



# BUDGET REPORT 2024



Guide from

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### Spring Budget 2024: tax rates and allowances

Income tax rates: England, Wales & Northern Ireland (non-dividend income) (note 1)	2024/25	2023/24
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
<p><i>Note 1: The Welsh Government has made a commitment not to raise Welsh rates of income tax. Therefore, Welsh taxpayers will continue to pay the same rates as their English and Northern Irish counterparts.</i></p> <p><i>The income tax bands will remain frozen until tax year 2027-28.</i></p>		
Scottish rates of income tax (non-dividend income) (note 2)		
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
<i>Note 2: Scottish taxpayers pay the same tax as the rest of the UK on dividends and savings interest.</i>		
<b>Income tax rates (dividend income)</b>	<b>2024/25</b>	<b>2023/24</b>
Dividend allowance	£500	£1,000
Dividend ordinary rate (for dividends within basic rate band)	8.75%	8.75%
Dividend upper rate (for dividends within higher rate band)	33.75%	33.75%
Dividend additional rate (for dividends above higher rate band)	39.35%	39.35%
<b>Child benefit/guardian's allowance rates (notes 3 and 4)</b>		
Higher rate (eldest or only child) (per week)	£25.60	£24.00
Other children	£16.95	£15.90
Guardian's allowance per week	£21.75	£20.40
<p><i>Note 3: an income tax charge (High Income Child Benefit Charge or HICBC) will apply to taxpayers with 'adjusted net income' exceeding £50,000 in a tax year, when child benefit is also received by them or their partner. The charge will reduce the financial benefit of receiving child benefit for those with income between £50,000 and £60,000. The benefit will be removed completely for taxpayers with income above £60,000.</i></p> <p><i>From April 2024, the threshold for HICBC to apply will be raised to £60,000 with the taper band extended to £80,000. Therefore, the charge will reduce the financial benefit of receiving child benefit for those with income between £60,000 and £80,000. The benefit will be removed completely for taxpayers with income above £80,000.</i></p> <p><i>Note 4: from January 2021, no child benefit payments are made in respect of children living overseas. This will apply to EEA migrants arriving in the UK under the new immigration system.</i></p>		
<b>Personal allowances</b>	<b>2024/25</b>	<b>2023/24</b>
Personal allowance (note 5)	£12,570	£12,570
Dividend allowance	£500	£1,000
Maximum married couple's allowance for those born before 6 April 1935 (note 6)	£11,080	£10,375
Married couple's allowance – minimum amount	£4,280	£4,010
Micro entrepreneur's allowance (property or trading income)	£1,000 each	£1,000 each
Income limit for personal allowance (note 7)	£100,000	£100,000
Income limit for married couple's allowance: born before 6 April 1935	£37,000	£34,600
Blind person's allowance	£3,070	£2,870

