permanently lower for retail, hospitality and leisure from 2026–27; small business multiplier frozen in 2025–26;	Autumn Budget 2024	Statutory Instrument	2025–26 and 2026–27
	Corporation tax: tonnage tax election window for ships to return to the regime to be opened for 18 months	Confirmed Spring Budget 2023 (Autumn Budget 2021)	SI 2023/508	until 30 November 2024
Capital allowances	First year allowances for zero-emission cars and electric vehicle charging points further extended until 2026	Autumn Budget 2024 (Spring Budget 2023; Autumn Statement 2022)	F(No. 2)A 2023, s. 9 ; Finance Bill 2024–25	until 31 March 2026 (corporation tax) and 5 April 2026 (income tax)
	Freeports and investment zones: enhanced capital allowances for plant and machinery and structures and buildings allowances – sunset date extended	Confirmed Spring Budget 2024 (Autumn Statement 2023)	Statutory Instrument	until 30 September 2031 for English freeports and 30 September 2034 for Scottish and Welsh freeports
Stamp taxes and ATED	ATED: charges for 2025–26 to rise by 1.7% in line with CPI	Autumn Budget 2024	to be confirmed	2025–26
	ATED: alternative finance tax rules aligned with conventional financing rules for UK residential property purchases	Autumn Budget 2024	Finance Bill 2024–25 (FA 2013, Pt. 3)	30 October 2024
	SDLT: additional dwellings supplement increased to 5% (from 3%)	Autumn Budget 2024	Finance Bill 2024–25	transactions with an effective date on or after 31 October 2024
	SDLT: single rate for companies and non-natural persons on purchases of dwellings over £500,000 increased to 17% (from 15%)	Autumn Budget 2024	Finance Bill 2024–25	transactions with an effective date on or after 31 October 2024

	Stamp duty and SDRT: changes in relation to financial market infrastructure sandboxes and exemption for private intermittent securities and capital exchange system transactions	Autumn Budget 2024	Finance Bill 2024–25 and Statutory Instrument	Royal Assent to Finance Bill
	SDLT: residential nil-rate tax threshold increased from £125,000 to £250,000 temporarily until 31 March 2025	Confirmed Autumn Budget 2024 (Autumn Statement 2022)	SDLTTRA 2023	until 31 March 2025
	SDLT: first time buyers' relief nil-rate threshold increased from £300,000 to £425,000 and upper price limit increased from £500,000 to £625,000 temporarily until 31 March 2025	Confirmed Autumn Budget 2024 (Autumn Statement 2022)	SDLTTRA 2023	until 31 March 2025
	Freeports and investment zones: SDLT relief – sunset date extended	Confirmed Spring Budget 2024 (Autumn Statement 2023)	SI 2024/574	until 30 September 2031 for English freeports and 30 September 2034 for Scottish and Welsh freeports
	Homes for Ukraine scheme: temporary reliefs from the annual tax on enveloped dwellings and the 15% rate of stamp duty land tax	Confirmed Spring Budget 2023 (31 March 2022)	F(No. 2)A 2023, s. 346 and Sch. 24	until a date to be confirmed
VAT	VAT on private school fees (by exclusion from exemption)	Confirmed Autumn Budget 2024 (29 July 2024)	Finance Bill 2024–25	1 January 2025, incl. advance fees paid from 29 July 2024
	Zero rate extended for medicines dispensed on prescription	Spring Budget 2023	VATA 1994, Sch. 8, Grp. 12, Item 1A	until 1 April 2027
	Accounting for deposit schemes: simplifications	Spring Budget 2023	F(No. 2)A 2023, s. 315 and Statutory Instrument	to be confirmed
	Temporary zero rate of VAT on installation of energy-saving materials	Spring Statement 2022	VATA 1994, Sch. 8, Pt. II, Grp. 23	until 31 March 2027
	Reduced rate of VAT on installation of energy-saving materials	Spring Statement 2022	VATA 1994, Sch. 7A, Pt. II, Grp. 2	1 April 2027

