

Spring Budget

WEDNESDAY 6 MARCH 2024



INCOME TAX RATES 2023/24

- As announced in November 2022 the personal allowance will be frozen at £12,570 for 2023/24 and will remain at this level until 2027/28.
- Also as announced the basic rate band will be frozen at £37,700 and will remain at this level until 2027/28.
- £50,270 needs to be earned before paying income tax at the higher rate.
- The additional rate threshold is £125,140
- All rates of income tax remain unaltered
- It had previously been planned that from April 2024 the basic rate of income tax would be reduced to 19%

INCOME TAX RATES 2023/24

- £0 - £12,570 – 0% (0%)
- £12,571 - £50,270 – 20% (20%)
- £50,270 - £100,000 – 40% (40%)
- £100,001 - £125,140 – 60% (60%)
- £125,140 – 45% (45%)

NATIONAL INSURANCE RATES

	Employees	Employers	Self-Employed
2023/24			9%/2%
To 5 January 2024	12%/2% £12,570/£50,270	13.8% £9,100	£12,570/£50,270
From 6 January 2024	10%/2% £12,570/£50,270	13.8% £9,100	

NATIONAL INSURANCE RATES

	Employees	Employers	Self-Employed
2024/25	8%/2% £12,570/£50,270	13.8% £9,100	6%/2% £12,570/£50,270

EFFECT OF NIC CHANGE

- Earnings £60,000 – Reduction in NIC liability £754.00
- Earnings £40,000 – reduction in NIC liability £548.60
- Earnings £20,000 – Reduction in NIC liability £148.60
- Who are unaffected? – Pensioners/Employers/Part Time workers/Low paid

HIGH INCOME CHILD BENEFIT CHARGE

- Currently you have to pay the High Income Child Benefit Charge if you or your partner have an individual income that's over £50,000 and either:
 - you or your partner get Child Benefit
 - someone else gets Child Benefit for a child living with you and they contribute at least an equal amount towards the child's upkeep
 - It does not matter if the child living with you is not your own
 - 1% of Child Benefit per £100 above £50,000. If greater than £60,000 all lost.
 - Pension Contributions/Gift Aid
 - Claim even if exceeded

BUT CHANGES FROM APRIL 2024 AND BEYOND

HIGH INCOME CHILD BENEFIT CHARGE CHANGES

- From April 24 – threshold now increased to £60,000 and tapering up to income of £80,000.
- Reform of system to be based on “Household income” as of April 26
- Need for HMRC systems to be updated to assess for taxable household income calculation

STATE PENSION

- One reason to still claim Child Benefit is because Parents registered for child benefit in respect of a child under 12 automatically receive Class 3 National Insurance credits.
- Class 3 credits have the effect of making a year a qualifying year for state pension (but not contributory benefit) purposes.
- Register but elect not to receive
- Specified Adult Childcare credits
- From April 2024 Class 2 Contributions are to be abolished – Over £12,570 = a qualifying year => save £192.40 a year. Over £6,725 = a qualifying year but no saving. Lower than £6,725 will need to still make voluntary contributions.

STATE PENSION (Cont'd)

- Do you know your state pension retirement age?
- It is increasing and proposals to speed up the changes. After 6 April 1960 => 67. After 6 April 1977 => 68
- Do you know how much you will receive and what you can do to change it? – Min 10 years, 35 for full.
- Do you know the rules are changing from 5 April 2025 (change would have been from 6 April 2023 but now extended)
- Back to April 2006 but reverting back to six years

NON-DOM RULES

- An individual who is 'resident' and 'domiciled' in the UK is liable to UK tax on their worldwide income
- For an individual who is 'resident' in the UK but who is not 'domiciled' in the UK they can claim to use the remittance basis.
- If claimed they are liable to UK tax on any UK source income plus any overseas income remitted to the UK
- The concept of domicile is one of the country that a person treats as their permanent home, or lives in and has a substantial connection with.
- Types of Domicile – Origin, Dependency, Choice and Deemed

NON-DOM RULES (CONT'D)

