

Summary guide

Budget 2024

What does it mean for you?



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By Oscar Wingham

Tax Partner, For and on behalf of Rouse Partners LLP

Chancellor Rachel Reeves has delivered her first Budget, introducing a series of significant tax changes - most of which had been anticipated in the lead-up to the announcement.

For individuals, the adjustments to inheritance tax and capital gains tax (CGT) were particularly notable. The main CGT rate increased from 10% to 18% (basic rate) and from 20% to 24% for others, while the inclusion of inherited pension pots in the inheritance regime will see more estates liable to inheritance tax in the coming years.

The changes to APR and BPR are a major problem for farming families and family-owned trading companies. It could mean land must be sold, or businesses broken up, to pay the IHT. Share valuations will be critical and will likely add to the cost and time of managing a deceased estate. No doubt these valuations will also be an area of focus and challenge for HMRC.

For businesses, the increase in the main rate of Employer's National Insurance is expected to have the most immediate impact, particularly alongside rising wage costs. Beyond the headline announcements, the Budget reaffirmed previously made commitments to cap the headline rate of corporation tax and maintain key incentives such as full expensing, the annual investment allowance, R&D tax relief rates, and the Patent Box regime. These measures will provide businesses with much-needed certainty about the future direction.

The Budget also included updates on the government's plans to address international corporation tax issues. In Spring 2025, the Government will consult on reforms to the UK's rules on transfer pricing, permanent establishments, and Diverted Profits Tax. This could involve removing UK-to-UK transfer pricing requirements and revising the thresholds for exemptions, as well as mandating that multinationals report cross-border related party transactions to HMRC.

Overall, the Budget aligned with the expectation that we would see public spending pledges and an increasing tax take. We hope this guide provides useful updates and please contact us if you have any questions on their impact to you.

Contents

| | | |
|----|---------------------------------|---|
| 3 | Highlights and reaction | > |
| 6 | Families and individuals | > |
| 14 | Businesses | > |
| 19 | Employers and the self employed | > |
| 24 | Other matters | > |
| 26 | About us | > |

Our highlights and reaction



Highlights for individuals

Tax rates



Income tax and NI thresholds held until 2028-29 when they will be uplifted in line with inflation.

Capital gains



Capital gains tax to rise from 10% to 18% (lower rate) and 20% to 24% (higher rate), but no change for CGT on residential property.

Inheritance



IHT thresholds frozen to 2030. Also inherited pensions will be brought into inheritance tax from April 2027.

Inheritance



A new £1 million limit per taxpayer for the combined value of property qualifying for 100% BPR and 100% APR from 6 April 2026.

Stamp duty



Stamp-duty surcharge increased by 2% to 5% for second-homes from midnight 30 October 2024.

Non-doms



Non-dom tax regime to be abolished from April 2025, and replaced with new residence based scheme.



Highlights for businesses

National Insurance



Employers NI to increase by 1.2%, to 15% from April 2025, and threshold to reduce from £9,100 per year to £5,000.

Employment allowance



The employment allowance is rising from £5,000 to £10,500, meaning some will be exempt from Employers NI.

BADR



The Business Asset Disposal Relief lifetime limit will remain at £1m. It will stay at 10% for now, 14% from April 25 and 18% from April 2026.

Minimum wage



National Living Wage increasing by 6.7% to £12.21 an hour, and by 16.3% to £10 for 18 - 20 year olds.

Corporation tax



Corporation tax to remain at 25% for duration of parliament.

Business rates



Lower rate for retail, hospitality and leisure properties from 2026/27.



Paul Woodward,
Director of Tax

"The expected increase in CGT rates was not as significant as feared and the retention of Business Asset Disposal Relief (BADR) is good news for those selling a business. The big downside is the change to Business Property Relief (BPR) for IHT purposes which may lead to IHT bills when family businesses are passed on. From a wider business perspective, the increase in employer's National Insurance Contributions is unwelcome but many smaller businesses will not feel the hit because of the increase in the Employment Allowance."