Environmental and indirect taxes	Aggregates levy: rates for 2025–26 increased by RPI	Confirmed Autumn Budget 2024 (Autumn Statement 2023)	Finance Bill 2024–25	1 April 2025
	Climate change levy: main rates for 2026–27 increased by RPI; main liquified petroleum gas rates remain frozen; reduced rates remain at an unchanged fixed percentage of main rates	Autumn Budget 2024	Finance Bill 2024–25	1 April 2026
	Climate change levy: main and reduced rates frozen for 2025–26	Autumn Statement 2023 (Autumn Statement 2022)	F(No. 2)A 2023, s. 328	1 April 2025
	Climate change levy: carbon price support rates freeze maintained into 2026–27	Autumn Budget 2024 (Autumn Statement 2023; Autumn Statement 2022)	–	1 April 2023 to 2025–26 and 2026–27
	Climate change levy: climate change agreement scheme amendments meaning new entrants able to claim relief before completing target period	Autumn Budget 2024	to be confirmed	1 January 2026
	Landfill tax rates for 2025–26 increased by RPI	Confirmed Autumn Budget 2024 (Spring Budget 2024)	Finance Bill 2024–25	1 April 2025
	Landfill tax communities fund set at £23.6m for 2025–26 with cap on credits at 5.3% of landfill tax liability	Autumn Budget 2024	to be confirmed	2025–26
	Plastic packaging tax rates increased by CPI	Autumn Budget 2024	Finance Bill 2024–25	1 April 2025
	UK carbon border adjustment mechanism to be introduced with registration threshold at £50,000	Autumn Budget 2024	Finance Bill 2024–25	1 January 2027
Excise Duties	Air passenger duty rates for 2026–27 increased by 13%; higher rates for larger private jets increased by further 50%	Autumn Budget 2024	Finance Bill 2024–25	1 April 2026
	Air passenger duty rates for 2025–26 increased by RPI	Confirmed Autumn Budget 2024 (Spring Budget 2024)	Finance Bill 2024–25	1 April 2025

	Alcohol duty to increase in line with RPI inflation (ending freeze); temporary wine easement to end; rates on draught products below 8.5% alcohol by volume reduced by 1.7%; small producers discount on non-draught products increased and cash discount maintained	Confirmed Autumn Budget 2024 (Spring Budget 2024; Autumn Statement 2023)	Finance Bill 2024–25	1 February 2025
	Alcohol duty stamps scheme to be closed	Confirmed Autumn Budget 2024 (Spring Budget 2024)	Finance Bill 2024–25	1 May 2025
	Fuel duty: rates maintained – extending 5p per litre cut until March 2026	Autumn Budget 2024 (Spring Budget 2024, Spring Budget 2023)	SI 2024/300 ; SI 2022/365	until 22 March 2026
	Gaming duty: gross gaming yield bands frozen	Autumn Budget 2024	to be confirmed	1 April 2025
	Soft drinks industry levy: rates increased by 27% spread equally over 5 years 2025 to 2029 (to reflect CPI between April 2018 to April 2024) and by CPI annually from 1 April 2025	Autumn Budget 2024	Finance Bill 2024–25	1 April 2025
	Tobacco duty rates increased by 2% above RPI and hand-rolling tobacco by 12% above RPI	Autumn Budget 2024	Finance Bill 2024–25	6 p.m. on 30 October 2024
	Tobacco products duty increase £2.20 per 100 cigarettes or 50g tobacco	Confirmed Autumn Budget 2024 (Spring Budget 2024)	Finance Bill 2024–25	1 October 2026
	Vaping products duty to be introduced at £2.20 per 10ml of vaping liquid	Confirmed Autumn Budget 2024 (Spring Budget 2024)	Finance Bill 2024–25	1 October 2026 (approvals from 1 April 2026)
	Taxation (Post-Transition Period) Act 2020 – minor correction to reference alcohol duty charge	Autumn Budget 2024	Finance Bill 2024–25	Royal Assent to Finance Bill
	Vehicle excise duty: rates for cars, vans and motorcycles increased by RPI	Autumn Budget 2024	Finance Bill 2024–25	1 April 2025
	Vehicle excise duty: first year rates for new cars registered on or after 1 April 2025 to be changed to incentivise purchase of zero emission and electric cars	Autumn Budget 2024	Finance Bill 2024–25	1 April 2025

