

Accounts & Business Management Limited

Chartered Certified Accountants

A guide to the Spring Budget 2024

The headline message from the Chancellor

The Chancellor delivered his last spring budget ahead of the election highlighting reforms aimed to ensure the tax system is simple, fair, keeps pace with economic developments, and supports public finances.

Key measures announced by the Chancellor in the Spring Budget 2024 are summarised within this Guide. Comprehensive tables of current tax rates and allowances tables are also included.

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BUSINESSES

'Full expensing' deduction for leased assets

The chancellor announced an intention to include full expensing tax relief on leased assets. The relief will enable businesses to be more efficient by leasing assets to nurture productivity by getting the newest, cleanest and most efficient plant and machinery into the hands of business owners. No timeline for the start of the relief has been announced and the relief is subject to draft legislation to be published.

UK Independent Film Tax Credit

At Spring Budget 2024, the Chancellor announced the UK Independent Film Tax Credit (IFTC). Under IFTC, eligible films will be able to opt-in to claim enhanced Audio-Visual Expenditure Credit (AVEC), at a rate of 53%, on their qualifying expenditure. Qualifying productions must have started principal photography on or after 1 April 2024, and only expenditure incurred on or after 1 April 2024 can be claimed. Claims can be submitted to HMRC from 1 April 2025 onwards, in respect of expenditure incurred from 1 April 2024, provided a film began principal photography after 1 April 2024.

Theatre Tax Relief

As announced at Spring Budget 2024, the government will introduce legislation in Spring Finance Bill 2024 for permanent 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. These rates will take effect from 1 April 2025.

Recovery loan scheme

The third iteration of the [Recovery Loan Scheme](#) – which is due to end in June 2024 – will be extended and renamed as the Growth Guarantee Scheme. The terms of the scheme will remain unchanged, ensuring continuity and consistency for lenders and the business community and will provide a 70% guarantee to participating lenders on finance of up to £2m offered to smaller businesses.

VAT Thresholds

From 1 April 2024 the taxable turnover threshold which determines whether a person must be registered for VAT will be increased from £85,000 to £90,000.

The taxable turnover threshold which determines whether a person may apply for deregistration will be increased from £83,000 to £88,000.

Furnished Holiday Lettings (FHL) regime abolished

The government will abolish the FHL 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. This will take effect from April 2025.

At the moment, landlords who use the furnished holiday lets regime can deduct the full cost of their mortgage interest payments from their rental income, are entitled to capital allowances on the furniture, pay lower capital gains tax (CGT) when they sell, are entitled to CGT rollover relief etc.

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INDIVIDUALS

Income tax

As previously announced, Personal tax thresholds – ie personal allowance, basic and higher-rate thresholds for income tax remain frozen until April 2028 at the current level of £12,570 and £50,270. The additional rate threshold was reduced from £150,000 to £125,140 from 6 April 2023.

Personal allowance for higher rates from 2023/24

Where annual income exceeds £100,000, personal allowance is lost at a rate of £1 for every £2 of income above £100,000. This is the threshold where the entire personal allowance is lost.

The loss of the personal allowance means a person is taxed at 40% on the additional £2 of income, and they also pay an extra 40% on the £1 of personal allowance lost. This results in a marginal rate of 60%, which continues up to £125,140 (£100,000 + (£12,570 x 2)). At the £125,140 point the entire personal allowance is lost.

National insurance

The government will introduce legislation to reduce the main rate of primary Class 1 National Insurance contributions by 2 percentage points from 10% to 8% from 6 April 2024.

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 6 April 2024.

This is in addition to the previously announced reduction in the main rate of Class 4 National Insurance contributions from 9% to 8%, and means that from 6 April 2024 the main rate will reduce from 9% to 6%.

Capital gains tax: reduced annual exemption

As previously announced, the annual exemption amount for capital gains tax for individuals will reduce from £6,000 to £3,000 from April 2024.

The CGT rate for higher rate taxpayers on gains on disposals of residential properties will be reduced to 24% from 28% from April 2024.

Dividend allowance

As previously announced, the annual dividend allowance will reduce from £1,000 to £500 from April 2024. Tax rates on dividends will remain the same.

Non-dom status to be replaced by new residence based system

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. The government has also announced an intention to move to a residence-based regime for inheritance tax, with plans to publish a policy consultation on these changes, followed by draft legislation for a technical legislation, later in the year.