Rachael Bonner,
Personal Tax
Manager

"The extended freezing of the IHT thresholds to 2030 is a blow and will pull more families into IHT, however we are pleased there was no reduction or scrapping of the nil rate band, which had been rumoured. The biggest announcement regarding inheritance tax, on which the Chancellor spent a very short period of time, was that inherited pensions will now be subject to IHT. This could cause people to consider cashing in their pensions in and gifting earlier. Adding pension pots to inheritance tax calculations could also mean more are pulled into losing some of their residence nil rate band, which is gradually removed on estates worth more than £2 million."



Ammad Khan,
Senior Personal
Tax Manager

"As widely expected, the existing non-dom regime will be scrapped from April 2025 and replaced with a new residence-based regime. However, there will be some concessions, with the extension to the temporary repatriation facility, which will allow non-doms to bring their historic income and gains to the UK at a reduced rate of tax. The non-dom rule changes will also impact inheritance tax, with worldwide assets being brought into UK IHT for individuals and trusts. An individual is long-term resident (and in scope for IHT on their non-UK assets) when they have been resident in the UK for at least 10 out of the last 20 tax years and then remain in scope for between 3 and 10 years after leaving the UK (subject to transitional points). We will need to see further details that the Government releases to assess the full impact for non-doms."



**For families
and individuals**



Tax bands and rates

The basic rate of tax is 20%. For 2025/26 the band of income taxable at this rate is £37,700 so that the threshold at which the 40% rate applies is £50,270 for those who are entitled to the full personal allowance.

The basic rate band is frozen at £37,700 until April 2028. The NICs Upper Earnings Limit and Upper Profits Limit will remain aligned to the higher rate threshold at £50,270 for these tax years as well. The government has suggested that, from April 2028, these limits will then be uprated in line with inflation.

For 2025/26 the point at which individuals pay the additional rate of 45% is £125,140.

The additional rate for non-savings and non-dividend income will apply to taxpayers in England, Wales and Northern Ireland. The additional rate for savings and dividend income will apply to the whole of the UK.

The personal allowance

The Income Tax personal allowance is fixed at the current level of £12,570 until April 2028. The government has suggested that, from April 2028, it will then be uprated in line with inflation.

There is a reduction in the personal allowance for those with 'adjusted net income' over £100,000. The reduction is £1 for every £2 of income above £100,000. This means that there is no personal allowance where adjusted net income exceeds £125,140. The government will uprate the married couple's allowance and blind person's allowance for 2025/26.

The marriage allowance

The marriage allowance permits certain couples to transfer £1,260 of their personal allowance to their spouse or civil partner.

We say

The marriage allowance reduces the recipient's tax bill by up to approximately £250 a year. To benefit from the marriage allowance one spouse or civil partner must normally have no income or income below the personal allowance for the year. Since the marriage allowance was first introduced there are couples who are entitled to claim but have not yet done so. It is possible to claim for all years back to 2020/21 where the entitlement conditions are met. The total tax saving for all years up until 2023/24 could be over £1,000. A claim for 2020/21 will need to be made by 5 April 2025.

Tax on savings income

Savings income is income such as bank and building society interest.

The Savings Allowance applies to savings income and the available allowance in a tax year depends on the individual's marginal rate of income tax. Broadly, individuals taxed at up to the basic rate of tax have an allowance of £1,000. For higher rate taxpayers the allowance is £500. No allowance is due to additional rate taxpayers.

Savings income within the allowance still counts towards an individual's basic or higher rate band and so may affect the rate of tax paid on savings above the Savings Allowance.

Some individuals qualify for a 0% starting rate of tax on savings income up to £5,000. However, the rate is not available if taxable non-savings income (broadly earnings, pensions, trading profits and property income, less allocated allowances and reliefs) exceeds £5,000.

Tax on dividends

Currently, the first £500 of dividends is chargeable to tax at 0% (the Dividend Allowance). This £500 is retained for 2025/26.

