



The 2024 Budget

A bookkeeper's view

***A dedicated report for bookkeepers –
exclusively for ICB members***

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Introduction

The UK Budget 2024 (or Spring Budget) is a '*fiscal event*' in the UK Government's agenda, the other being the Autumn Statement. It is an opportunity to do three things:

1. Provide an update on the UK economy
2. Refer to projections made by the Office for Budget Responsibility (OBR). This is important as it assesses the impact of UK Government policy decisions, and
3. Detail fiscal (revenue) policies for 2024/25 and beyond.

Bookkeeping Highlights

Monitoring HMRC's Telephone and Digital Services

As part of tax simplification, especially for small businesses and individuals, the UK Government will introduce metrics on how taxpayers feel about HMRC's telephone and digital services. This will be done based on the results of a survey that is offered after telephony or digital services are used. HMRC will also add their feedback to the survey results, all with a view to reducing business burdens over time whilst still meeting compliance obligations.

Supporting Documentation

[UK Budget 2024](#) (point 5.50)

Payment Options for Income Tax self-Assessment (ITSA)

The UK Government is investing in HMRC's digital services which will support Income Tax Self-Assessment taxpayers who want to pay their liability in instalments. This will be via a Budget Payment Plan or, where in arrears, via a Time to Pay Arrangement. This change will take effect from September 2025.

Supporting Documentation

[UK Budget 2024](#) (point 5.47)

Raising Standards in the Tax Advice Market

The UK Government launched a consultation on two potential changes in the name of raising standards in the tax advice market:

1. Strengthening the regulatory framework in the tax advice market, and
2. Improving and strengthening the controls on agent registration to access client data

The consultation suggests that HMRC intends to introduce a single agent registration service that will allow a tax practitioner to register for all relevant services which will make interactions quicker and easier. The same consultation also explores a proposal to require tax advisers to join a professional body such as ICB.

Supporting Documentation

[UK Budget 2024](#) (point 5.43)

[Raising standards in the tax advice market: strengthening the regulatory framework and improving registration](#) (consultation)

For the Individual

Debt Relief Orders and Budgeting Advance Repayment Periods

In April 2024, the £90 administration fee will be removed for those with Debt Relief Orders (DROs) in England and Wales. Further, for individuals in receipt of Universal Credit and applying for Budgeting Advances from December 2024, the maximum repayment period is extended from 12 to 24 months.

Supporting Documentation

[UK Budget 2024](#) (points 5.76 and 5.77)

First Time Buyers' Relief

As Stamp Duty has been devolved to Scotland and Wales, this announcement applies only to first-time buyers of residential property in England and Northern Ireland.

UK Budget 2024 announced that Stamp Duty Land Tax (SDLT) First-time Buyers' Relief will be extended to individuals who use nominee and bare trust arrangements when buying a new lease over a dwelling that they intend to use as their main or only residence

This measure applies to transactions with an effective date (usually the date of completion) on or after 06 March 2024.

Supporting Documentation

[UK Budget 2024](#) (point 3.22)

Policy paper '[Stamp Duty Land Tax: First-time Buyers' Relief](#)'

Household Support Fund (in England)

The Household Support Fund provides '*targeted support for the most vulnerable*' and enables local councils in England to help families via food banks, warm spaces, and food vouchers. It was due to end on 31 March 2024, however, UK Budget 2024 announced that this will be extended to 30 September 2024.

Supporting Documentation

[UK Budget 2024](#) (point 3.35)

[Get help with the cost of living from your local council](#) (Gov.UK)

The High-Income Child Benefit Charge (HICBC)

The HIBC is not a withdrawal of Child Benefit. From 07 January 2013, it is an Income Tax charge on a taxpayer who has '*adjusted net income*' over £50,000 in a tax year. Where income exceeds £50,000, the effect of the HICBC is to reduce the value of Child Benefit by 1% for every £100 of income up to

the value of £60,000. At £60,000, the value of the Child Benefit is effectively zero, as the Income Tax charge is equal to the amount of Child Benefit.

Once income exceeds the threshold, the taxpayer has two options:

- Continue receiving the Child Benefit payments and pay any Income Tax or
- Opt-out of receiving Child Benefit meaning that there is no Income Tax charge

UK Budget 2024 announced that from 06 April 2024, the regime will change:

- The income threshold increases from £50,000 to £60,000 and
- The graduated taper will operate on 1% of every £200 of income between £60,000 and £80,000 (previously 1% of every £100 of income between £50,000 and £60,000).

By April 2026 and subject to consultation, the HICBC will move to system that looks at household income rather than an individual's income.