	Vehicle excise duty: clarify exemption for electric vehicles and technical amendments	Confirmed Autumn Budget 2024 (Autumn Statement 2022)	FA 2023, s. 10 ; Finance Bill 2024–25	1 April 2025
	Vehicle excise duty: HGV and HGV levy rates increased by RPI	Autumn Budget 2024	Finance Bill 2024–25	1 April 2025
Customs duties	No pending measures			
Management of taxes	Common Reporting Standard – implementation of OECD amendments and extension to include reporting on UK resident taxpayers by UK financial institutions	Confirmed Autumn Budget 2024 (Spring Budget 2024)	Finance Bill 2024–25	1 January 2026
	OECD Crypto-asset reporting framework – implementation and extension to include reporting on UK resident taxpayers by UK financial institutions	Confirmed Autumn Budget 2024 (Spring Budget 2024)	Finance Bill 2024–25 and Statutory Instrument	1 January 2026
	Improving data HMRC collect on employees and OMB shareholder dividends	Confirmed Autumn Statement 2023 (Tax Administration and Maintenance Day 2023 – 27 April 2023)	FA 2024, s. 36	not earlier than 2025–26
	Penalties: failure to pay tax – commencement for MTD ITSA volunteers	Confirmed Autumn Statement 2023 (Autumn Budget 2017)	FA 2024, s. 37 ; FA 2021, s. 117 and Sch. 26	6 April 2024 (MTD ITSA volunteers); to be appointed [6 April 2026 or 6 April 2027 (MTD ITSA)]
	Penalties: points-based penalties for failure to make returns – commencement for MTD ITSA volunteers	Confirmed Autumn Statement 2023 (Autumn Budget 2017)	FA 2024, s. 37 ; FA 2021, s. 118 and Sch. 27	6 April 2024 (MTD ITSA volunteers); to be appointed [6 April 2026 or 6 April 2027 (MTD ITSA)]
	Late payment interest rates increased by 1.5%	Autumn Budget 2024	to be confirmed	6 April 2025
	Digital reporting and record-keeping: income tax	—	F(No. 2)A 2017, s. 60 and 61 and Sch. 14 ; SI 2021/1076	6 April 2024 (volunteers); 6 April 2026 or 6 April 2027

	Making tax digital mandation threshold to be reduced from April 2026 for sole traders and landlords with income over £50,000 and from April 2027 for those with income over £30,000	Autumn Budget 2024	to be confirmed	April 2026
	Modernising and mandating tax adviser registration	Autumn Budget 2024	Future Finance Bill	April 2026

AUTUMN BUDGET 2024

Autumn Budget 2024

The Chancellor of the Exchequer has delivered her Autumn Budget Statement to Parliament.

The Autumn Budget 2024 aims to take immediate action to fix the foundations of the UK's economy.

The Treasury press release Chancellor chooses a Budget to rebuild Britain provides a summary of the key points arising in the Budget Statement, which includes the following measures affecting tax:

Inheritance tax

- The IHT threshold of £325k to remain until 2030.
- From April 2027, inherited pensions are subject to IHT.
- From April 2026, agricultural property relief and business property relief will be reformed, with the highest rate of relief remaining at 100% for the first £1m of combined business and agricultural assets on top of the existing nil-rate bands. The rate of relief will reduce to 50% after the first £1m.
- Offshore trusts will no longer be able to shelter assets from IHT, and there will be transitional arrangements for people who have made plans based on current rules.

Capital gains tax

- CGT rates will increase from 10% to 18% for basic rate taxpayers, and from 20% to 24% for higher rate taxpayers, matching existing rates for property which stay the same. Rates on chargeable gains from selling additional property remain unchanged at 18% and 24%, respectively.
- Business asset disposal relief will remain at 10%, before rising to 14% on 6 April 2025, and 18% from 6 April 2026.
- The tax treatment of carried interest will be reformed by increasing CGT rates on carried interest to 32% and then, from April 2026, moving to a revised regime.

Stamp duty land tax

- The higher rate for additional dwellings surcharge of SDLT in England and Northern Ireland will rise from 3% to 5%, from 31 October 2024.

Value added tax

- The standard rate of VAT will remain at 20%.
- VAT at the standard rate will be added to private school fees and boarding services from 1 January 2025.

Income tax and National Insurance

- The income tax and NIC thresholds in England and Wales will remain frozen until the end of 2027–28, when they will begin to rise in line with inflation.
- Rates of income tax and NICs paid by employees will remain unchanged.
- Employers' NICs will rise from 13.8% to 15% on a worker's earnings above £175 from April 2025, and the threshold at which employers start paying the tax on each employee's salary will be reduced from £9,100 a year to £5k.
- The employment allowance will increase from £5k to £10,500.