These rules apply to the whole of the UK.

Dividends received above the allowance are taxed at the following rates for 2025/26:

- 8.75% for basic rate taxpayers
- 33.75% for higher rate taxpayers
- 39.35% for additional rate taxpayers.

The Corporation Tax due on directors' overdrawn loan accounts is paid at 33.75% and remains unchanged.

Dividends within the allowance still count towards an individual's basic or higher rate band and so may affect the rate of tax paid on dividends above the Dividend Allowance.

To determine which tax band dividends fall into, dividends are treated as the last type of income to be taxed.

Pension tax limits

For 2025/26:

- The Annual Allowance (AA) is £60,000.
- Individuals who have 'threshold income' for a tax year of greater than £200,000 have their AA for that tax year restricted. It is reduced by £1 for every £2 of 'adjusted income' over £260,000, to a minimum AA of £10,000.
- The Lump Sum Allowance, which relates to the general maximum that may be able to be taken as a tax-free lump sum, is £268,275.
- The Lump Sum and Death Benefit Allowance, which relates to the general maximum that may be able to be taken as a tax-free lump sum in certain circumstances, is £1,073,100.

Individual Savings Accounts

For 2025/26, the limits are as follows:

- Individual Savings Accounts (ISAs) £20,000
- Junior ISAs £9,000
- Lifetime ISAs £4,000 (excluding government bonus) and
- Child Trust Funds £9,000.

High Income Child Benefit Charge

The High Income Child Benefit Charge (HICBC) is a tax charge that applies to higher earners who receive Child Benefit or whose partner receives it.

For 2025/26, the income threshold at which HICBC starts to be charged is £60,000. The rate at which HICBC is charged is 1% of the Child Benefit payment for every additional £200 above the threshold. This means that Child Benefit will not be withdrawn in full until individuals have adjusted net income of £80,000 or more.

The government will not proceed with the reform to base HICBC on household incomes as proposed by the previous government.

Non-UK domiciled individuals

Significant changes are made to the tax regime relating to non-UK domiciled individuals. Broadly, from 6 April 2025, changes will be made to replace the remittance basis of taxation, which is based on domicile status, with a new tax regime based on residence. The new regime will provide 100% relief on foreign income and gains for new arrivals to the UK in their first four years of tax residence, provided they have not been UK tax resident in any of the ten consecutive years prior to their arrival.

The protection from tax on foreign income and gains arising within settlor-interested trust structures will no longer be available for non-domiciled and deemed domiciled individuals who do not qualify for the four-year foreign income and gains regime.

Transitionally, for CGT 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.

Any foreign income and gains that arose on or before 5 April 2025, while 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 those who are eligible for the new four-year foreign income and gains regime.

A Temporary Repatriation Facility (the Facility) will be available for individuals who have previously claimed the remittance basis. They will be able to designate and remit, at a reduced rate, foreign income and gains that arose prior to the changes. The Facility will be available for a limited period of three tax years, beginning in 2025/26. The Facility rate will be 12% for the first two years and 15% in the final tax year of operation.

The current domicile-based system of Inheritance Tax will be replaced with a new residence-based system, which will affect the scope of non-UK property brought into UK Inheritance Tax for individuals and trusts.

Overseas Workday Relief will be extended to four years to align with the new four-year foreign income and gains regime and will be subject to a financial limit on the amount of relief that can be claimed, namely the lower of £300,000 or 30% of an individual's total employment income.

Capital gains

Capital Gains Tax rates

The Capital Gains Tax rates will increase for disposals, other than of residential property and carried interest, made on or after 30 October 2024. The basic rate of 10% will increase to 18% and the 20% rate will increase to 24%.

No changes will be made to the rates applying to the disposal of residential properties of 18% and 24%.

The rate applying to trustees and personal representatives will increase from 20% to 24% from the same date.

