



Rachel Reeves delivered her first Budget as Chancellor of the Exchequer on 30 October 2024. The Budget aims to deal with the £22 billion 'black hole' in public finances whilst restoring stability and rebuilding public services. She announced tax rises worth £40 billion to fund the NHS and other public services.

## Personal Tax

### Income Tax and National Insurance (NI)

The Income Tax and employee National Insurance thresholds are currently frozen until 2028. From April 2028, they will rise annually in line with inflation.

The government will increase the Lower Earnings Limit and the Small Profits Threshold for National Insurance contributions (NICs) by 1.7% for the 2025/26 tax year, raising them to £6,500 and £6,845 per annum respectively. Additionally, for individuals contributing voluntarily, the Class 2 and Class 3 NIC rates will also rise by 1.7%. The new Class 2 rate will be £3.50 per week, while the Class 3 rate will be £17.75 per week.

### High Income Child Benefit Charge

The government will not proceed with the reform to base the High Income Child Benefit Charge on household incomes as proposed by the previous government.



### Non-Domiciled Individuals

The government confirmed that the non-domicile regime will be abolished from 6 April 2025. Individuals who are eligible opt-in to the new residence-based regime will not pay UK tax on foreign income and gains for the first four years of tax residence. As part of the transition, the Temporary Repatriation Facility will be extended to three years.

## Capital Taxes

### Capital Gains Tax (CGT)

The lower rate of CGT will be increased from 10% to 18% and the higher rate from 20% to 24% for disposals of non-residential assets made on or after 30 October 2024. The rates on residential property will remain at 18% and 24%.

For assets eligible for Business Asset Disposal Relief and Investors' Relief, the CGT rate will increase to from 10% to 14% from 6 April 2025 and to 18% from 6 April 2026.

### Inheritance Tax

The Nil Rate Band and Residence Nil Rate Band for Inheritance Tax (IHT) are currently frozen at £325,000 and £175,000 respectively until April 2028. The government is extending these threshold freezes for a further two years to April 2030.

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 (APR) and Business Property Relief (BPR)

will be reformed. From April 2026, the first £1 million of combined eligible agricultural and business assets attract 100% relief. The rate of relief on excess assets will be 50%. Additionally, the BPR rate for shares 'not listed' on recognised stock exchanges (e.g., AIM) will be reduced to 50%.



# 2024 AUTUMN BUDGET HIGHLIGHTS



# Employment

## National Insurance Contributions (NICs)

- Employer NICs – From 6 April 2025, the rate of employer NICs will increase from 13.8% to 15%. The per-employee threshold at which employers start to pay NICs will be reduced from £9,100 to £5,000 per year.
- Employment Allowance – 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. The amount of the Employment Allowance will be increased from £5,000 to £10,500 and the £100,000 threshold for eligibility will be removed.

## National Living and Minimum Wages

From April 2025, the National Living Wage for employees aged 21 and over will rise by 6.7% to £12.21 per hour. Additionally, the National Minimum Wage for 18-20-year-olds will increase to £10.00 per hour for all eligible workers.

## Cars and Vehicles

The government is setting Company Car Tax (CCT) rates for 2028/29 and 2029/30 as follows:

- Increase of 2% per year for zero emission and electric vehicles.
- Increase to 18% in 2028/29 and 19% in 2029/30 for cars with emissions of 1-50g of CO2 per kilometre.
- Increase of 1% per year for all other vehicle bands.
- The maximum will also increase to 38% in 2028/29 and 39% in 2029/30.

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

## Double Cab Pick-Up Vehicles

From April 2025, double cab pick-up vehicles (DCPUs) with a payload of one tonne or more will be classified as cars for Corporation Tax, Income Tax, capital allowances, benefits in kind, and certain business deductions. Existing capital allowances will apply to DCPUs purchased before this date, with transitional rules allowing employers who purchase, lease, or order DCPUs before 6 April 2025 to continue using the previous tax treatment until earlier of disposal, lease expiry, or 5 April 2029.

## Business

**First Year Allowances** – The government will extend the 100% First Year Allowances (FYA) for qualifying expenditures on zero-emission cars and electric vehicle charge points by one additional year. This extension will apply until 31 March 2026, for Corporation Tax purposes and until 5 April 2026, for Income Tax purposes.

**Corporate Tax Roadmap** – The government's Corporate Tax Roadmap commits to capping the Corporation Tax rate at 25%, maintaining the Small Profits Rate and marginal relief at current levels, and preserving key measures like Full Expensing, the Annual Investment Allowance, R&D relief rates, and the Patent Box.

## Retail, Hospitality, and Leisure Properties –

For the 2025/26 tax year, eligible retail, hospitality and leisure (RHL) properties in England will receive a 40% business rates reduction (capped at £110,000), replacing the 75% relief. Additionally, the small business multiplier will remain frozen for 2025/26.

Starting from 2026/27, the government will implement permanently lower multipliers for RHL properties, offset by a higher multiplier for properties with Rateable Values exceeding £500,000.

## Other Announcements

**Stamp Duty Land Tax** – The higher rates of Stamp Duty Land Tax for purchases of additional dwellings will be increased from 3% to 5% from 31 October 2024.

## Private Education

- VAT – From 1 January 2025, private school fees including boarding services will be subject to 20% VAT.
- Business rates – Starting from April 2025, private schools in England will no longer receive business rates relief as new legislation will eliminate their eligibility for charitable rate relief.

**HMRC Late Payment Charges** – From 6 April 2025, the government will increase the late payment interest rate charged by HMRC on unpaid tax liabilities by 1.5%.

**Bus Fares** – £2 cap on single bus fares in England to rise to £3 from January, outside London and Greater Manchester.

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