Business rates

- The current 75% discount to business rates will expire in April 2025 and will be replaced by a discount of 40%, up to a maximum of £110k.
- Private schools in England will lose business rates charitable rate relief from April 2025.

Corporation tax

- The main rate of corporation tax paid by businesses on taxable profits over £250k will stay at 25% until the next election.

Excise duties

- Fuel duty will remain the same for one year and the temporary 5p cut will be extended to 22 March 2026.
- Vehicle excise duty first year rates will change from 2025–26, but rates for zero emission cars will remain at £10 until 2029-30, while rates for hybrid and petrol/diesel cars will rise from 1 April 2025.
- The Government will uprate alcohol duty in line with RPI, except for most drinks in pubs, for which the duty on qualifying draught products will be reduced.
- From 2026–27, air passenger duty (APD) rates for short and long-haul flights will be adjusted, such that, for economy passengers, there will be an increase of £1 for domestic flights, £2 for short haul, and £12 for long-haul flights, with children under the age of 16 remaining exempt from APD. APD for larger private jets will be increased by 50%.
- The tobacco duty escalator will be renewed, which increases all tobacco duty rates by RPI + 2%, plus an above escalator increase to hand rolling tobacco (totalling RPI + 12%).
- A new vaping duty will be introduced at a flat rate of 22p/ml from October 2026, along with a further one-off increase in tobacco duty.
- The soft drinks industry levy will increase over the next five years and will rise in line with inflation every year going forward.

Non-dom regime

- A new residence-based regime will replace the current non-dom regime from April 2025, but the planned 50% reduction for foreign income in the first year of the new regime will be removed.

Other commitments – the Government has also committed to:

- maintain the current capital allowances system (including permanent full expensing and the £1m AIA);
- maintain the current R&D reliefs; and
- develop a new process for increasing tax certainty in advance for major investments.
- The HMRC policy paper: Autumn Budget 2024 – Overview of tax legislation and rates (OOTLAR) sets out the detail of each tax policy measure announced at Autumn Budget 2024 and of previously announced measures that will be included in Finance Bill 2024–25.

HMRC have published Tax Information and Impact Notes (TIINS), covering the following:

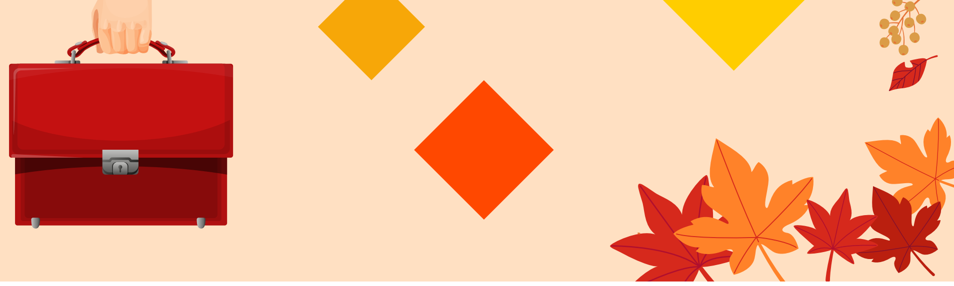
- Agricultural Property Relief and environmental land management;
- Annual Tax on Enveloped Dwellings: changes to alternative finance rules;
- Audio-Visual and Video Games Expenditure Credits: administrative amendments;
- Carried interest: rates of Capital Gains Tax;
- Changes to Air Passenger Duty rates from 1 April 2025;
- Changes to Air Passenger Duty rates from 1 April 2026;
- Changes to the rates of Alcohol Duty;
- Climate Change Levy rates from 1 April 2026;
- Closing the Alcohol Duty Stamps Scheme;
- Corporation Tax: additional tax credit for visual effects (VFX) expenditure;
- Corporation Tax: technical changes relating to Advance Pricing Agreements for certain financing arrangements;
- Energy Profits Levy reforms 2024;
- Furnished holiday lettings tax regime abolition;
- Income Tax: Company car tax rates 2028 to 2030;
- Increasing the rates of the Soft Drinks Industry Levy;
- Inheritance Tax nil-rate band and residence nil-rate bands from 6 April 2028;
- Landfill Tax rates for 2025 to 2026;
- Oil and Gas taxes: providing relief for certain payments made into Carbon Capture Usage and Storage decommissioning funds;
- Pillar 2: adoption of the undertaxed profits rule;
- Repeal of the Offshore Receipts in Respect of Intangible Property (ORIP) rules;
- Share Incentive Plan – consequential change because of the Neonatal Care (Leave and Pay) Act 2023;
- Stamp Duty and Stamp Duty Reserve Tax – power to make changes in connection with FMI sandboxes and exemption for PISCES; and
- Tax treatment of Statutory Neonatal Care Pay: Income Tax.

