



CHAVEREYS

CHARTERED ACCOUNTANTS & FINANCIAL ALCHEMISTS

Autumn Budget 2024

Should have gone to a well-known firm of opticians...

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The events of the last week will no doubt have focused most of us on what was an unhelpful and a frankly 'stupidly short-sighted' Budget.

We will probably have this lot for the next four and half years and, however the details of the Budget may evolve, or get watered down, none of us can sit and wait for change; that is unless you are perfectly content to hand hard-earned wealth to fund a bloated, massively inefficient and wasteful-beyond-words State.

The reality is that the maths doesn't stack up. On what planet does imposing huge NI burdens on business lead to a higher tax take? It leads to lower pay rises, job losses and possibly to an annihilation of the hospitality sector, particularly when we factor in the National Living Wage increases.

Furthermore, once business owners have paid the higher Living Wage and NI, then paid their own tax and NI, those that choose to spend their hard-earned remainder on furnishing their children with a private education will find themselves paying 10-15% more due to VAT and rates now applying to private schools.

So, what are we doing?; and what should you be doing?

On the back pages of this document, you will find a short summary of the main changes.

Firstly, you might wish to invest in some Novo Nordisk shares (the makers of Ozempic). No doubt the increased tax take will find its way into the bellies of those less inclined to do a proper day's work...and no doubt the NHS will step in to slim them down. If only there was a financial form of Ozempic that we could feed to the NHS.

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We can only work with what we currently know. Things may yet change and, in practice, we can see an increase in Income Tax coming as the economic hole is unlikely to be filled by the employers' NI increase. Perhaps we will see an increase in the £1m IHT APR/BPR limit but let's not hold our breath and certainly not assume a different colour of Government will reverse any policy, despite their promises.

You must understand the position you are in; and we will help you to do this.

Next, it is about understanding what you can do to mitigate things today and tomorrow.

Thinking you have future-proofed matters for today is fine but what of tomorrow?

We have a window of opportunity to plan and let's all use this wisely.

Fragmentation, tricks around valuation and general witchcraft and wizardry will see us all through.

And did those feet in ancient time walk upon England's mountains green.

And was the holy Lamb of God on England's pleasant pastures seen.

And did the countenance divine shine forth upon our clouded hills.

And was Jerusalem builded here among those dark Satanic Mills.

It is time to start building!

<b>INHERITANCE TAX APR/BPR</b>		
<b>BEFORE</b>	<b>AFTER (SUBJECT TO CONSULTATION)</b>	<b>COMMENT</b>
<ul style="list-style-type: none"> <li>- Unlimited 100% Agricultural Property Relief ('APR') on the agricultural value of agricultural property (50% APR in limited circumstances for pre 1995 farm tenancies).</li> <li>- Unlimited Business Property Relief ('BPR') for relevant business property at rates of either 100% or 50%.</li> <li>- All unquoted shares (in trading companies) including Alternative Investment Market ('AIM') shares qualify for 100% relief.</li> </ul>	<ul style="list-style-type: none"> <li>- From 6 April 2026, the 100% rate of relief for APR and BPR will be limited to the first £1 million of combined qualifying assets.</li> <li>- A 50% rate of relief will apply to qualifying assets in excess of £1 million.</li> <li>- All unquoted shares (in trading companies) including Alternative Investment Market ('AIM') shares qualify for 50% relief.</li> </ul>	Many had been predicting a change, but this was beyond anything predicted. The APR and BPR changes (assuming they go ahead as planned) will have a potentially significant impact on all businesses, asset values and succession planning. There is a window of opportunity to plan and now is the time to act and not in a year's time or in the vain hope the changes will never appear. Get on with it. Life insurance will become an important ingredient in planning.

<b>CAPITAL GAINS TAX</b>		
<b>BEFORE</b>	<b>AFTER</b>	<b>COMMENT</b>
<ul style="list-style-type: none"> <li>- 10% and 20% rates of Capital Gains Tax ('CGT') for gains on disposals of property other than residential property.</li> <li>- 18% and 24% rates of CGT for residential property gains.</li> <li>- A 10% rate of CGT on gains on disposals qualifying for Business Asset Disposal Relief ('BADR'). A lifetime limit of £1 million.</li> </ul>	<ul style="list-style-type: none"> <li>- From 30 October 2024, 18% and 24% rates will apply to non-residential property gains.</li> <li>- There is no change to the rates for residential property gains. These will continue to be 18% and 24%.</li> <li>- From 6 April 2025, a 14% rate will apply to BADR gains. From 6 April 2026, an 18% rate will apply.</li> </ul>	The increases in CGT were perhaps not as high as some had feared and the rates applying to residential property are unchanged. Again, a window of opportunity to plan in the case of BADR.

<b>INHERITANCE TAX PENSIONS</b>		
<b>BEFORE</b>	<b>AFTER (SUBJECT TO CONSULTATION)</b>	<b>COMMENT</b>
<ul style="list-style-type: none"> <li>- Most unused defined contribution pension funds and death benefits fall outside an individual's estate for Inheritance Tax ('IHT') purposes.</li> </ul>	<ul style="list-style-type: none"> <li>- From 6 April 2027, most unused defined contribution pension funds and death benefits will be included within an individual's estate for IHT purposes.</li> </ul>	These changes were inevitable. Pensions have mistakenly been an important part of IHT planning for some and the removal of the IHT benefits from 6 April 2027 will have a potentially significant impact on those with large pension pots. Planning now is essential and until we see the legislation it is impossible to know how the rules might work, will, for example, reliefs apply.

<b>EMPLOYER NI</b>		
<b>BEFORE</b>	<b>AFTER</b>	<b>COMMENT</b>
<ul style="list-style-type: none"> <li>- Employer National Insurance ('NI') is paid by employers at a rate of 13.8% on pay in excess of £9,100.</li> <li>- The Employer Allowance is £5,000 for those with NI liabilities of less than £100,000.</li> </ul>	<ul style="list-style-type: none"> <li>- Employer NI is increased to a rate of 15% on pay in excess of £5,000.</li> <li>- The Employer Allowance is £10,500 without restriction.</li> </ul>	The increased employer NI will impose a huge NI burden on businesses. This is both naive and damaging. This will not raise anything like the predicted receipts and watch out for Income Tax rises.

STAMP DUTY LAND TAX		
BEFORE	AFTER	COMMENT
- A 3% higher rate of Stamp Duty Land Tax ('SDLT') applies on purchases of residential properties by companies and individuals who already own a residential property (ignoring the main residence).	- The higher rate of SDLT is increased to 5%.	Just look at what has happened to the share prices of the listed house builders since this lot came into power. They are doing a really excellent job at encouraging more house building!! It is inevitable that we will see policies designed at promoting development when they work out their policies are hopeless.

PRIVATE SCHOOL FEES - VAT		
BEFORE	AFTER	COMMENT
- An exemption applies on private school fees.	- From 1 January 2025, all education services and vocational training provided by a private school for a charge will be subject to VAT at the standard rate of 20%.	The imposition of VAT on private school fees will result in significant additional cost for those sending their children to private schools. The net impact will be more overseas students in our best educational establishments and less British children. So, let's educate the world to beat us over the head, steal our jobs and buy up our green and pleasant land!