Note that liability to pay the HICBC is one of the criterion for registering for Self-Assessment. This will need to change but, in the meantime, remember that once registered for Self-Assessment, HMRC will expect this to be sent, so the increase in the threshold is not an automatic green light to stop sending the tax return.

Supporting Documentation

[UK Budget 2024](#) (point 3.3)

Policy paper '[Income Tax: Increasing the High Income Child Benefit Charge threshold](#)'

Policy paper '[Changes to the High Income Child Benefit Charge](#)'

The United Kingdom (UK) ISA

At UK Budget 2024, the UK ISA was announced as a £5,000 allowance in addition to the existing ISA allowance of £20,000. According to the Budget report, the UK ISA will encourage investment in 'UK-focused assets'. A consultation was launched on the design and implementation of the UK ISA, open until 06 June 2024. This consults on fundamental issues such as the definition of eligible investments that are classed as UK (companies, bonds, cash etc).

There is no implementation date for this new £5,000 UK ISA.

Supporting Documentation

[UK Budget 2024](#) (point 4.31)

[UK ISA consultation](#)

Personal Taxes

Income Tax

There were no announcements about Income Tax in UK Budget 2024 as it affects payroll administration. Therefore, the rates and thresholds will apply as follows:

- For UK Taxpayers – unchanged from 2023/24
- For Scottish Taxpayers – as per the [Scottish Rate Resolution](#)
- For Welsh Taxpayers – as per the [Welsh Rate Resolution](#)

ICB is consolidating all the payroll-related rates, allowances and thresholds and will make this available to members.

Income Tax Non-Domiciled Individuals

From 06 April 2025, the current remittance basis of taxation will be abolished for UK resident non-domiciled individuals. This will be replaced from 06 April 2025 with a '*modern residency system*' that will look at a four-year Foreign Income and Gains (FIG) regime for individuals who become a UK tax resident after a period of 10 years of non-UK tax residence.

Further regarding the taxation of non-domiciled individuals:

- The UK Government will also reform Overseas Workday Relief (OWR) with details '*in due course*'
- There is an intention to move to a residence-based regime for Inheritance Tax (IHT) but no changes will take place before 06 April 2025

Supporting Documentation

[UK Budget 2024](#) (point 5.29)

National Insurance General

UK Budget 2024 outlines the reality that an individual of working age and in employment will pay both Income Tax and National Insurance Contributions. It did not outline that these are paid according to different rates and thresholds.

It also outlined that if an individual receives income from other sources, then only Income Tax is payable. This overriding statement justifies the UK Budget 2024 decisions (below) that targets National Insurance paid by individuals in employment or self-employment '*to target working people, supporting growth and making the tax system fairer*'.

Supporting Documentation

[UK Budget 2024](#) (page 1)

Class 1 National Insurance Contributions

From 06 April 2024 the main rates of Class 1 Primary (employee) National Insurance Contributions will reduce from 10% to 8%. The reduced rate lowers from 3.85% to 1.85%. This impacts:

- All employees on category letters A, F, H, M, V, B, and I
- All employee earnings between the Primary Threshold and the Upper Earnings Limit

For the tax year 2024/25 (for payments made on and after 06 April 2024), National Insurance percentages will be as follows:

Band	Standard	Pensioners	Reduced	Deferred
Table Letters	A / F / H / M and V	C / S	B / I	J / L and Z
Earnings up to LEL	NIL	NIL	NIL	NIL
Earnings between LEL and PT	0%	NIL	0%	0%
Earnings between PT and UEL	8%	NIL	1.85%	2%
Earnings above UEL	2%	NIL	2%	2%

There is no reduction in the main percentage that applies to employers.

Supporting Documentation

[UK Budget 2024](#) (point 3.7)

Policy paper '[Spring Budget 2024: Personal Tax Factsheet](#)'

Class 2 National Insurance Contributions

Class 2 applies to self-employment.

At Autumn Statement 2023, the UK Government announced the removal of the requirement to pay Class 2 National Insurance contributions from 06 April 2024. It further committed to abolishing Class 2 entirely.

UK Budget 2024 announced a commitment to consult later in 2024 on how HMRC will deliver the Class 2 National Insurance contributions abolition.

Supporting Documentation

[UK Budget 2024](#) (point 3.11)

Class 4 National Insurance Contributions

For the self-employed, the government will introduce legislation to reduce the main rate of Class 4 National Insurance Contributions by 2 percentage points from 8% to 6% from 06 April 2024.

Supporting Documentation

[UK Budget 2024](#) (point 3.9)

Business Taxes, Excise and Duties

Alcohol Duty (Rates)

These were revised in August 2023 and frozen until 31 July 2024. In welcome news for producers and consumers, this freeze has been extended to February 2025.