We say

The changes in the main rates of Capital Gains Tax brings them in line with those paid on disposal of residential property. This means that there will be no need going forward to differentiate between the types of property being disposed of.

Capital Gains Tax annual exemption

The annual exempt amount will remain at £3,000 for 2025/26.

Business Asset Disposal Relief and Investors' Relief

The rate applying for individuals claiming Business Asset Disposal Relief and Investors' Relief will increase from 10% to 14% for disposals made on or after 6 April 2025. The rate will increase again to 18% for disposals made on or after 6 April 2026.

In addition, the lifetime limit for Investors' Relief will be reduced from £10 million to £1 million for qualifying disposals made on or after 30 October 2024. This limit takes into account any prior qualifying gains where the relief was claimed.

Carried interest rates and reform

The rates that apply to carried interest of 18% and 28% will increase to a flat rate of 32%. This will apply to carried interest arising to an individual on or after 6 April 2025.

From April 2026, all carried interest will be taxed within the income tax framework. A multiplier of 72.5% will be applied to any qualifying interest brought within the charge.

Capital Gains Tax on liquidation of a Limited Liability Partnership

Where a member of a Limited Liability Partnership (LLP) has contributed assets to the LLP, chargeable gains that accrue up to the contribution will be charged to tax when the LLP is liquidated and the assets are disposed of to the member, or a person connected to them. The charge to tax will be on the member and the measure will have effect for liquidations that commence on or after 30 October 2024.

Reducing tax-free overseas transfers of tax relieved UK pensions

The Overseas Transfer Charge (OTC) is a 25% tax charge on transfers to Qualifying Recognised Overseas Pension Schemes (QROPS), unless an exclusion from the charge applies. Transfers to QROPS established in the EEA and Gibraltar were included within the exclusion but this exclusion will no longer apply for such transfers made on or after 30 October 2024.



Inheritance Tax

Inheritance Tax nil rate bands

The nil rate band has been frozen at £325,000 since 2009 and this will continue to be frozen up to 5 April 2030. An additional nil rate band, called the 'residence nil rate band' is also frozen at the current £175,000 level, as is the residence nil rate band taper starting at £2 million. These are also frozen until 5 April 2030.

Unused pension funds and death benefits

The government will bring unused pension funds and death benefits payable from a pension into a person's estate for inheritance tax purposes from 6 April 2027.

Agricultural Property Relief & Business Property Relief

From 6 April 2026, agricultural and business property will continue to benefit from the 100% Inheritance Tax relief up to a limit of £1 million. The limit is a combined limit for both agricultural and business property. Property in excess of the limit will benefit from a 50% relief, as will, in all circumstances, quoted shares designated as 'not listed' on the markets of recognised stock exchanges, such as AIM.

Extension of Agricultural Property Relief to environmental land management

From 6 April 2025, the existing scope of Agricultural Property Relief will be extended to land managed under an environmental agreement with, or on behalf of, the UK government, devolved governments, public bodies, local authorities, or approved responsible bodies.



For businesses



Corporation Tax rates

The government has confirmed that the rates of Corporation Tax will remain unchanged, which means that, from April 2025, the rate will stay at 25% for companies with profits over £250,000. The 19% small profits rate will be payable by companies with profits of £50,000 or less. Companies with profits between £50,001 and £250,000 will pay tax at the main rate reduced by a marginal relief, providing a gradual increase in the effective Corporation Tax rate.

We say

The government has committed to capping the main rate of Corporation Tax at 25% for the duration of the Parliament. This is currently the lowest in the G7.

Capital allowances

The Full Expensing rules for companies allow a 100% write-off on qualifying expenditure on most plant and machinery (excluding cars) as long as it is new and unused. Similar rules apply to integral features and long life assets at a rate of 50%. The government will explore extending Full Expensing to assets bought for leasing or hiring, when fiscal conditions allow.

The Annual Investment Allowance is available to both incorporated and unincorporated businesses. It gives a 100% write-off on certain types of plant and machinery up to certain financial limits per 12-month period. The limit remains at £1 million.