- Lose personal allowances – income and capital gains
- Remittance basis Charge (RBC)
- NON-DOM RULES TO BE ABOLISHED
 - From April 2025
 - Transitional arrangements to be put in place
 - 4 year foreign income and gains regime, 1st 4 years to be tax free to encourage bringing overseas assets and wealth into the UK.
 - After 4 years, same tax treatment as UK resident.
 - For those already using the remittance basis, special rules for year 1 of the new proposed regime

FURTHER HELP FOR THOSE ON LOWER BUDGETS

National Living Wage increases from April 2024 (2023/24)

- National Living Wage £11.44 (£10.42)
- 21-22 Year Old Rate £11.44 (£10.18)
- 18-20 Year Old Rate £8.60 (£7.49)
- 16-17 Year Old Rate £6.40 (£5.28)
- Apprentice Rate £6.40 (£5.28)

CORPORATION TAX RATES

- The main rate of Corporation Tax is 25% and is payable on profits in excess of £250,000.
- If Profits are £50,000 or less they are subject to a small company Corporation Tax rate of 19%.
- Companies with profits of between £50,000 and £250,000 are taxed at 25% but subject to a claim for marginal relief.
- The effective rate of Corporation Tax on profits in this range will usually be 26.5% although there is a formula:
- Marginal relief = $F \times (U - A) \times (N \div A)$ where $F = 3/200$ $U = £250,000$ $A = \text{'Augmented Profits'}$ $N = \text{Taxable Total Profits}$

CORPORATION TAX RATES

- The thresholds are reduced for shorter accounting periods.
- The above limits are also reduced based on the number of 'associated companies' (the previous 51% group definition is in the process of being removed for these purposes and also for instalment purposes).
- For example a company with another associated company will pay tax at 25% on profits above £125,000.
- The small company rate will not be available to 'Close Investment Holding Companies'.

CORPORATION TAX RATES - EXAMPLE

Company making profits of £120,000 with One Associated Company

£25,000 @ 19% = £4,750

£95,000 @ 26.5% = £25,275

£29,925

£120,000 @ 25% = £30,000

Less: Marginal Relief

$3/200 * £125,000 - £120,000 =$ £75

£29,925

DIVIDEND TAX RATES

TAX TIP – undertake dividend planning
prior to 5th April

2023/24		2024/25	
£1,000	0%	£500	0%
Ordinary Rate	8.75%	Ordinary Rate	8.75%
Upper Rate	33.75%	Upper Rate	33.75%
Additional Rate	39.35%	Additional Rate	39.35%

BONUS v DIVIDEND- 2024/25 – HIGHER RATE

Dividend			Bonus		
		100,000			100,000
Corporation Tax	25%	(25,000)	Employers NIC*	13.8%	(12,127)
Dividend		75,000	Bonus		87,873
Tax on Dividend	33.75%	(25,312)	Tax on Bonus	40%	(35,149)
			Employees NIC*	2%	(1,757)
		<u>£49,687</u>			<u>£50,967</u>
Effective Tax Rate		50.313%			49.033%

BONUS v DIVIDEND- 2024/25 – ADDITIONAL RATE

Dividend			Bonus		
		100,000			100,000
Corporation Tax	25%	(25,000)	Employers NIC*	13.8%	(12,127)
Dividend		75,000	Bonus		87,873
Tax on Dividend	39.35%	(29,512)	Tax on Bonus	45%	(39,543)
			Employees NIC*	2%	(1,757)
		£45,488			£46,573
Effective Tax Rate		54.512%			53.427%

CAPITAL ALLOWANCES

- The annual investment allowance is fixed at £1,000,000.
- It can be set against any qualifying items of plant and machinery or integral features but excluding cars or long life assets.
- For the period 1 April 2023 to 31 March 2026 a new Full Expense (FE) regime has previously been introduced to allow for full 100% relief for all qualifying items. This will therefore sit on top of the £1m AIA. Mention of FE on leased assets.
- Writing Down Allowances can be claimed at 18%/6%
- FYA on Electric Charging Points extended to 31 March 2025/5 April 2025
- Timing of capital expenditure is always critical.