Supporting Documentation

[UK Budget 2024](#) (point 5.74)

Guidance [Alcohol Duty rates](#)

Air Passenger Duty (APD) Rates

Air Passenger Duty (APD) applies to flights aboard aircraft 5.7 tonnes and above. UK Budget 2024 announced that the Duty rates for flights starting from UK airports in 2025/26:

- For economy travel, payable at the reduced rate, these increase in line with the forecast Retail Price Index measure of inflation (rounded to the nearest £1)
- For premium economy, business and first class and for private jet passengers, payable at the standard or higher rate, these increase in line with the forecast Retail Price Index measure of inflation (rounded to the nearest £1) plus adjusted upwards to account for recent high inflation *'to help maintain their real terms value'*.

Rates for direct long-haul flights from Northern Ireland are devolved and set at £0. There are also different rates for flights departing from the Scottish Highlands and Islands region.

Supporting Documentation

[UK Budget 2024](#) (point 5.32)

[Rates for Air Passenger Duty](#)

[Air Passenger Duty rates for 2024 to 2025](#) (OOTLAR post Budget 2024)

Capital Gains Tax for Residential Properties

Capital Gains Tax (CGT) is payable where there is a profit (the gain) from the selling of property. This includes buy-to-let properties, business premises, land, and inherited property. There are different rules applying to the disposure (sale) of residential property that is not a main residence. Here, individuals, trustees, and personal representatives liable to pay CGT on residential property gains may be entitled to Private Residence Relief (PRR). PRR does take the majority of residential property disposals out of the CGT regime.

Where there is no entitlement to PRR, the rate paid depends on the value of the gain and the individual's marginal rate of Income Tax according to UK rates and thresholds:

- 18% for Basic Rate Taxpayers
- 28% for Higher and Additional Rate Taxpayers.

UK Budget 2024 announced that for gains accruing on or after 06 April 2024, the 28% rate will reduce to 24%.

HMRC's accompanying Policy Paper says that the change is '*expected to incentivise earlier disposals of second homes, buy-to-let property and other residential property where accrued gains do not fully benefit from private residence relief (PRR)*'. In turn, the lower rate will result in more sales of residential property and benefit those who are looking to move home or get onto the property ladder for the first time.

Whilst this is a measure designed to support the housing market, perhaps, one effect of this announcement is the delay in some residential sales to benefit from the lower rates. Indeed, HMRC's Policy Paper detailed costing from the Office for Budget Responsibility (OBR) indicates large CGT receipt increases in 2024/25 and 2025/26.

Remember that the CGT Allowance is still due to reduce from £6,000 per annum to £3,000 and £3,000 to £1,500 for trusts from April 2024.

Supporting Documentation

[UK Budget 2024](#) (point 3.28)

Policy paper '[Capital Gains Tax: changes to the higher rate of tax on residential property disposals](#)'
[HMRC's Capital Gains Manual](#)

Corporation Tax (Reliefs)

A new Film Studios Relief will be created for eligible film studios in England which will receive a 40% reduction on gross business rates bills until 2034. For Audio-Visual Expenditure Credit (AVEC), the credit rate for visual effects costs in film and high-end TV will be increased to 39% from April 2025 with the removal of the 80% cap for qualifying expenditure for visual effects costs. Details are included in the Policy Paper 'Additional support for independent film' which includes details of a new UK Independent Film Tax Credit at a rate of 53%, together with eligibility conditions.

There were announcements about Theatre Tax Relief (TTR), Orchestra Tax Relief (OTR) and Museums and Galleries Exhibitions Tax Relief (MGETR) and we have included links to additional guidance if this is relevant:

For 01 April 2025:

- TTR (non-touring) reduces from 45% to 40%
- TTR (touring) reduces from 50% to 45%
- OTR (non-touring and touring) reduces from 50% to 45%
- MGETR (non-touring) reduces from 45% to 40%
- MGETR (touring) reduces from 50% to 45%.

Supporting Documentation

[UK Budget 2024](#) (point 5.114, 5.115 and 5.116)

Policy paper '[Corporation Tax: tax relief for independent film productions](#)'

Policy paper '[Corporation Tax: new permanent rates of relief for theatre, orchestra, museum and galleries tax relief](#)'

Corporation Tax (Research and Development Tax Relief)

For accounting periods beginning on or after 01 April 2024, the following Corporation Tax reliefs will be merged into a single regime:

1. The Research and Development Expenditure Credit (RDEC) and
2. The small or medium enterprise (SME) R&D relief

UK Budget 2024 advises that HMRC will establish an '*expert advisory panel*' to support the administration of R&D relief, ensuring the functioning of them meets the intention of supporting innovation in the UK.

