



**CLARK HEARSEY**  
Chartered Certified Accountants

Fairfield Enterprise Centre,  
Lincoln Way, Fairfield Industrial Estate,  
Louth, Lincolnshire LN11 0LS  
Tel: 01507 617724  
[www.clarkhearsey.co.uk](http://www.clarkhearsey.co.uk)

## 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. As with previous budgets we have a number of consultations and further detail needed which will appear over the next few weeks.

Key measures announced by the Chancellor in the Spring Budget 2024 are summarised within this Guide.

## KEY TAX RATES

<b>Income tax rates: England, Wales &amp; Northern Ireland (non-dividend income)</b>	<b>2024/25</b>	<b>2023/24</b>
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
<b>Scottish rates of income tax (non-dividend income)</b>		
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

<b>National insurance</b>	<b>2024/25</b>	<b>2023/24</b>
Lower earnings limit, primary class 1 (per week)	£123	£123
Upper earnings limit (UEL), primary class 1 (per week)	£967	£967
Primary threshold (PT) (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 PT and UEL From 6 April 2023 to 5 January 2024 From 6 January 2024 to 5 April 2024	8%	12% 10%
Employee's primary class 1 rate above upper earnings limit	2%	2%
Married woman's reduced rate between PT and UEL From 6 April 2023 to 5 January 2024 From 6 January 2024 to 5 April 2024	1.85%	5.85% 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%

## **BUSINESSES**

### **‘Full expensing’ deduction for leased assets**

The chancellor announced an intention to include full expensing tax relief on leased assets. The relief will be able to 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.

## **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 April 2024.

### **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.

### **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.

**March 2024**

### **ACCA LEGAL NOTICE**

This is a basic guide prepared by ACCA UK's Technical Advisory Service for members and their clients. It should not be used as a definitive guide since individual circumstances may vary. Specific advice should be obtained, where necessary.