Rent-a-room relief	£7,500	£7,500
Transferable/shareable tax allowance for married couples and civil partners (note 8)	£1,260	£1,260
Personal savings allowance for basic rate taxpayers	£1,000	£1,000
	<b>2024/25</b>	<b>2023/24</b>
Personal savings allowance for higher rate taxpayers	£500	£500
Personal savings allowance for additional rate taxpayers	£0	£0
<i>Note 5: from 2016/17 onwards, all individuals are entitled to the same personal allowance, regardless of the individual's date of birth.</i>		
<i>Note 6: this allowance is reduced by £1 for every £2 of income in excess of the income limit, but married couple's allowance will not reduce below £4,280 for 24/25 and £4,010 for 23/24</i>		
<i>Note 7: personal allowances are subject to the £100,000 income limit, which applies regardless of the individual's date of birth. The individual's personal allowance is reduced where their income is above this limit. The allowance is reduced by £1 for every £2 above the limit, down to zero.</i>		
<i>Note 8: this allowance is available to married couples and civil partners who are not in receipt of married couple's allowance. A spouse or civil partner who is not liable to income tax, or not liable at the higher or additional rates, can transfer this amount of their unused personal allowance to their spouse or civil partner. The recipient must not be liable to income tax at the higher or additional rates.</i>		
<i>If the couple marry or register a civil partnership, they will get the allowance on a pro-rata basis for the rest of that tax year. If one of them dies or there is a divorce or separation, the allowance continues until the end of the tax year.</i>		
<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, primary class 1 (per week)	£967	£967
Apprentice upper secondary threshold (AUST) for under 21s/25s	£967	£967
Primary threshold (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 primary threshold and upper earnings limit (note 9) 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 primary threshold and upper earnings limit 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 (note 9)	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
	<b>2024/25</b>	<b>2023/24</b>
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%
<b>Pensions</b>	<b>2024/25</b>	<b>2023/24</b>
Annual allowance (note 10)	£60,000	£60,000
Money purchase annual allowance	£10,000	£10,000
Lump sum allowance (note 11)	£268,275	n/a
Lifetime allowance (note 12)	n/a	n/a
Lump sum and death benefit allowance (note 12)	£1,073,100	n/a
Overseas transfer allowance (note 12)	£1,073,100	n/a
<p><i>Note 10: the annual allowance is a limit to the total amount of contributions that can be paid to a defined contribution pension scheme and the total amount of benefits that you can build up in a defined benefit pension scheme each year, for tax relief purposes. The annual allowance was increased from £40,000 to £60,000 from April 2023.</i></p> <p><i>Since 6 April 2016, individuals with a high income have had a tapered annual allowance, where for every £2 of adjusted income over a threshold, an individual's annual allowance is reduced by £1. From 6 April 2020, the tapered annual allowance applies for individuals with 'threshold income' of over £200,000, and 'adjusted income' of over £260,000. From April 2023, the annual allowance will be £10,000 (increased from £4,000) for individuals with total adjusted income (including pension accrual) over £360,000</i></p> <p><i>Note 11: A new lump sum allowance is introduced from April 2024 for £268,275.</i></p> <p><i>Note 12: Previous lifetime allowance charge of £1,073,100 is removed from April 2023 and the allowance is abolished entirely from April 2024. However, a new lump sum and death benefit allowance and overseas transfer allowance is set for the same amount.</i></p>		
<b>Reliefs and incentives</b>	<b>2024/25</b>	<b>2023/24</b>

Enterprise Investment Scheme (EIS) – maximum (note 13)	£1,000,000	£1,000,000
Venture Capital Trust (VCT) – maximum	£200,000	£200,000
<i>Note 13: from 6 April 2018, the annual limit is doubled to £2m, provided that any amount over £1m is invested in one or more knowledge-intensive companies.</i>		
<b>Reliefs and incentives</b>	<b>2024/25</b>	<b>2023/24</b>
Seed Enterprise Investment Scheme (SEIS) – maximum (note 14)	£200,000	£200,000
Enterprise Management Incentive Scheme (EMI) – employee limit up to the value of £250,000 in a three-year period	£250,000	£250,000
Social Investment Tax Relief (SITR) – maximum	n/a	n/a
Income tax relief on EIS schemes	30%	30%
Income tax relief on VCT schemes	30%	30%
Income tax relief on SEIS schemes	50%	50%
Income tax relief on SITR schemes (relief expires on 5 April 2023)	n/a	n/a
<i>Note 14: capital gains tax reinvestment relief may also be available for investments made up to 50% of the amount invested.</i>		
<b>Individual Savings Account (ISA)</b>	<b>2024/25</b>	<b>2023/24</b>
ISA (NISA) annual limit	£20,000	£20,000
Junior ISA investment annual limit – under 18, living in the UK	£9,000	£9,000
Child Trust Fund annual limit	£9,000	£9,000
Lifetime ISA annual limit (note 15)	£4,000	£4,000
<i>Note 15: to open a Lifetime ISA, you must be 18 or over but under 40. Contributions can be made until the age of 50. The government will add a 25% bonus to the savings, up to a maximum of £1,000 per year. The lifetime ISA limit of £4,000 counts towards the annual ISA limit.</i>		
<b>Capital gains tax</b>	<b>2024/25</b>	<b>2023/24</b>
Basic rate tax payer	10%	10%
Higher rate tax payer / Main rate for trustees and personal representatives	20%	20%
Rate on sale of residential property and carried interest – basic rate tax payer	18%	18%
Rate on sale of residential property – higher rate tax payer, trustees and personal representatives	24%	28%
Rate on gains on carried interest – higher rate tax payer, trustees and personal representatives	28%	28%

