

BUDGET 6 March 2024 – key points

Overview

- Most tax rates and allowances were announced in advance at the Autumn Statement, and the significant new proposals were all predicted – there were no surprises
- These key points include measures that were announced previously but are about to come into force
- Measures which have been announced but will not take effect during 2024 are listed separately below

Personal tax

- The main personal tax-free allowance (£12,570) and the 40% tax rate threshold (£50,270) remain frozen at their present levels until the end of 2027/28, representing a tax rise where income increases
- The 45% threshold remains £125,140 for 2024/25
- Tax-free dividend allowance falls from £1,000 to £500, and CGT annual exempt amount falls from £6,000 to £3,000, for 2024/25
- ISA investment limit remains £20,000 – a new ‘British ISA’ to encourage investment in British companies, with a £5,000 annual limit, will be introduced after consultation
- Further reductions in National Insurance Contributions in addition to those announced in the Autumn Statement: from 6 April 2024, Employees’ Class 1 NIC reduced from 10% (was 12% up to 5 January 2024) to 8%, and Class 4 NIC rate for the self-employed cut from 9% to 6% (a cut to 8% was announced in the Autumn Statement)
- The income threshold above which Child Benefit is clawed back by the High Income Child Benefit Charge (HICBC) will rise from £50,000 to £60,000 in 2024/25, and the clawback will be spread over £20,000 of income (instead of £10,000 up to now)
- The higher rate of CGT payable on disposals of residential property will fall from 28% to 24% for disposals from 6 April 2024
- Stamp Duty Land Tax Multiple Dwellings Relief to be abolished from 1 June 2024
- IHT thresholds and rates unchanged to the end of 2027/28

Business tax

- No significant changes to corporation tax or capital allowances
- Extensions to the tax reliefs available to creative industries
- Increase in the VAT registration turnover threshold from £85,000 to £90,000 from 1 April 2024
- Recovery Loan Scheme renamed as Growth Guarantee Scheme and extended to support small and medium enterprises (SMEs)

Tax measures to be introduced later

- The beneficial treatment of short-term Furnished Holiday Lettings as a trade for tax purposes will be abolished from 6 April 2025
- The advantageous treatment of non-UK domiciled individuals (‘non-doms’) will be abolished from 6 April 2025, and will be replaced by a residence-based system with transitional rules for those affected
- The HICBC will be assessed on the combined income of a household from 6 April 2026, to remove the present unfair treatment of a single-earner household
- ‘Full expensing’ tax relief for company purchases of capital assets will be extended to leased assets when fiscal conditions allow, following a consultation

Other measures

- Fuel duty frozen, and temporary 5p reduction retained, for another year
- HMRC given more money to collect outstanding tax debts, budgeted to raise approximately £1 billion every year from 2025/26 to 2028/29