High Income Child Benefit Charge threshold

The government will introduce legislation in the Spring Finance Bill 2024 to increase the High-Income Child Benefit Charge (HICBC) adjusted net income starting threshold to £60,000, from the 2024-25 tax year onwards. It will also amend section 681C to extend the HICBC taper to between £60,000 and £80,000. For those with income between £60,000 and £80,000, the rate at which HICBC is charged is halved, and will equal 1% for every £200 of income that exceeds £60,000. The charge on taxpayers with income above £80,000 will be equal to the full amount of child benefit paid.

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New British ISA investment allowance

The government has announced the introduction of the UK ISA. This will have a new ISA allowance of £5,000 in addition to the existing annual ISA allowance of £20,000 and will provide a new tax-free savings opportunity for people to invest in the UK. This will be introduced after a consultation which will run from 6 March 2024 to 6 June 2024.

OTHER

Stamp Duty Land Tax (SDLT) relief for multiple dwellings to be abolished

Purchasers of residential property in England and Northern Ireland who acquire more than one dwelling in a single transaction or linked transactions will not be able to obtain Multiple Dwellings Relief (MDR) from 1 June 2024. MDR is a bulk purchase relief in Stamp Duty Land Tax (SDLT). The rate of tax is normally determined by the total consideration given for land. MDR is available to any purchaser buying 2 or more dwellings in a single transaction, or linked transactions, and allows the purchaser to calculate the tax based on the average value of the dwellings purchased as opposed to their aggregate value.

Additional resources for HMRC

The government is continuing to tackle tax non-compliance by making further investments, including in HMRC's capacity to collect tax debts. The government is building on strong actions at recent fiscal events, including measures to clamp down on promoters of tax avoidance, and is now going further to strengthen taxpayer protections, making it harder for bad actors to provide tax advice that could cause harm. The government is consulting both on options to strengthen the regulatory framework in the tax advice market, and on requiring tax advisers to register with HMRC if they wish to interact with HMRC on a client's behalf.

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Spring Budget 2024: Tax rates and allowance

Income tax rates: England, Wales & Northern Ireland (non-dividend income) (note 1)	2024/25	2023/24
0% starting rate for savings only	Up to £5,000	Up to £5,000
0% on personal allowance (subject to any clawback of PA)	£0 - £12,570	£0 - £12,570
20% basic rate tax	£12,571 - £50,270	£12,571 - £50,270
40% higher rate tax	£50,271 - £125,140	£50,271 - £125,140
45% additional rate tax	Above £125,140	Above £125,140
<i>Note 1: The Welsh Government has made a commitment not to raise Welsh rates of income tax. Therefore, Welsh taxpayers will continue to pay the same rates as their English and Northern Irish counterparts. The income tax bands will remain frozen until tax year 2027-28.</i>		
Scottish rates of income tax (non-dividend income) (note 2)	2024/25	2023/24
0% on personal allowance (subject to any clawback of PA)	£0 - £12,570	£0 - £12,570
19% starting rate	£12,571 - £14,876	£12,571 - £14,732
20% basic rate tax	£14,877 - £26,561	£14,733 - £25,688
21% intermediate rate tax	£26,562 - £43,662	£25,689 - £43,662
42% higher rate tax	£43,663 - £75,000	£43,663 - £125,140
45% advanced rate	£75,001 - £125,140	n/a
48% top rate (47% for 2023-24)	Above £125,140	Above £125,140
<i>Note 2: Scottish taxpayers pay the same tax as the rest of the UK on dividends and savings interest.</i>		
Income tax rates (dividend income)	2024/25	2023/24
Dividend allowance	£500	£1,000
Dividend ordinary rate (for dividends within basic rate band)	8.75%	8.75%
Dividend upper rate (for dividends within higher rate band)	33.75%	33.75%
Dividend additional rate (for dividends above higher rate band)	39.35%	39.35%