Annual exemption – individuals, personal representatives and trusts for disabled persons	£3,000	£6,000
Annual exemption – other trusts	£1,500	£3,000
Business Assets Disposal Relief lifetime limit	£1,000,000	£1,000,000
	<b>2024/25</b>	<b>2023/24</b>
Investors' Relief lifetime limit	£10,000,000	£10,000,000
Business Assets Disposal Relief / Investors' rate	10%	10%
Chattels exemption	£6,000	£6,000
<b>Inheritance tax</b>	<b>2024/25</b>	<b>2023/24</b>
Single person's nil-rate band	£325,000	£325,000
Single person's 40% band	over £325,000	over £325,000
Residence nil-rate band (RNRB) – maximum (note 16)	£175,000	£175,000
Reduced rate (note 17)	36%	36%
IHT rate (for chargeable lifetime transfers)	20%	20%
Married couples or civil partnerships allowance nil-rate band	£650,000	£650,000
Gifts to charities	Exempt	Exempt
Small gifts to same person	£250	£250
General gifts – annual exemption	£3,000	£3,000
Wedding gifts to children	£5,000	£5,000
Wedding gifts to grandchildren	£2,500	£2,500
Wedding gifts to any other person	£1,000	£1,000
<p><i>Note 16: the RNRB is available in respect of a main residence given away to children (including adopted, foster or stepchildren). Any unused nil-rate band transfers to the deceased's spouse or civil partner, even where death predates the availability of the additional threshold. It applies in addition to the existing nil-rate band (NRB) or threshold (currently £325,000) if the individual and estate meet the qualifying conditions. Inheritance tax nil-rate band and residence nil-rate band – thresholds are maintained at the current level until April 2028.</i></p> <p><i>Note 17: the estate can pay inheritance tax at a reduced rate of 36% on some assets if you leave 10% or more of the net value to charity in your will.</i></p>		
<b>Business property relief</b>	<b>2024/25</b>	<b>2023/24</b>
Business or interest in a business and transfers of unquoted shareholdings	100%	100%
<b>Taxation of trusts</b>	<b>2024/25</b>	<b>2023/24</b>

<i>Accumulation or discretionary trusts:</i>		
Trust income up to £1,000 – dividend type income (note 18)	8.75%	8.75%
<b>Taxation of trusts</b>	<b>2024/25</b>	<b>2023/24</b>
Trust income up to £1,000 – all other income	20%	20%
Trust income over £1,000 – dividend type income (note 20)	39.35%	39.35%
Trust income over £1,000 – all other income	45%	45%
<i>Interest in possession trusts:</i>		
Dividend-type income	8.75%	8.75%
All other income	20%	20%
<i>Note 18: trustees do not qualify for the dividend allowance. This means trustees pay tax on all dividends depending on the tax band they fall within.</i>		
<b>Corporation tax</b>	<b>2024/25</b>	<b>2023/24</b>
All profits and gains (excluding determination agreements and diverted profits) (note 19)		
Small profits rate (companies with profits under £50,000)	19%	19%
Main rate of corporation tax (companies with profits over £250,000)	25%	25%
Limits for marginal relief	£50,000 - £250,000	£50,000 - £250,000
Standard fraction for marginal relief	3/200	3/200
S.455 tax on loans made by close companies to participators	33.75%	33.75%
<i>Note 19: From April 2023, the main rate is increased to 25% for business profits made by the company over £250,000. Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate.</i>		
<b>Capital allowances</b>	<b>2024/25</b>	<b>2023/24</b>
Main writing-down allowance (reducing balance)	18%	18%
Special rate writing-down allowance (reducing balance)	6%	6%
Structures and buildings allowance (SBA)	3%	3%
Full expensing (main rate plant and machinery) (note 20)	100%	100%
Full expensing (special rate plant and machinery) (note 20)	50%	50%



*Note 20: Full expensing allows the deduction of 100%/50% of the cost of certain plant and machinery from the profits before tax. This measure is effective from 1 April 2023 to 31 March 2026.*

Motor cars if CO <sub>2</sub> > 1/km but does not exceed 50g/km)	18%	18%
Motor cars if CO <sub>2</sub> > 50g/km	6%	6%
First-year allowances (FYA) – New and unused motor cars if CO <sub>2</sub> emissions are 0 g/km or car is electric (note 21)	100%	100%

