



# Veritons

## Spring Budget – March 2024

The Chancellor was clearly pleased with how the UK was performing against difficult targets, but remained prudent as far as tax cuts were concerned. Thankfully there were some, so we take a look at what was announced and how the land now lies.

### Corporation tax

No changes here and the corporation tax rate remains at 25% for companies with over £250,000 in annual profits. Small companies with annual profits up to £50,000 will continue to pay corporation tax at 19%.

Companies with annual 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 overall corporation tax rate.

### Annual Investment Allowances (AIA)

The Annual Investment Allowance, which means 100% deduction of the cost of plant and equipment, fixtures and fittings etc, remains at an annual rate of £1m.

### VAT

The old rates had been around a long time and finally we saw some movement in these. The rate at which you must register for VAT if you are delivering a VATable product/service was increased from turnover of £85,000 to £90,000 in any rolling 12-month period. The de-registration limit was also increased by the same amount from £83,000 to £88,000, so if you are VAT registered and turnover falls below £88,000 in the last 12 months you can de-register.

### Furnished Holiday Lettings (FHL)

Currently FHLs are treated as a trade and so those operating these benefit from certain perks (like full tax relief on mortgage interest) that are not available to those letting properties on a long-term basis. From April 2025 the FHL regime is to be abolished and the letting results of these properties will be treated in the same way as non-FHL rental properties. The hope is this will help stop inflated house prices in coastal areas.

### National Insurance Contributions (NIC)

The main rate of Class 1 employee NICs was reduced from 10% to 8% from 6 April 2024. For the self-employed a further 2% was taken off the rate of Class 4 NICs so from 6 April 2024 these will be at 6%. The Government will consult later this year on scrapping Class 2 NICs (although remember from 6 April 2024 the only people paying these are those with profits less than £6,725 or those voluntarily doing so).

The National Insurance thresholds for all classes will be maintained at the current level until April 2028. The employment allowance is set to the current level of £5,000.

### National Living Wage

From 1 April 2024, the National Living Wage is increased to £11.44 an hour, for those aged 21 and over. A full breakdown of the new rates is on page 2.

### Dividend allowance and tax rates

Dividend allowance is reduced from £1,000 to £500 from April 2024. The dividend tax rates will continue at the same level they have been since 6 April 2022, being 8.75% for basic rate, 33.75% for higher rate and 39.35% for additional rate.

### Capital gains tax annual allowance

The annual allowance for capital gains tax for individuals will reduce from £6,000 for 2023/24 to £3,000 for 2024/25. This represents the amount you can have tax free from profits on asset disposals in a tax year.

### Capital Gains Tax on Property

From April 2024 those making a profit on the disposal of a residential property not eligible for Private Residents Relief will see the applicable rate of Capital Gains Tax reduced from 28% to 24%.



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## Higher Income Child Benefit Charge

Currently if one parent earns over £50,000 then any child benefit claimed starts to be repayable, until income gets to £60,000 when all of it has to be repaid. From 6 April 2024 the £50,000 threshold will be raised to £60,000 and only when income gets to £80,000 will all Child Benefit entitlement be lost.

The Government has recognised the unfairness of the current scheme in that two parents earning £49,000 each (so £98,000 of household income) can claim Child Benefit in full, but where one earns £80,000 and the other £18,000 (so still £98,000 of household income) then the whole of any Child Benefit claimed has to be repaid. The Government has said they plan to base any claims on household income from April 2025.

Individual circumstances will vary when considering the above, and we therefore recommend that specific advice is sought. If you would like to discuss the budget and how it will effect you and your business we would love to hear from you. Call us on 01634 887281 or email us on [info@veritons.co.uk](mailto:info@veritons.co.uk) to arrange your free discovery meeting.

## National Minimum and National Living wage rates

<b>Aged 21 and over</b>	£11.44 per hour
<b>Aged 18 to 20</b>	£8.60 per hour
<b>Under 18</b>	£6.40
<b>Apprentice</b>	£6.40

## Income tax rates and allowances

<b>Income tax rates:</b>	<b>2023/24</b>
<b>England, Wales and Northern Ireland (non-dividend income)</b>	
<b>Personal Allowance</b>	£12,570
<b>0% starting rate for savings only</b>	Up to £5,000
<b>20% basic rate tax</b>	£12,571- £50,270
<b>40% higher rate tax</b>	£50,271- £125,140
<b>45% additional rate tax</b>	Above £125,140