STRUCTURAL BUILDINGS ALLOWANCE

- SBA gives 2% relief on qualifying expenditure post 29 October 2018.
- The allowance is 2% per annum.
- Broadly applies to construction, conversion and renovations of existing buildings
- This relief increased to 3% per annum from April 2020.

STRUCTURAL BUILDINGS ALLOWANCE – EXAMPLE

- Building Cost – £500,000
- Qualifying items of plant and machinery - £70,000 – 100% AIA Claim (or even super-deduction)
- Balance £430,000 – SBA Claim at 3% per annum
- Sold 10 years later for £800,000
- Chargeable Gain (provided s198 election made) - £429,000 being £800,000 less £371,000*
- *£500,000 less 10 years at 3% on £430,000 = £129,000

R&D RELIEF UPDATE

- For qualifying SME's the relief is currently 86% of qualifying R&D.
- So if a company incurs £100,000 of qualifying expenditure, they are entitled to an additional £86,000 of corporation tax relief for expenditure prior to 1 April 2024 => A tax saving of £32,500 (at 25% CT rate).
- If a company makes a loss it can opt to claim an R&D tax credit at 10% (subject to PAYE paid)

R&D RELIEF UPDATE

- A new scheme was introduced from 1 April 2023 for loss making R&D 'intensive' companies
- An R&D intensive company is one which spends 40% or more of its expenditure on qualifying R&D
- These companies will from 1 April 2023 be able to claim 27p per £1 spent rather than 18.6p as above (£1.86 *10%)

R&D RELIEF UPDATE

- A company is now required to make a separate submission detailing the project undertaking and why it qualifies for R&D relief.
- For new claims in addition there is a requirement for the scheme to be approved
- For accounting periods commencing on or after 1 April 2024 the SME and RDEC schemes are to be merged.
- The headline rate will be 20% but as above the line the effective saving is between 14.7% and 16.2%
 - 25% CT on 20% = 5% => 20% - 5% = 15%
 - 19% CT on 20% = 3.8% => 20% - 3.8% = 16.2%
 - 26.5% on 20% = 5.3% => 20% - 5.3% = 14.7%

CAPITAL GAINS TAX

- The fears surrounding the rates of CGT continue to not come to fruition but perhaps for another day? When is next election??
- Reduction in rate of highest CGT for residential property disposals from 28% to 24% as of April 2024
- The CGT Annual Exemption which was £12,300 for 2022/23 was reduced to £6,000 for 2023/24 and is further reduced to £3,000 for 2024/25 and future years. (Trusts have half of these amounts)
- This will bring a significant number of people within the tax net
- Use it or lose it! Every individual has their own exemption and transfers between married persons and civil partners are exempt so easy to double up.

FURNISHED HOLIDAY LETS REFORM

- From April 2025 the FHL regime will be abolished.
- Eliminates tax advantages of FHL as follows:-
 - 10%/20% CGT on disposal
 - Capital allowances
 - Interest relief
- Uncertainty regarding transitional rules, specifically regarding capital allowances previously claimed.

CAPITAL GAINS TAX

- The rates of capital gains tax will become 18%/24% for residential property and 10%/20% on all other assets.
- The rate of CGT on disposals qualifying for Business Asset Disposal Relief (BADR) remains at 10% on a lifetime limit of £1,000,000
- The conditions to qualify for BADR remain unchanged
- The CGT rules on Divorce to enable assets to be transferred CGT free within three years following year of separation and all assets transferred as part of Divorce settlement. The PPR rules for Divorcing couples

SDLT

- Rates – No changes and rates apply until 31 March 2025
- Residential Properties
 - Up to £250,000 – 0%
 - £250,001 to £925,000 – 5%
 - £925,001 to £1.5m – 10%
 - Excess – 12%
- Non-residential Properties
 - Up to £150,000 – 0%
 - £150,001 to £250,000 – 2%
 - Excess – 5%
- Mixed transactions are charged at non-residential rates
- ATED!