Measures with effect from 30 October 2024:

- Amending the rules in the enhanced support for Research and Development intensive small or medium-sized enterprises in Northern Ireland;
- Capital Gains Tax: Investors' Relief – lifetime limit reduction;
- Capital Gains Tax: Limited Liability Partnership liquidations;
- Changes to alternative finance tax rules (refinancing);
- Changes to rules for overseas pensions and scheme administrators;
- Changes to the rates of Capital Gains Tax;
- Changes to the taxation of Employee Ownership Trusts and Employee Benefit Trusts;
- Corporation Tax – close company shareholders – anti-avoidance measure;
- Corporation Tax: Research and Development small or medium-sized enterprises rules – technical correction to intensity ratio definition;
- Pillar 2: Multinational Top-up Tax and Domestic Top-up Tax amendments;
- Tobacco Duty: changes to rates from 30 October 2024; and
- VAT on private school fees.

Measures with effect from 31 October 2024:

- Stamp Duty Land Tax: Increase to the higher rates of Stamp Duty Land Tax and to the single rate payable by non-natural persons.



Measures with effect from 1 November 2024:

- Energy Profits Levy reforms 2024.

Draft legislation and tax information and impact note:

- Tax changes for non-UK domiciled individuals.

Other HMRC statement related documents:

- Changes to the taxation of non-UK domiciled individuals;
- Charities tax compliance;
- Cryptoasset Reporting Framework and Common Reporting Standard;
- Draft regulations: The Cryptoasset Service Providers (Due Diligence and Reporting Requirements) Regulations 2025;
- Draft regulations: The International Tax Compliance (Amendment) Regulations 2025;
- Evaluation of the 2017 change to UK Deemed domicile policy;
- HMRC's approach to Research and Development tax reliefs 2023 to 2024;
- Inheritance Tax on pensions: liability, reporting and payment;
- Personal Tax: Offshore Anti-Avoidance legislation;
- Plastic packaging tax - chemical recycling and adoption of a mass balance approach;
- Raising standards in the tax advice market: strengthening the regulatory framework and improving registration;
- Reporting and paying Income Tax and Class 1A NICs on benefits in kind in real-time;
- Simplifying the Taxation of Offshore Interest;
- Tackling the hidden economy by expanding tax conditionality to new sectors;
- Taxation of Employee Ownership Trusts and Employee Benefit Trusts;
- The Tax Administration Framework Review: enquiry and assessment powers, penalties, safeguards; and
- The Tax Administration Framework Review: New ways to tackle non-compliance.

Other HM Treasury publications:

- Three ways the Budget will put more money in working people's pockets;
- A Budget to fix the foundations and deliver change for Northern Ireland;
- A Budget to fix the foundations and deliver change for Scotland;
- A Budget to fix the foundations and deliver change for Wales;
- Agricultural property relief and business property relief reforms;
- Consultation on additional tax relief for visual effects costs;
- Reform of Air Passenger Duty for private jets;
- Transforming business rates;
- Vaping Products Duty consultation;
- The Tax Treatment of Carried Interest – Call for Evidence
- Tax Simplification for Alternative Finance;
- Tackling offshore tax non-compliance;
- Soft Drinks Industry Levy review;
- VAT on Private School Fees and Removing the Charitable Rates Relief for Private Schools;
- Draft Charter for Budget Responsibility: Autumn 2024;
- Help to Save Reform;
- A strong fiscal framework;
- Vaping Products Duty: technical consultation
- Corporate Tax Roadmap 2024.

View the Chancellor's speech in full: Autumn Budget 2024 speech.

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