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Child benefit/guardian's allowance rates (notes 3 and 4)	2024/25	2024/25
Higher rate (eldest or only child) (per week)	£25.60	£24.00
Other children	£16.95	£15.90
Guardian's allowance per week	£21.75	£20.40
<p><i>Note 3: an income tax charge (High Income Child Benefit Charge or HICBC) applies to taxpayers with 'adjusted net income' exceeding £50,000 in a tax year, when child benefit is also received by them or their partner. The charge will reduce the financial benefit of receiving child benefit for those with income between £50,000 and £60,000. The benefit will be removed completely for taxpayers with income above £60,000.</i></p> <p><i>From April 2024, the threshold for HICBC to apply will be raised to £60,000 with the taper band extended to £80,000. Therefore, the charge will reduce the financial benefit of receiving child benefit for those with income between £60,000 and £80,000. The benefit will be removed completely for taxpayers with income above £80,000.</i></p>		
Personal allowances	2024/25	2023/24
Personal allowance (note 5)	£12,570	£12,570
Dividend allowance	£500	£1,000
Maximum married couple's allowance for those born before 6 April 1935 (note 5)	£11,080	£10,375
Married couple's allowance – minimum amount	£4,280	£4,010
Micro entrepreneur's allowance (property or trading income)	£1,000 each	£1,000 each
Income limit for personal allowance (note 6)	£100,000	£100,000
Income limit for married couple's allowance: born before 6 April 1935	£37,000	£34,600
Blind person's allowance	£3,070	£2,870
Rent-a-room relief	£7,500	£7,500
Transferable/shareable tax allowance for married couples and civil partners (note 7)	£1,260	£1,260
Personal savings allowance for basic rate taxpayers	£1,000	£1,000
Personal savings allowance for higher rate taxpayers	£500	£500
Personal savings allowance for additional rate taxpayers	£0	£0
<p><i>Note 5: this allowance is reduced by £1 for every £2 of income in excess of the income limit, but married couple's allowance will not reduce below £4,280 for 24/25 and £4,010 for 23/24</i></p>		
<p><i>Note 6: personal allowances are subject to the £100,000 income limit, which applies regardless of the individual's date of birth. The individual's personal allowance is reduced where their income is above this limit. The allowance is reduced by £1 for every £2 above the limit, down to zero.</i></p>		

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Note 7: this allowance is available to married couples and civil partners who are not in receipt of married couple's allowance. A spouse or civil partner who is not liable to income tax, or not liable at the higher or additional rates, can transfer this amount of their unused personal allowance to their spouse or civil partner. The recipient must not be liable to income tax at the higher or additional rates.

If the couple marry or register a civil partnership, they will get the allowance on a pro-rata basis for the rest of that tax year. If one of them dies or there is a divorce or separation, the allowance continues until the end of the tax year.

National insurance	2024/25	2023/24
Lower earnings limit, primary class 1 (per week)	£123	£123
Upper earnings limit, primary class 1 (per week)	£967	£967
Apprentice upper secondary threshold (AUST) for under 21s/25s	£967	£967
Primary threshold (per week)	£242	£242
Secondary threshold (per week)	£175	£175
Employment allowance (per year/employer)	£5,000	£5,000
Employee's primary class 1 rate between primary threshold and upper earnings limit	8%	
From 6 April 2023 to 5 January 2024		12%
From 6 January 2024 to 5 April 2024		10%
Employee's primary class 1 rate above upper earnings limit	2%	2%
Married woman's reduced rate between primary threshold and upper earnings limit	1.85%	
From 6 April 2023 to 5 January 2024		5.85%
From 6 January 2024 to 5 April 2024		3.85%
Married woman's rate above upper earnings limit	2%	2%
Employer's secondary class 1 rate above secondary threshold	13.8%	13.8%
Class 2 small profits threshold (per year)	£6,725	£6,725
Class 2 lower profits threshold (per year)	n/a	12,570
Class 2 small profit threshold (voluntary- per week)	£3.45	£3.45
Class 2 rate (per week where profits are above lower profits limit threshold)	£0	£3.45
Class 3 voluntary rate (per week)	£17.45	£17.45
Class 4 lower profits limit	£12,570	£12,570
Class 4 upper profits limit	£50,270	£50,270
Class 4 rate between lower profits limit and upper profits limit	6%	9%
Class 4 rate above upper profits limit	2%	2%
Class 1A/1B NIC	13.8%	13.8%

