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& BUSINESS ADVISERS

# AUTUMN BUDGET WEBINAR

## CGT

Sheldon Cole



## CHANGES TO HEADLINE CGT RATES - INDIVIDUALS

CGT rates	6 April to 29 October 2024	30 October 2024 to 5 April 2025
Residential property gains – within basic rate income tax band	18%	18%
Residential property gains – above basic rate income tax band	24%	24%
Non-residential property gains e.g. shares / commercial property – within basic rate income tax band	10%	18%
Non-residential property gains e.g. shares / commercial property – above basic rate income tax band	20%	24%

## OTHER HEADLINE CHANGES

- CGT on trustees and personal representatives – single flat rate of 24% from 30 October 2024
- CGT on carried interest gains of individuals – CGT rate to increase from 18% / 28% to single flat rate of 32% from 6 April 2025 (and income tax / NIC from 6 April 2026)
- Business Asset Disposal Relief
- Investors' Relief

## BUSINESS ASSET DISPOSAL RELIEF AND THE 10% CGT RATE

- Applies to qualifying gains
- Most commonly, a director disposing of shares in his or her personal trading company (5% test) that he or she has held for at least 2 years
- Also applies to gains made on disposal of all or part of a sole trade or partnership trade
- Relief must be claimed – normally via tax return for year of disposal
- £1m individual lifetime limit (had been £10m before 11 March 2020)
- Many commentators expected BADR to be abolished on Budget Day
- However, BADR continues with lifetime limit preserved at £1m
- Applicable CGT rate remains at 10% until 5 April 2025, then 14% for tax year commencing 6 April 2025, then 18% for tax year commencing 6 April 2026
- Possible precursor to abolition from 6 April 2027?

## INVESTORS' RELIEF AND THE 10% CGT RATE

- Investors' Relief has run in parallel to BADR
- Applies where an individual makes a gain on disposal of shares for which he or she has subscribed in cash on or after 17 March 2016
- The company must be an unquoted trading company or holding company of a trading group
- The individual cannot be an employee or connected with an employee of the company
- Relief must be claimed – normally via tax return for year of disposal
- £10m lifetime limit applied, but reduced to £1m from 30 October 2024
- As with BADR, the applicable CGT rate remains at 10% until 5 April 2025, then 14% for the tax year commencing 6 April 2025, then 18% for tax year commencing 6 April 2026
- Anti-forestalling legislation to prevent an individual making an election on a share for share exchange that took place prior to 30 October to “bank” the £10m lifetime limit

## OTHER OBSERVATIONS

- Annual capital gains exemption permanently frozen at £3,000 for 2024/25 onwards (£1,500 for trustees)
- 60-day CGT online return and payment regime continues for UK residential property gains
- No changes to CGT rollover relief - replacement of assets used in a trade
- No changes to CGT holdover relief – S165 TCGA 1992 (gifts of business assets) and S260 TCGA 1992 (gifts that are IHT chargeable transfers e.g. gifts in and out of trusts)
- The proposed £1m limit on 100% APR and BPR is likely to increase the incidence of gifts of chargeable assets during lifetime
- Take CGT structuring advice in advance of acquiring assets, or disposing of them



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**IHT**

Tara Bell



## HEADLINE CHANGES

- IHT thresholds frozen until 2030
- Inherited pensions will be liable to IHT from 2027
- Agricultural Property Relief (APR) and Business Property Relief (BPR) subject to new £1 million limit.

## INHERITED PENSIONS

- Currently, pensions generally fall outside the scope of IHT
- Change applies from 6 April 2027
- Any unused pension funds will become part of the estate for IHT purposes and be liable to tax
- IHT due on pensions will be paid from the fund itself
- Crackdown on pensions being used for tax planning purposes
- Time to take tax-free cash?

