

## Spring Budget 2024 – Tax Measures

On 6 March 2024, the Chancellor of the Exchequer, Jeremy Hunt, presented his Spring Budget.

The Spring Budget is likely to be the last before the UK General Election later this year (or early next).

The main tax changes are detailed below:

### Business and Corporate Taxes

#### Full expensing

Draft legislation has been announced which will extend the scope of 'full expensing', which was introduced in the Spring Budget 2023, to included assets for leasing.

### Value Added Tax (VAT)

#### Registration threshold

The turnover threshold at which businesses must register to pay VAT will rise from £85,000 to £90,000 from April 2024.

### Property Taxes

#### Stamp Duty Land Tax

Multiple Dwellings Relief, which offered a bulk purchase relief from SDLT will be abolished from 1 June 2024.

### Furnished Holiday Let (FHL) Regime

The Chancellor announced that the FHL regime will be scrapped from 6<sup>th</sup> April 2025.

The FHL regime allowed tax benefits to landlords of short-term lets including the ability to claim full relief for mortgage interest as well as capital allowances which were not available to landlords of traditional long-term lets.

### Capital Gains Tax (CGT)

From 6 April 2024, the higher rate of CGT payable on gains arising from the disposal of UK residential property will be reduced from 28% to 24%. The basic rate will remain at 18%.

### Personal Taxes and National Insurance

#### Income tax

The headline rates of income tax remain unchanged.

### National Insurance Contributions (NICs)

The main rate of Class 1 NICs for employees will be cut from 10% to 8%, effective from 6<sup>th</sup> April 2024.

The main rate of Class 4 self-employed NICs will be cut from 8% to 6% from 6<sup>th</sup> April 2024. Additionally, Class 2 self-employed NICs will be abolished from 6<sup>th</sup> April 2024.

## High Income Child Benefit Charge (HICBC)

The income threshold above which the HICBC will apply is being raised to £60,000 from 6th April 2024. The rate of charge will also be halved, so that Child Benefit is not repaid in full unless an individual's income is over £80,000.

## ISA: The New 'UK ISA'

The UK ISA will be a £5,000 allowance in addition to the existing ISA allowance and will be a new tax-free product for people to invest in UK focused assets. This will not be available until after a consultation period.

## Replacing the non-domiciled tax regime

From April 2025, the Government will abolish the current tax regime for non-UK domiciled individuals ("non-doms").

The highlights of the new regime are that:

- individuals coming to the UK, will not pay UK tax on any foreign income or gains arising in their first four years of tax residence, provided they have been non-UK tax resident for the last ten years.
- anyone who has been tax resident in the UK for more than four years will pay tax on their worldwide income and gains, as is the case for other UK residents.
- transitional arrangements for existing 'non-doms' will include:
  - an option to re-base the value of capital assets to 5 April 2019;
  - a temporary 50% exemption for the taxation of foreign income for the 2025/26 tax year;
  - a two-year temporary repatriation facility to bring previously accrued foreign income and gains into the UK at a 12% rate of tax;

The Government have also announced an intention to move to a residence-based regime for inheritance tax. No changes to IHT will take effect before 6 April 2025.

**A full analysis of the changes to the "non-dom" regime are covered in our standalone briefing note.**

## Further Information and Advice

For further information or advice, please speak to your usual Verfides contact, or email or call the Tax Team: [tax\\_team@verfides.com](mailto:tax_team@verfides.com); call +44 20 7930 7111.

London, 6 March 2024