



WESTCOTTS

CHARTERED ACCOUNTANTS  
& BUSINESS ADVISERS

# Spring Budget 2024

## Summary



## **1. Personal Tax**

### **1.1 Tax Rates**

Personal allowances and the higher rate tax threshold had already been fixed until April 2026 and this has now been extended until April 2028.

The personal allowance will remain at £12,570 and the higher rate threshold will remain at £50,270.

### **1.2 Additional Rates**

From the 6 April 2024 the additional rate threshold will be £125,140.

### **1.3 Dividend Allowance**

The dividend allowance will reduce to £500 from April 2024.

### **1.4 Married Couples' and Blind Persons Allowance**

The Married Couple's Allowance will be between £4,280 and £11,080 and the Blind Persons allowance will be £3,070.

### **1.5 High Income Child Benefit Charge threshold (HICBC)**

The adjusted net income starting threshold for the high-income child benefit charge will be increased to £60,000 from 6 April 2024. The charge will apply at a rate of 1% for each £200 of adjusted net income between £60,000 and £80,000.

### **1.6 Replacing Non-UK Domicile tax rules with a residence-based regime**

The government will abolish the remittance basis of taxation for non-UK domiciled individuals and replace it with a simpler residence-based regime, which will take effect from 6 April 2025. Individuals who opt into the regime will not pay UK tax on foreign income and gains for the first four years of tax residence.

Overseas Workday Relief (OWR) will be reformed with eligibility for the relief based on the new regime. OWR will continue to provide Income Tax relief for earnings from duties carried out overseas for the first three years of tax residence with restrictions on remitting these earnings removed.

The government has also announced an intention to move to a residence-based regime for Inheritance Tax.

### **1.7 UK Individual Savings Account (ISA)**

The government will introduce a new UK ISA with its own allowance of £5,000 a year. The effective date is to be announced.

## **1.8 Income tax rates of trustees' income**

The £1,000 standard rate band will be replaced with a £500 de minimis trust amount from 6 April 2024 for relevant property settlements.

## **2. National Insurance Contributions (NIC)**

### **2.1 Thresholds**

The lower earnings level will remain at £6,396 and the small profits threshold will remain at £6,725.

The primary threshold will remain at £12,570 and the upper earnings and upper profits limit will remain at £50,270.

These thresholds will remain until April 2028.

### **2.2 Rates**

From 6 April 2024 the main rate of primary class 1 National Insurance Contributions will be reduced to 8%.

The main rate of Class 4 National Insurance Contributions will reduce to 6%.

### **2.3 Class 2 National Insurance Contributions**

The government will consult on how it will deliver the abolition of Class 2 National Insurance Contributions.

## **3. Business Tax**

### **3.1 Corporation Tax Rates**

The government will maintain the main rate of corporation tax at 25% and the small profits rate at 19%, for the financial year beginning 1 April 2025.

### **3.2 Additional Support for Independent film**

The government will introduce legislation to provide additional support for independent films via the Audio-Visual Expenditure Credit.

The Independent Film Tax Credit is aimed at films that have budgets (or total core expenditure) of up to £15 million and that receive a new accreditation from the British Film Institute. The credit rate will be 53% of qualifying expenditure. Qualifying expenditure is capped at a maximum of 80% of a film's total core expenditure; the most taxable credit a film can receive will be £6.36 million.

The changes will take effect for films that commence principal photography from 1 April 2024 on expenditure incurred from 1 April 2024. Claims may be submitted from 1 April 2025.

### **3.3 Permanent extension for higher rates of Theatre Tax Relief, Orchestra Tax Relief and Museums and Galleries Tax Relief**

With effect from 1 April 2025 the government will make permanent the 40%/45% (for non-touring/touring and orchestral productions respectively) headline rates of relief for Theatre Tax Relief, Orchestra Relief, and Museums and Galleries Exhibition Tax Relief.

### **3.4 Abolition of the Furnished Holiday Lettings (FHL) Regime**

From April 2025 the government will abolish the Furnished Holiday Lettings tax regime, eliminating the tax advantage for landlords who let out short-term furnished holiday properties over those who let out residential properties to longer-term tenants.

Draft legislation will be published in due course and include an anti-forestalling rule. This will prevent the obtaining of a tax advantage using unconditional contracts to obtain capital gains relief under the current FHL rules. This rule will apply from 6 March 2024.

### **3.5 Expensing full expensing to leased assets**

Full expensing and the 50% first-year allowance for special rate assets was previously made permanent. Expenditure on plant or machinery for leasing is excluded from these allowances.