Supporting Documentation

[UK Budget 2024](#) (point 5.95)

[Autumn Statement](#) (point 5.72)

Fuel Duty

The temporary 5p cut in Fuel Duty rates will be extended until March 2025. This cut was due to end at the end of March 2024 and the planned inflation increase for 2024/25 will not take place.

Fuel Duty has remained frozen (or cut) since March 2011; however, the freeze does not automatically mean drivers will see a benefit. Rising fuel prices have had the impact of increasing revenue to the Exchequer in the form of the combination of Vehicle Excise Duty and VAT.

Supporting Documentation

[UK Budget 2024](#) (point 5.73)

Policy paper '[Fuel Duty: extending the temporary cut in rates to March 2025](#)'

Furnished Holiday Lettings (FHL) Abolition

The UK Budget 2024 announced that the rules for Furnished Holiday Lettings (FHL) will be abolished from April 2025. The Budget document says that this will '*remove the current incentive for landlords to offer short-term holiday lets rather than longer-term homes*'.

Legislation will be published in due course, however, from 06 April 2025, individuals with FHL and non-FHL properties will no longer need to calculate and report income separately.

For tax year 2024/25, the current preferential tax advantages of running a FHL will continue to apply.

Supporting Documentation

[UK Budget 2024](#) (point 3.29)

HMRC Property Manual [‘Furnished holiday lettings: overview’](#)

Landfill Tax Rates

Landfill Tax is devolved to Scotland and Wales, so any UK Budget announcement applies if a business gets rid of waste using landfill sites in England and Northern Ireland.

UK Budget 2024 announced that the rates for 2025/26 will be *‘adjusted’* in a move to incentivise more sustainable waste management.

- The standard rate of Landfill Tax will increase in April 2024 to £103.70 per tonne and then in April 2025 to £126.15 per tonne
- The lower rate of Landfill Tax will increase in April 2025 to £3.30 per tonne and then in April 2025 to £4.05 per tonne

These revised rates in 2025 represent an increase of over 20%.

Supporting Documentation

[UK Budget 2024](#) (point 5.33)

[Environmental taxes, reliefs and schemes for businesses](#)

[Landfill Tax rates for 2024 to 2026](#) (OOTLAR post Budget 2024)

Stamp Duty Land Tax (SDLT)

Stamp Duty is also devolved to Scotland and Wales, so any UK Budget announcement applies to purchase of property or land over a certain price in England and Northern Ireland.

Two measures were announced (in addition to the above First-Time Buyers changes) and we include links to the guidance if this is applicable:

- The abolition of Multiple Dwellings Relief from 01 June 2024
- Acquisitions of property by Registered Social Landlords and public bodies from 06 March 2024

Supporting Documentation

[UK Budget 2024](#) (points 5.68 and 5.69)

Policy paper [‘Stamp Duty Land Tax: Abolition of Multiple Dwellings Relief from 1 June 2024’](#)

Consultation outcome [‘Stamp Duty Land Tax: mixed-property purchases and Multiple Dwellings Relief’](#)

Research and analysis [‘Stamp Duty Land Tax Relief for Multiple Dwellings evaluation’](#)

Policy paper [‘Stamp Duty Land Tax: change to rules for acquisitions by registered social landlords and public bodies’](#)

Value Added Tax (VAT)

When taxable turnover reaches a threshold, businesses must register for VAT (though they can register if it is less than the threshold). The VAT registration threshold increases from £85,000 to £90,000 from

01 April 2024. This may incentivise businesses who have sought not to grow their businesses for fear of reaching the threshold.

The threshold level at which a business can apply for de-registration increases from £83,000 to £88,000.

Further, as per its commitment in Autumn Statement 2023 and following the July 2023 High Court ruling in *Uber Britannia Ltd v Sefton MBC*, a consultation will be launched in April 2024 on the VAT implications for the private hire vehicle sector.

Supporting Documentation

[UK Budget 2024](#) (points 5.101 and 5.45)

[How VAT works](#)

Vaping Products Duty

A new duty (or levy) will be introduced from October 2026 to be known as the Vaping Products Duty. At the same time, tobacco duty will be increased '*to maintain the current financial incentive to choose vaping over smoking*'.

The consultation on the design of the Vaping Products Duty closes on 29 May 2024.

Supporting Documentation

[UK Budget 2024](#) (point 2.43)

Consultation '[Vaping Products Duty consultation](#)'