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Accounting and Tax Services

Newsletter - March 2024

Hello and welcome to another issue of my mini newsletter.

Spring Budget 2024

The Chancellor, Jeremy Hunt, delivered his Spring Budget on 6 March. Some of the key announcements were as follows:



- a** The headline announcement was a further 2% reduction in employees National Insurance rate from 10% to 8%. This applies to monthly earnings between £1,048 and £4,190. As with the cut from 1st January this means someone earning the average UK salary of £35k will pay £37pcm less tax.
- For the self employed there is also a 2% cut to Class 4 NIC meaning that, including the previous 1% decrease announced in the Autumn which also takes effect on 6/4/24, their NI Rate will reduce to 6% for earnings between £12,570 and £50,270 a year.
- In both cases the 2% rate for employee / self employed earnings above £50,270 remains and Employers NIC rates and thresholds are also unchanged.
- b** Changes to the High Income Child Benefit Charge (HICBC). Currently there is a clawback of Child benefit where one parent has an income over £50,000, with a tapering charge until the total benefit is reduced to nil once income exceeds £60,000. These thresholds are to be raised from 6/4/24 so that the clawback will not start until one parent has income over £60,000, and the taper reduction rate will be halved so that it does not fully erode the benefit until income reaches £80,000.

If you have children eligible for child benefit for which you were not claiming as one parent had an income above £60,000 you should review this and consider claiming if the highest income is under £80,000.

In the longer term the government aims to move to a system based on household income.

- c** Capital Gains Tax (CGT) - most rates are unchanged but there will be a reduction of the higher rate for residential property disposals after 6/4/24. The rate will reduce from 28% to 24%. (The higher 28% rate will remain for gains on carried interest).
- d** Furnished Holiday Lettings (FHL) currently benefit from a favourable tax treatment compared to other residential property rental income. The government announced this will cease from April 2025 and so they will be taxed on the same basis as other rental properties. The main impacts are there will no longer be a full deduction for loan interest (it will be restricted to basic rate relief) and no reduced rate of CGT on disposals by claiming Business Asset Property Relief (BAPR).

If you have a FHL you have a year before these changes and should review the property's viability under the new rules or, if eligible for BAPR consider a disposal while the reduced 10% CGT rate is still applicable. (There will be an anti-forestalling rule announced to prevent the use of unconditional contracts to obtain the tax advantage on sale).

FINAL REMINDER

The end of the tax year is nearly here but there is probably still time to act if you wish to complete a transaction before then. Things to consider could include further contributions to your pension (assuming you have spare allowances), top up your ISA if you have not maxed this out already and/or sell some assets such as shares to use this year's CGT allowance (remember you can't just buy them back the next day).



Spring Budget 2024 continued

- e Changes to the tax rules for Non-UK Domiciled individuals "Non-doms". The current remittance basis is to be abolished from 6th April 2025. From that date non-doms will be taxed in the UK on any newly arising Foreign Income and Gains after they have been in the UK for 4 years. There will be transitional arrangements for non-doms already in the UK. Double taxation relief will be available where applicable.
- f The VAT registration threshold was raised by £5,000 to £90,000. The de-registration threshold was also raised by £5,000 to £88,000. The applicable turnover for these thresholds is the previous 12 months turnover on a rolling basis.

If you are VAT registered and have a turnover below £88,000 then you can consider de-registering, the raised limit will bring a few more businesses into this category, it may not be their best option however depending on the business circumstances.

- g The government has announced it will introduce a new ISA allowance of £5,000 in addition to the current £20,000 allowances, however this will be specifically linked to investing in the UK and supporting UK Companies. There is a consultation period now for the design and implementation which ends on 6th June 2024 so further details will not be available until after that process.

Companies House Reforms

The first tranche of reforms came into effect on the 4th of March. Most notably:

- a All Companies must supply an email address for Companies House correspondence. This is not publicly available and can be the Companies own or that of their agent if preferred. For existing Companies this will be submitted when the annual Confirmation Statement is next filed.
- b A company must have an appropriate address as its Registered Office where documents can be delivered by post or by hand and acknowledgement of delivery received. This means a Company is no longer allowed to use a PO Box as its Registered Office.

If your Company's Registered Address is a PO Box then you should change this now.

- c From the 1st May 2024 various fees are increasing including filing the annual Confirmation statement which will rise from £13 to £34. The cost of incorporating a new Company will rise to £50 and for voluntarily striking one off £33. (These are fees for digital methods).



Economic Crime and
Corporate
Transparency Act
2023

Double Cab Pick-ups



HMRC have historically treated these vehicles as vans for tax purposes if they meet certain criteria, essentially that they have a payload over 1000Kg and are primarily suited to carrying goods. Last month HMRC announced that from July they would be treated as cars. Within a week, after lobbying, they reversed this decision so that they will still be considered goods vehicles entitled to 100% capital allowances and the lower Benefit in Kind taxable value.

And finally please remember all the above information is believed to be accurate at this time, but there will be a general election no later than 28/1/25 and so, depending on the result, there may be significant changes to taxes in the near future.



As always I welcome any comments and please do get in touch if I can help with anything mentioned

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