The government will shortly publish draft legislation for technical consultation to help it consider any potential extension to include plant and machinery for leasing, which is subject to future decision.

### **3.6 Additional tax relief for expenditure on visual effects**

The government will give additional tax relief to visual effects costs in films and high-end TV. Under the Audio-Visual Expenditure Credit, visual effects costs will receive tax credit at a rate of 39%. The 80% cap on qualifying expenditure will also be removed for visual effects costs. The changes will take effect from 1 April 2025.

A consultation will be published shortly on the types of expenditure that will be within scope of the additional tax relief.

### **3.7 Guidance on the deductibility of training**

HMRC has published guidance to provide greater clarity of the tax deductibility of training costs for sole traders and the self-employed.

The guidance clarifies that updating existing skills, maintaining pace with technological advancements, or changes in industry practices, are deductible costs when calculating the taxable profits of a business.

## **4 Value Added Taxes (VAT)**

### **4.1 VAT – Registration and Deregistration thresholds**

The current registration limit will increase to £90,000 and the deregistration limit will increase to £88,000 with effect from 1 April 2024.

### **4.2 DIY Housebuilders Scheme**

To assist the validation of DIY housebuilders claims additional powers will be given to the commissioners to request evidential documentation in relation to a claim. This measure will take effect from the date of Royal Assent of the Spring Finance Bill 2024.

## **5 Stamp Duty Land Tax (SDLT)**

### **5.1 Multiple Dwellings Relief (MDR)**

The government will introduce legislation abolishing Multiple Dwellings Relief, a bulk purchase relief in the Stamp Duty Land Tax regime. This change will come into effect for transactions with an effective date on or after 1 June 2024. Transitional rules mean that MDR can still be claimed for contracts which are exchanged on or before 6 March 2024, regardless of when completion takes place. This is subject to various exclusions, for example that there is no variation of the contract after that date.

### **5.2 First Time Buyers Relief**

From 6 March 2024 the government will amend the rules for claiming first time buyers' relief. The changes will mean that individuals who purchase new leases using nominee or bare trust arrangements will be able to claim the relief and ensure that individuals who have used such arrangements in the past are unable to claim the relief on future purchases made in their own name.

Where contracts are exchanged on or before 6 March 2024, transitional rules may apply subject to conditions.

## **6 Inheritance Tax (IHT)**

### **6.1 Agricultural Property Relief and Woodlands Relief**

From 6 April 2024 the government will legislate to restrict the scope of agricultural property relief and woodlands relief to property in the UK. Property in the EEA, Channel Islands and the Isle of Man will be treated the same as OTHER property located outside of the UK.

### **6.2 Taxation of environmental land management and ecosystem service markets**

The scope of agricultural property relief from Inheritance Tax will be extended to include environmental land management from 6 April 2025.

Relief will be available for land managed under an environmental agreement with, or on behalf of, the UK government, Devolved Administrations, public bodies, local authorities, or approved responsible bodies. This includes agreements in place on or after 6 March 2024.

### **6.3 Administrative change to ease the payment of Inheritance Tax before probate or confirmation**

From 1 April 2024 the government will relax the Inheritance Tax requirements for 'grants on credit'. Personal representatives of estates will no longer need to have sought commercial loans to pay Inheritance Tax before applying to obtain a 'grant on credit' from HMRC.

## **7 Capital Gains Tax (CGT)**

### **7.1 Annual Allowance**

The capital gains tax annual allowance will reduce to £3,000 from April 2024.

### **7.2 Changes to the capital gains tax rate of UK residential property disposals**

From 6 April 2024 the government will reduce the higher rate of Capital Gains Tax for residential property gains from 28% to 24%. The lower rate will remain at 18% for any gains that fall within an individual's basic rate band.

## **8 Other Taxes**

### **8.1 Transfer of Assets Abroad Provisions**

The government will introduce legislation from 6 April 2024 so that individuals cannot bypass anti-avoidance legislation, the Transfer of Assets Abroad provisions, by using a company to transfer assets offshore to avoid tax. This applies to individuals who are resident in the UK.

### **8.2 Freeport tax reliefs sunset date extension**

The government will extend the window to claim the tax reliefs available in Freeport special tax sites from 5 to 10 years. At Spring Budget 2024, the government announced that the sunset date will be extended to:

- 30 September 2031 for special tax sites in respect of English Freeports
- 30 September 2034 for special tax sites in respect of Scottish Green Freeports and Welsh Freeports.