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Pensions	2024/25	2023/24
Annual allowance (note 10)	£60,000	£60,000
Money purchase annual allowance	£10,000	£10,000
Lump sum allowance (note 11)	£268,275	n/a
Lifetime allowance (note 12)	n/a	n/a
Lump sum and death benefit allowance (note 12)	£1,073,100	n/a
Overseas transfer allowance (note 12)	£1,073,100	n/a
<p><i>Note 10: the annual allowance is a limit to the total amount of contributions that can be paid to a defined contribution pension scheme and the total amount of benefits that you can build up in a defined benefit pension scheme each year, for tax relief purposes. The annual allowance was increased from £40,000 to £60,000 from April 2023.</i></p> <p><i>Since 6 April 2016, individuals with a high income have had a tapered annual allowance, where for every £2 of adjusted income over a threshold, an individual's annual allowance is reduced by £1. From 6 April 2020, the tapered annual allowance applies for individuals with 'threshold income' of over £200,000, and 'adjusted income' of over £260,000. From April 2023, the annual allowance will be £10,000 (increased from £4,000) for individuals with total adjusted income (including pension accrual) over £360,000</i></p> <p><i>Note 11: A new lump sum allowance is introduced from April 2024 for £268,275.</i></p> <p><i>Note 12: Previous lifetime allowance charge of £1,073,100 is removed from April 2023 and the allowance is abolished entirely from April 2024. However, a new lump sum and death benefit allowance and overseas transfer allowance is set for the same amount.</i></p>		
Capital gains tax	2024/25	2023/24
Basic rate tax payer	10%	10%
Higher rate tax payer / Main rate for trustees and personal representatives	20%	20%
Rate on sale of residential property and carried interest – basic rate tax payer	18%	18%
Rate on sale of residential property – higher rate tax payer, trustees and personal representatives	24%	28%
Rate on gains on carried interest – higher rate tax payer, trustees and personal representatives	28%	28%
Annual exemption – individuals, personal representatives and trusts for disabled persons	£3,000	£6,000
Annual exemption – other trusts	£1,500	£3,000
Business Assets Disposal Relief lifetime limit	£1,000,000	£1,000,000
Investors' Relief lifetime limit	£10,000,000	£10,000,000
Business Assets Disposal Relief / Investors' rate	10%	10%
Chattels exemption	£6,000	£6,000

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Individual Savings Account (ISA)	2024/25	2023/24
ISA (NISA) annual limit	£20,000	£20,000
Junior ISA investment annual limit – under 18, living in the UK	£9,000	£9,000
Child Trust Fund annual limit	£9,000	£9,000
Lifetime ISA annual limit (note 15)	£4,000	£4,000
<i>Note 15: to open a Lifetime ISA, you must be 18 or over but under 40. Contributions can be made until the age of 50. The government will add a 25% bonus to the savings, up to a maximum of £1,000 per year. The lifetime ISA limit of £4,000 counts towards the annual ISA limit.</i>		
Inheritance tax	2024/25	2023/24
Single person's nil-rate band	£325,000	£325,000
Single person's 40% band	over £325,000	over £325,000
Residence nil-rate band (RNRB) – maximum (note 16)	£175,000	£175,000
Reduced rate (note 17)	36%	36%
IHT rate (for chargeable lifetime transfers)	20%	20%
Married couples or civil partnerships allowance nil-rate band	£650,000	£650,000
Gifts to charities	Exempt	Exempt
Small gifts to same person	£250	£250
General gifts – annual exemption	£3,000	£3,000
Wedding gifts to children	£5,000	£5,000
Wedding gifts to grandchildren	£2,500	£2,500
Wedding gifts to any other person	£1,000	£1,000
<i>Note 16: the RNRB is available in respect of a main residence given away to children (including adopted, foster or stepchildren). Any unused nil-rate band transfers to the deceased's spouse or civil partner, even where death predates the availability of the additional threshold. It applies in addition to the existing nil-rate band (NRB) or threshold (currently £325,000) if the individual and estate meet the qualifying conditions. Inheritance tax nil-rate band and residence nil-rate band – thresholds are maintained at the current level until April 2028.</i>		
<i>Note 17: the estate can pay inheritance tax at a reduced rate of 36% on some assets if you leave 10% or more of the net value to charity in your will.</i>		
Business property relief	2024/25	2023/24
Business or interest in a business and transfers of unquoted shareholdings	100%	100%