The 100% First Year Allowances (FYA) for qualifying expenditure on zero-emission cars and the 100% FYA for qualifying expenditure on plant or machinery for electric vehicle chargepoints have been extended to 31 March 2026 for corporation tax purposes and 5 April 2026 for income tax purposes.

Furnished Holiday Lettings

The Furnished Holiday Lettings (FHL) tax regime will be abolished from April 2025. The effect of abolishing the rules will be that FHL properties will form part of the person's UK or overseas property business and be subject to the same rules as non-furnished holiday let property businesses. This will apply to individuals, corporates and trusts who operate or sell FHL accommodation.

There are a number of implications from 2025/26 which are detailed here:

- **Pensions** - individuals will no longer be able to include this income within relevant UK earnings when calculating maximum pension relief.
- **Dwelling-related loans** - the amount of income tax relief landlords can receive on residential property finance costs is restricted to the basic rate of income tax of 20%.
- **Replacement of domestic items** - capital allowances will no longer be available for expenditure on new plant and machinery (subject to transitional rules) but instead businesses may claim relief on the replacement of certain items.
- **Capital gains** - the rules which allowed FHL to be treated as a trade for various capital gains tax reliefs are withdrawn in relation to disposals made on or after 6 April 2025 (1 April 2025 for Corporation Tax). Roll-over relief on the replacement of business assets will no longer apply to acquisitions which take place on or after those dates. However, there are a number of detailed transitional rules to preserve certain reliefs such as Business Asset Disposal Relief in specific situations.
- **Losses** - broadly, any unused losses can be carried forward to set against future years' profits of either the UK or overseas property business as appropriate.

Multinational

The government will introduce the Undertaxed Profits Rule, being the final part of the G20-OECD Global Minimum Tax agreed by over 135 countries and jurisdictions. It will take effect for accounting periods beginning on or after 31 December 2024. The government confirmed that the Offshore Receipts in Respect of Intangible Property rules will be abolished in respect of income arising from 31 December 2024. Additional amendments will also be made to the Multinational Top-up Tax and Domestic Top-up Tax legislation.

Energy Profits Levy

The Energy Profits Levy (EPL) (the temporary levy on profits arising from the upstream production of oil and gas) will increase from 35% to 38% and the end date of the levy will be extended to 31 March 2030. The EPL's Investment Allowance will be removed and the Decarbonisation Investment Allowance reduced to 66%. These measures will take effect from 1 November 2024. The government will publish a consultation in early 2025 on how it will respond to price shocks once the EPL ends.

We say

The purpose of the EPL is to ensure that oil and gas companies contribute more to the energy transition; one of the government's key missions is to make the UK a clean energy superpower.

Business rates

For 2025/26, eligible retail, hospitality and leisure (RHL) properties in England will receive 40% relief on their business rates liability. RHL properties will be eligible to receive support up to a cash cap of £110,000 per business.

For 2025/26, the small business multiplier in England will be frozen at 49.9p. The standard multiplier will be increased to 55.5p.

Creative industries

From 1 April 2025, film and high-end TV productions will be able to claim an enhanced 39% rate of Audio-Visual Expenditure Credit (AVEC) on their UK visual effects (VFX) costs. UK VFX costs will be exempt from the AVEC's 80% cap on qualifying expenditure. Costs incurred from 1 January 2025 will be eligible.

UK films with budgets under £15 million and a UK lead writer or director will be able to claim an enhanced 53% rate of AVEC from 1 April 2025. This is known as the Independent Film Tax Credit.

From 1 April 2025, the rates of Theatre Tax Relief, Orchestra Tax Relief and Museums and Galleries Exhibitions Tax Relief will be set at 40% for non-touring productions and 45% for touring productions and all orchestra productions, applying UK-wide.

Other business announcements

The government will ensure shareholders cannot extract funds untaxed from close companies by legislating to remove opportunities to side-step the anti-avoidance rules attached to the loans to participators regime. This change will apply from 30 October 2024.

