

What might happen next?

First Budget post the General Election

- The newly formed Labour Government has committed to including a forecast from the Office of Budget Responsibility (OBR) within their first Budget which therefore requires a 10 week notice period to be put together. On that basis the earliest date on which the Budget could take place is mid- September 2024.

What might the new Government do from a tax perspective?

- The recent Labour party manifesto, plus other related party publications and recent comments made by senior members of the Labour party, may give us an inkling as to what to expect in the forthcoming Budget or even over the next 5 years.
- **Based upon that information, political and tax analysts have provided their predictions which are shown below.**

What personal tax and national insurance (NI) changes could arise?

- **Income tax rates – likely to be no changes.** Note however that the devolved governments of Scotland and Wales can vary the tax rates relating to non-savings and non-dividend income.
- **Income tax thresholds - likely to remain frozen until 2028.** Note however, that the devolved government of Scotland, but not Wales, can vary the tax thresholds relating to non-savings and non-dividend income.
- Income tax thresholds for pensioners – Retain the Triple Lock but not bring in Triple Lock Plus.
- High Income Child Benefit Charge – No change expected.
- **Furnished Holiday Lets – Likely to be treated in the same way as long term lets from April 2025.**
- Carried interest for investment managers – Possibly to be taxed as income as opposed to capital gains with the tax rate moving from 28% to as high as 45%.
- Non- dom. rules – To be radically changed or even abolished.
- **Employee NI rates – No cuts or increases planned.**
- **Self-employed NI rates – No cuts or increases planned.**

What capital gains tax (CGT) changes could arise?

- **Private residence relief – No change likely.**
- Business asset disposal relief – Will be kept under review.
- **CGT rates – Maybe aligned with the income tax rates. Gains could be taxed at your highest rate.**
- Furnished Holiday Lets – Potentially apply the abolition of the CGT tax breaks from as early as 6th March 2024.
- Non-dom. rules – To be radically changed or even abolished.

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What inheritance tax (IHT) changes could arise?

- **IHT tax rates and thresholds – No changes mentioned.**
- Offshore Trusts – End the use of offshore trusts that help individuals avoid IHT.
- **Agricultural relief - Historical hints in the recent past this may be restricted or abolished.**
- **Business property relief – Historical hints in the past that this might be abolished.**

What stamp duty land tax (SDLT) changes could arise in England and Northern Ireland?

- **SDLT threshold to return to £300,000 on 1st April 2025.**
- Increase SDLT surcharge for overseas buyer by 1% up to 3%.
- **Increase SDLT surcharge on acquiring second residential properties from 3% to 4%.**

What Value Added Tax (VAT) could arise?

- **VAT rates – No change likely.**
- VAT thresholds – Not clear what the intention might be in this case.
- **VAT on private education – Yes, at 20%** with anti-forestalling rules to ensure that fees paid in advance are caught. There are some rumours that this might be deferred until as late as September 2025.

What changes could arise on the employment front?

- Employment allowance – No changes are planned.
- Apprenticeship levy – To be replaced with a new Growth and Skills Levy.
- Employment status – A single status of a worker within employment to be determined.
- **IR35/ Off payroll working – No promise to change things at present but possibly a consultation at a later stage to review matters.**
- **National minimum wage – Low Pay Commission to take account of the cost of living. Removal of the age bands so that all adults are entitled to the same minimum wage.**

What changes could arise on the corporate/business tax front?

- **Corporation tax (CT) rates – No changes expected.**
- **CT thresholds – Not clear if there is an intention to alter those thresholds.**
- CT Research & Development relief – As per their Business Growth Plan no changes are expected.
- CT patent box – No change expected.
- CT full expensing – No change expected.
- Business rates – Replace with a new property tax and the removal of the exemption for private schools.
- **Business road map – To be published within 6 months of the General Election result.**

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What miscellaneous changes could arise?

- **Council tax – Although not in the manifesto there could be band changes and/or a revaluation**
- Tax avoidance – Additional HMRC staff to be recruited. Aim to recover a total of £5 billion of tax.
- Oil companies – An increase in the level of windfall tax to be charged.
- Fuel duty – No mention in the manifesto but a fuel duty increase has not be ruled out.

What should you do?

- **Firstly please remember that these are only predictions** based on political and tax analysts reviews of the Labour manifesto, similar publications and recent comments made by senior Labour party members.
- **However, if you are concerned about what could happen in the near future as a result of the forthcoming Budget, please do not hesitate to contact us to express your worries and to see if anything can be done to mitigate that concern.**