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Corporation tax	2024/25	2023/24
All profits and gains (excluding determination agreements and diverted profits) (note 19)		
Small profits rate (companies with profits under £50,000)	19%	19%
Main rate of corporation tax (companies with profits over £250,000)	25%	25%
Limits for marginal relief	£50,000 - £250,000	£50,000 - £250,000
Standard fraction for marginal relief	3/200	3/200
S.455 tax on loans made by close companies to participators	33.75%	33.75%
<i>Note 19: From April 2023, the main rate is increased to 25% for business profits made by the company over £250,000. Companies with profits between £50,000 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.</i>		
Capital allowances	2024/25	2023/24
Main writing-down allowance (reducing balance)	18%	18%
Special rate writing-down allowance (reducing balance)	6%	6%
Structures and buildings allowance (SBA)	3%	3%
Full expensing (main rate plant and machinery) (note 20)	100%	100%
Full expensing (special rate plant and machinery) (note 20)	50%	50%
<i>Note 20: Full expensing allows the deduction of 100%/50% of the cost of certain plant and machinery from the profits before tax. This measure is effective from 1 April 2023 to 31 March 2026.</i>		
Motor cars if CO2 > 1/km but does not exceed 50g/km)	18%	18%
Motor cars if CO2 > 50g/km	6%	6%
First-year allowances (FYA) – New and unused motor cars if CO2 emissions are 0 g/km or car is electric (note 21)	100%	100%
<i>Note 21: From April 2021, the thresholds for FYA will be reduced from 50g/km to 0g/km. Main rate of 18% capital allowance will be applicable for business cars with CO2 emissions not exceeding 50g/km. Business cars with CO2 emissions exceeding 50g/km will be eligible for writing-down allowance at the special rate of 6%.</i>		
Small pool write-off where written-down value (WDV) is £1,000 or less	100%	100%
FYA for electric charge points	100%	100%
Annual investment allowance (AIA) (note 22)	£1,000,000	£1,000,000
AIA rate	100%	100%
<i>Note 22: Annual Investment Allowance has been confirmed at a permanent rate of £1 million from 1 April 2023.</i>		

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Research and development tax credit rates	2024/25	2023/24
SME R&D tax credit deduction rate	n/a	186%
Research and development (R&D) SME payable credit (note 23)	n/a	10%
Research and development expenditure credit (RDEC) scheme	n/a	20%
R&D merged scheme (note 24)	20%	n/a
R&D Intensive SME deduction rate	186%	186%
R&D Intensive SME payable credit	14.5%	14.5%
R&D Intensive SME intensity ratio (note 25)	30%	40%
Film/high-end TV/videogames tax credit (note 26)	25% or 34%	25% (34%)
Animation and Children's tax relief (note 27)	25% or 39%	25% (39%)
Open-ended investment companies and authorised unit trusts	20%	20%
<p><i>Note 23: for accounting periods beginning on or after 1 April 2021, the amount of SME payable R&D tax credit that a business can receive in any one year will be capped at £20,000 plus three times the company's total PAYE and NICs liability</i></p> <p><i>Note 24: From April 2024, both R&D tax credits and RDEC schemes are merged and relief is available at a flat rate of 20%. SME R&D payable credit is only available to R&D intensive companies.</i></p> <p><i>Note 25: Loss-making SMEs whose R&D expenditure constitutes at least 40% (for expenditure incurred on or after 1 April 2023) or 30% (for accounting periods beginning on or after 1 April 2024) of total expenditure are referred to as 'R&D intensive SMEs'.</i></p> <p><i>Note 26: the rate will be increased from 25% to 34% from 1 January 2024.</i></p> <p><i>Note 27: the rate will be increased from 25% to 39% from 1 January 2024.</i></p>		
VAT	2024/25	2023/24
Standard rate	20%	20%
Reduced rate	5%	5%
Zero rate	0%	0%
Flat rate of VAT on gross turnover (for limited cost trader)	16.5%	16.5%
Normal scheme registration threshold	£90,000	£85,000
Deregistration threshold	£88,000	£83,000
Cash and annual accounting scheme – maximum to join	£1,350,000	£1,350,000
Cash and annual accounting scheme – exit threshold	£1,600,000	£1,600,000
Flat-rate scheme – maximum allowed to join	£150,000	£150,000
Flat-rate scheme exit threshold	£230,000	£230,000

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