The government will support charitable giving by legislating to prevent abuse of the charity tax rules, ensuring that only the intended tax relief is given to charities. These changes will take effect from April 2026 to give charities time to adjust to the new rules.

From 30 October 2024, alternative finance tax rules will be amended to put certain tax consequences of alternative and conventional financing arrangements on a level playing field.





For employers and the self employed

National Insurance contributions

Employees and NICs

From 6 April 2024 the main rate of Class 1 employee NICs is 8%. The employer rate is 13.8%.

The government announced that it will increase the employer rate from 13.8% to 15% from 6 April 2025.

The Secondary Threshold is the point at which employers become liable to pay NICs on an individual employee's earnings, and is currently set at £9,100 a year. The government will reduce the Secondary Threshold to £5,000 a year from 6 April 2025 until 6 April 2028, and then increase it by Consumer Price Index (CPI) thereafter.

The Employment Allowance currently allows businesses with employer NICs bills of £100,000 or less in the previous tax year to deduct £5,000 from their employer NICs bill. From 6 April 2025 the government will increase the Employment Allowance from £5,000 to £10,500, and remove the £100,000 threshold for eligibility, expanding this to all eligible employers with employer NIC bills.

The self-employed and NICs

From 6 April 2024 the rates of Class 4 self-employed NICs are 6% and 2%. These rates remain the same from 6 April 2025.

For Class 2 NICs from 6 April 2024:

- Self-employed people with profits of £6,725 and above get access to contributory benefits, including the State Pension, through a National Insurance credit, without paying Class 2 NICs.
- Those with profits under £6,725 and others who pay Class 2 NICs voluntarily to get access to contributory benefits including the State Pension will continue to be able to do so.

Other changes for 2025/26

The government will increase the Lower Earnings Limit (LEL) and the Small Profits Threshold (SPT) by the September 2024 CPI rate of 1.7% from 2025/26. For those paying voluntarily, the government will also increase Class 2 and Class 3 NICs by 1.7% in 2025/26.

The LEL will be £6,500 per annum (£125 per week) and the SPT will be £6,845 per annum. The main Class 2 rate will be £3.50 per week and the Class 3 rate will be £17.75 per week.

Employer NICs relief for veterans

The government is extending the employer NICs relief for employers hiring qualifying veterans for a further year from 6 April 2025 until 5 April 2026.

National Living Wage and National Minimum Wage

The government has announced increased rates of the National Living Wage (NLW) and National Minimum Wage (NMW) which will come into force from 1 April 2025. The rates which will apply are as follows:

| | NLW | 18-20 | 16-17 | Apprentices |
|-------------------|--------|--------|-------|-------------|
| From 1 April 2025 | £12.21 | £10.00 | £7.55 | £7.55 |

The apprenticeship rate applies to apprentices under 19 or 19 and over in the first year of apprenticeship. The NLW applies to those aged 21 and over.

We say

For an NLW worker working 37.5 hours per week, the increases announced today will increase their

annual gross pay by £1,505.54 and their monthly gross pay by £125.46.

Taxable benefits for company cars

The rates of tax for company cars are amended for 2025/26:

- Charge for zero emission cars rises from 2% to 3%.
- Charge for other cars increases by 1%.
- The maximum benefit of 37% remains.

The government has confirmed increases to the benefit in kind rates for company cars for tax years up to and including 2029/30.

Car fuel benefit charge

The government will uprate the car fuel benefit charge by CPI from 6 April 2025.

Double cab pick-up vehicles

The government will treat double cab pick-up vehicles (DCPUs) with a payload of one tonne or more as cars for certain tax purposes.

From 1 April 2025 for Corporation Tax, and 6 April 2025 for Income Tax, DCPUs will be treated as cars for the purposes of capital allowances, benefits in kind and some deductions from business profits.

