

2024 BUDGET NEWSLETTER

The bite sized summary for business owners



Welcome to the Krystal Clear 2024 Budget Newsletter

The Chancellor Jeremy Hunt seems to have THE Election on his mind.

The two main announcements made were to, firstly, help those who work (by cutting National Insurance for employees & the self-employed) and, secondly, those with families (increase in child benefit thresholds).

To make it super easy for you I've summarised all the most relevant tax announcements to you into this bite sized 2024 Budget Newsletter.



INCOME TAX

The tax-free personal allowance of £12,570 and the higher rate tax thresholds of £50,270 & £100,000 remain frozen for 4 more years to 5th April 2028.

Each year that these tax-free thresholds don't rise with inflation is essentially a tax rise.

This measure will most affect business owners whose current income is just under £50k as rising cost of home bills forces them to increase their income above £50k...and at that point they start to pay higher rate tax.

Scottish taxpayers have the new 'Advanced Rate' of 45% which affects those with income £75,000 - £125,140. It means 3% more tax is paid on any income earned in this band starting 6th April 2024.

NATIONAL INSURANCE

Employee rate falls by another 2% to 8% from 6th April 2024.

Everything else remains frozen.

1 Employer rate unchanged at 13.8%.

2 All National Insurance tax-free thresholds unchanged at:-

Employees : £12,570
Employers: £9,100
Self-employed: £12,570

3 The Employment Allowance (saves employer NIC for eligible businesses) unchanged at £5k.

TAX ON DIVIDENDS

Dividend tax rates remain unchanged at 8.25%, 33.75% and 39.35%.

BUT. The dividend tax-free annual allowance will from 6th April 2024 go from £1,000 to £500.

Dividends on shares held in an ISA is exempt from tax.

TAX ON SAVINGS

The tax-free annual allowances on savings interest remain unchanged at £1,000 & £500 for basic and higher rate taxpayers respectively.

CHILD BENEFIT CHARGE

Two big changes for those who receive child benefit and apply from 6th April 2024.

They benefit households where the highest earner has income between £50,000 - £80,000.

1 The threshold above which child benefit has to be repaid rises from £50,000 to £60,000.

2 The rate at which the child benefit is repaid is halved.

It is now repaid at rate of 1% for every £200 of income earned over £60,000. This means all the child benefit is finally repaid when the income reaches £80k.

Please contact me or a member of the team if you would like to discuss any of the issues raised.

Call: 0161 410 0020 Email: wecare@krystal-clear.co.uk



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CORPORATION TAX

Corporation tax rates remain unchanged at :-

1 For businesses with profits more than £250k – 25%

2 For businesses with profits from £50k to £250k – between 19% and 25% depending on the amount of profit made.

3 Businesses with profits less than £50k the rate stays at 19%.

These bands are reduced if companies are associated.

THE SELF EMPLOYED

Class 4 NIC. The rate payable on profits falls on 6th April 2024 from 9% to 6%.

Class 2 NIC. Is NOT payable from 6th April 2024 IF the profit is more than the small profit threshold of £6,725. This saves tax of £192 a year.

NATIONAL MIN WAGE

From 1st April 2024 the hourly rates will rise between 9.8% and 21.2% to: -

Age 21+	£11.44 (up £1.02)
Age 18-20	£ 8.60 (up £1.11)
Age 16-17	£ 6.40 (up £1.12)
Apprentice	£ 6.40 (up £1.12)

These % increases are quite sizeable so employers will have to consider what they can do to (incl increase their prices) to maintain profitability. Also NB Age has been lowered from 23 to 21+,

DOUBLE CAB PICK UP

HMRC had announced double cab pick-up vehicles with a 1 ton + payload would be treated as a car not as a commercial vehicle.

Last month HMRC back-tracked and legislation will be prepared confirming double cab pick-up are commercial vehicles.

VAT LIMITS

The VAT registration and de-registration limits both increased by £5,000 to £90,000 & £88,000 respectively.

This will help B2C businesses with a turnover of around £80k stay under the VAT threshold.

R & D

A new R&D scheme to be created by merging the small / medium scheme with that for large companies. It applies to financial periods starting on or after 1st April 2024.

Will also be a second 'new' R&D scheme for 'R&D intensive small / medium companies. Further details to be announced.

CAPITAL GAINS TAX (CGT)

This annual tax-free allowance from 6th April 2024 falls from £6,000 to £3,000.

The higher CGT tax rate on residential property gains made after 6th April 2024 falls from 28% to 24%.

INHERITANCE TAX

No changes to either rates or thresholds were announced.

Means the nil rate band (tax-free allowance) stays at £325,000 & residence nil rate band stays at additional £175,000.

These allowances will be frozen until 5/4/2028.

FURNISHED HOLIDAY LET (FHL)

From 6th April 2025 the concept of FHLs will be abolished.

The biggest impact is the loss of a possible claim for 'Business Asset Disposal Relief' when the FHL is sold.

MTD UPDATE

Sole traders and landlords with gross income more than £50k will have to keep digital records & file a summary of sales and costs every 3 months via MTD from April 2026.

Disclaimer : This newsletter is designed to alert you to some of the major issues you should be considering and tax changes you should be aware of . It is not a replacement for professional advice tailored to your precise needs and circumstances. It is important that you take professional advice before making any decisions based on the information that you learnt here. While every effort has been made to make sure it is accurate it cannot be precisely tailored to your personal circumstances.

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