*Note 21: From April 2021, the thresholds for FYA will be reduced from 50g/km to 0g/km. Main rate of 18% capital allowance will be applicable for business cars with CO<sub>2</sub> emissions not exceeding 50g/km. Business cars with CO<sub>2</sub> emissions exceeding 50g/km will be eligible for writing-down allowance at the special rate of 6%.*

<b>Capital allowances</b>	<b>2024/25</b>	<b>2023/24</b>
Small pool write-off where written-down value (WDV) is £1,000 or less	100%	100%
FYA for electric charge points	100%	100%
Annual investment allowance (AIA) (note 22)	£1,000,000	£1,000,000
AIA rate	100%	100%

*Note 22: Annual Investment Allowance has been confirmed at a permanent rate of £1 million from 1 April 2023.*

<b>Research and development tax credit rates</b>	<b>2024/25</b>	<b>2023/24</b>
SME R&D tax credit deduction rate	n/a	186%
Research and development (R&D) SME payable credit (note 23)	n/a	10%
Research and development expenditure credit (RDEC) scheme	n/a	20%
R&D merged scheme (note 24)	20%	n/a
R&D Intensive SME deduction rate	186%	186%
R&D Intensive SME payable credit	14.5%	14.5%
R&D Intensive SME intensity ratio (note 25)	30%	40%
Film/high-end TV/videogames tax credit (note 26)	25% or 34%	25% (34%)
Animation and Children's tax relief (note 27)	25% or 39%	25% (39%)
Open-ended investment companies and authorised unit trusts	20%	20%

*Note 23: for accounting periods beginning on or after 1 April 2021, the amount of SME payable R&D tax credit that a business can receive in any one year will be capped at £20,000 plus three times the company's total PAYE and NICs liability*

*Note 24: From April 2024, both R&D tax credits and RDEC schemes are merged and relief is available at a flat rate of 20%. SME R&D payable credit is only available to R&D intensive companies.*

*Note 25: Loss-making SMEs whose R&D expenditure constitutes at least 40% (for expenditure incurred on or after 1 April 2023) or 30% (for accounting periods beginning on or after 1 April 2024) of total expenditure are referred to as 'R&D intensive SMEs'.*

Note 26: the rate will be increased from 25% to 34% from 1 January 2024.

Note 27: the rate will be increased from 25% to 39% from 1 January 2024.

<b>Patent box</b>	<b>2024/25</b>	<b>2023/24</b>
Patent box	10%	10%
<b>VAT</b>	<b>2024/25</b>	<b>2023/24</b>
Standard rate	20%	20%
Reduced rate	5%	5%
Zero rate	0%	0%
<b>VAT</b>	<b>2024/25</b>	<b>2023/24</b>
Flat rate of VAT on gross turnover (for limited cost trader)	16.5%	16.5%
Normal scheme registration threshold	£90,000	£85,000
Deregistration threshold	£88,000	£83,000
Cash and annual accounting scheme – maximum to join	£1,350,000	£1,350,000
Cash and annual accounting scheme – exit threshold	£1,600,000	£1,600,000
Flat-rate scheme – maximum allowed to join	£150,000	£150,000
Flat-rate scheme exit threshold	£230,000	£230,000
<b>Annual tax on enveloped dwellings (ATED)</b>	<b>2024/25</b>	<b>2023/24</b>
More than £0.5m but not more than £1m	£4,400	£4,150
More than £1m but not more than £2m	£9,000	£8,450
More than £2m but not more than £5m	£30,550	£28,650
More than £5m but not more than £10m	£71,500	£67,050
More than £10m but not more than £20m	£143,550	£134,550
More than £20m	£287,500	£269,450
<b>Economic crime (anti-money laundering) levy (note 28)</b>	<b>2024/25</b>	<b>2023/24</b>
Small entity (less than £10.2m UK revenue)	n/a	n/a
Medium entity (UK revenue £10.2m - £36m)	£10,000	£10,000
Large entity (UK revenue £36m - £1bn)	£36,000	£36,000
Very large entity (UK revenue more than £1bn)	£500,000	£250,000

*Note 28: The Economic Crime Levy (ECL) is an annual charge that will affect entities (organisations) who are supervised under the Money Laundering Regulations (MLR) and whose UK revenue exceeds £10.2 million per year.*

**March 2024**

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