The existing capital allowances treatment will apply to those who purchase DCPUs before April 2025. Transitional benefit in kind arrangements will apply for employers that have purchased, leased, or ordered a DCPU before 6 April 2025. They will be able to use the previous treatment, until the earlier of disposal, lease expiry, or 5 April 2029.

Company vans

The government will uprate the Van Benefit Charge and the Van Fuel Benefit Charges by CPI from 6 April 2025.

Mandating the reporting of benefits in kind via payroll software

The government confirms that the use of payroll software to report and pay tax on benefits in kind will become mandatory, in phases, from April 2026. This will apply to income tax and Class 1A NICs.

Ending contrived car ownership schemes

The government will publish draft legislation relating to loopholes in car ownership arrangements, through which an employer or a third party sells a car to an employee, often via a loan with no repayment terms and negligible interest, then buys it back after a short period.

This arrangement means those benefiting don't pay company car tax, which other employees pay, and so this measure will seek to level the playing field.

The changes will take effect from 6 April 2026.

Tackling tax non-compliance in the umbrella company market

To tackle the significant levels of tax avoidance and fraud in the umbrella company market, the government will make recruitment agencies responsible for accounting for PAYE on payments made to workers that are supplied via umbrella companies.

Where there is no agency, the responsibility will fall to the end client business.

This will take effect from April 2026. The measure will protect workers from large, unexpected tax bills caused by unscrupulous behaviour from non-compliant umbrella companies.

Taxation of Employee Ownership Trusts and Employee Benefit Trusts

The government is introducing a package of reforms to the taxation of Employee Ownership Trusts and Employee Benefit Trusts.

These reforms will prevent opportunities for abuse, ensuring that the regimes remain focused on encouraging employee ownership and rewarding employees.

The changes will take effect from 30 October 2024.

Clarification of taxable status of Statutory Neonatal Care Pay

The government will legislate to clarify the Income Tax treatment of Statutory Neonatal Care Pay. This will ensure the payment is liable to Income Tax and ensure consistency with the tax treatment of other statutory maternity and paternity pay schemes.

A top-down view of a wooden desk. On the right side, a silver laptop is open, showing its keyboard. In the lower center, there is a teal-colored mug filled with dark coffee. To the left of the mug, there are some white papers or documents. A large blue rounded rectangle is overlaid on the left side of the image, containing the text 'Other matters'.

Other matters



The VAT registration threshold

From 1 April 2025 the VAT registration threshold remains at £90,000 and the deregistration threshold at £88,000.

Removal of VAT exemption for private school fees

Private school fees for education and vocational training will no longer benefit from VAT exemption and will be subject to VAT at the standard rate (20%). The change will apply to terms beginning on or after 1 January 2025 although certain prepayments made after 29 July 2024 will also be included.

Stamp Duty Land Tax changes

Individuals who purchase additional residential properties, such as second homes or buy-to-let properties, in England and Northern Ireland, generally pay Stamp Duty Land Tax (SDLT) at 3% above the standard SDLT rates. This rate is increased to 5% for transactions with an effective date (usually the date of completion) on or after 31 October 2024.

Similar changes are made for companies and other non-natural persons purchasing residential property in England and Northern Ireland.

In addition, there is also an increase in the single rate of SDLT payable by companies and other non-natural persons when purchasing residential properties worth more than £500,000, from 15% to 17%, from the same date.

Making Tax Digital for Income Tax Self Assessment

The government is committed to delivering Making Tax Digital for Income Tax Self Assessment, which is supposed to start in April 2026. The government will expand the rollout of the programme to those with incomes over £20,000 by the end of this Parliament and will set out the precise timing for this at a future fiscal event.

Other changes

HMRC has announced a variety of compliance initiatives, which include the following:

- investing in additional HMRC compliance staff and debt management staff
- modernising HMRC debt management IT systems
- pre-populating tax returns with Child Benefit data (for the purposes of the High Income Child Benefit Charge)
- increasing the late payment interest rate charged by HMRC on unpaid tax liabilities by 1.5%.

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