## AGRICULTURAL PROPERTY RELIEF (APR) AND BUSINESS PROPERTY RELIEF (BPR)

- From April 2025, APR extended to include land managed under an environmental agreement with the UK government, devolved governments, public bodies, local authorities and approved responsible bodies.
- Main changes from April 2026.
- Relief will remain at 100% on combined agricultural property and business property up to a value of £1 million.
- After £1 million, the rate of relief will be reduced to 50%.
- £1 million allowance is not transferrable between spouses.
- BPR will be reduced to 50% on shares designated as 'not listed' on the markets of recognised stock exchanges, such as the Alternative Investment Market (AIM)

## EXAMPLE – CURRENT POSITION

Asset	Value	APR/BPR Allowance	Chargeable
Shares in trading company	500,000	(500,000)	-
Family farmland	2,000,000	(2,000,000)	-
Main residence	500,000		500,000
Cash	<u>100,000</u>		<u>100,000</u>
Total	3,100,000	(2,500,000)	600,000
Nil Rate Band			<u>(650,000)</u>
Chargeable Estate			NIL

## EXAMPLE - FROM APRIL 2026

Asset	Value	APR/BPR Allowance	Balance @ 50%	Chargeable
Shares in trading company	500,000	(200,000)	(150,000)	150,000
Family farmland	2,000,000	(800,000)	(600,000)	600,000
Main residence	500,000			500,000
Cash	<u>100,000</u>			<u>100,000</u>
Total	3,100,000	(1,000,000)	(750,000)	1,350,000
Nil Rate Band				<u>(650,000)</u>
Chargeable Estate				700,000



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# Autumn Budget 2024

Update – Mark Tibbert



## Areas to cover

- Company Tax
- National Insurance changes
- Company Car / Van changes
- Sundry changes

## Company Tax

- Good news – no changes
- Confirmation of road map for duration of government
  - Main rate remains at 25%
  - AIA and full expensing remain – 100% relief
  - Extended FYA on EV vehicles (31/3/2026)
  - No more changes to R&D relief

## National Insurance changes

- What is changing from 6 April 2025?
  - Increase Employers Rate from 13.8% to 15.0%
  - Drop threshold levy £9,100 to £5,000
  - Employment allowance increase to £10,500
    - (only applies if E/ers Class1 NIC <£100,000, being removed April 2025)
- What does this mean for employers?
  - Factor in NMW increase to £12.21 (£11.44)

## National Insurance changes (cont.)

Current Position	Current Position	From April 2025	Impact
FTE (35hrs pw) (NMW)	£20,821	£22,222	£1,401
E/ers NIC Cost	£1,617	£2,583	£966 *

\* £772 on a like for like salary

Salary level	Current E/er NIC	From April 2025	Impact
£30,000	£2,884	£3,750	£866
£40,000	£4,264	£5,250	£986
£50,000	£5,644	£6,750	£1,106

# National Insurance changes

- Benefits in kind cost
- Also remember payrolling BIK from April 2026

## Company Car / Van changes

- Double cab pick ups – no longer vans.
  - Load Weight > 1 tonne
  - Fixed benefit to car benefits
    - (£3,960 23/24; £4,020 25/26)
  - Transitional rules to April 2029 for BIK
  - Capital allowances impact for business
- Change in BIK rates for cars:
  - Zero emission increase 2% p.a. 2028 and 2029
  - 1-50g/km increase to 18% / 19% p.a. 2028 and 2029
  - All other bands increase by 1% p.a. 2028 and 2029
    - Max 38% / 39%. (current maximum is 37%)

## Sundry points

- Increase in interest rate on late payments (April 2025)
  - Increase of 1.5% (current rate Base + 2.5%)
  - Current rate 7.5% (move to 9%)
- SDLT surcharge rate increase to 5% (from 31/10/2024)
- Employee Ownership Trust – admin changes
- FHL status abolition confirmed again from April 2025

**Any Questions?**



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We're here to offer clear, calm and expert advice.  
If you have any requirements that you would like to discuss with us, we're here to help.

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