SDLT

- Higher Rates on additional residential properties.
- Extra 3% although the extra 3% is recoverable if can demonstrate a main residence is being replaced. Important time limits
- But don't forget 'MDR', can lead to significant savings **BUT** only until 1 June 2024 !
- 2% surcharge for non residents.
- First time buyers relief - £425,000 (0%) and overall £625,000 (5%) limit
- Companies.
- Mixed properties – Consultation currently underway however!

INHERITANCE TAX

- The rates of Inheritance Tax remains at 40% or 20% on chargeable lifetime transfers
- The conditions to qualify for Business Property Relief and Agricultural Property relief remain unchanged.
- The opportunity to reduce the rate of IHT to 36% by giving to charity remains unchanged
- The taper threshold for the residence nil-rate band remains at £2m
- The tax free uplift on death for CGT purposes remains unchanged

VAT

- Statutory registration threshold to increase from £85,000 to £90,000 from 1 April 2024. Deregistration thresholds also increasing from £83,000 to £88,000.
- A new points based penalty system is now in place for the submission of late returns with effect from 1 January 2023. It is similar to the points system for motoring offences.
- Also a new penalty system for late payments

SELF-EMPLOYED BASIS PERIOD REFORM

- **Current Year Basis of Assessment**

The self-employed were previously taxable based on the accounts ending in the tax year. For example a business with a 30 June accounting date would have paid tax in 2022/23 based on their 30 June 2022 accounts.

- **Tax Year Basis of Assessment**

With effect from the 2024/25 tax year businesses will pay tax based on their profits for the tax year whatever their accounts date is. As a result it is likely the business may wish to prepare accounts to 5 April 2025 (or 31 March 2025 if easier) although it will not be obligatory.

- **Transitional year**

2023/24 is the transitional year for businesses who have an accounts date different than to 31 March 2024. Such businesses will pay tax on their profits to their accounts date plus in addition their profits to the tax year end.

SELF-EMPLOYED BASIS PERIOD REFORM

Example – 30 June Accounts Date

2022/23 – Year ended 30 June 2022

2024/25 – Year ended 5 April 2025

2023/24 – Year ended 30 June 2023 + Period 1 July 2023 to 5 April 2024 less ‘Overlap Profit’

The tax on the additional period profits can be spread over five years with the choice to opt out and pay all tax at once.

BENEFITS IN KIND

- The car fuel multiplier - £27,800
- The van fuel multiplier - £757
- The flat rate van benefit - £3,960
- What about Double Cab Pick-ups??
- Consider private v company car choices particularly with the additional NIC

ADVISORY FUEL RATES

With effect from 1 March 2024

- Electric per mile – 9p
 - Petrol – up to 1400cc – 13p
 - Petrol – up to 2000cc – 15p
 - Petrol over 2000cc – 24p
 - Diesel – up to 1600cc - 12p
 - Diesel – up to 2000cc – 14p
 - Diesel over 2000cc – 19p
-
- Advisory Rates for own car
-
- Cars/Vans 45p first 10,000 miles then 25p
 - Motorcycles 24p
 - Bikes 20p

PENSIONS

- Annual Allowance has been increased to £60,000 (£40,000)
- Can use unused allowances for previous three tax years provided in a pension scheme.
- The tapered annual allowance adjusted income level is to be increased to £260,000 (£240,000).
- The minimum amount the annual allowance could be tapered down to decreased is to be increased to £10,000 (£4,000).
- Lifetime allowance is to be abolished (£1,073,100). Initially the lifetime allowance charge will be abolished
- Lump sum 25% of £1,073,100 and marginal rate instead of 55%
- Contributions made personally extend an individual's basic rate tax band.
- Contributions made by a company are tax deductible.

PENSIONS

- What is the difference between contributions made personally and employer contributions?

Example

- Employer Contribution £10,000 costs the employer after corporation tax relief at 25% = £7,500 and £10,000 is within the pension fund.
- Employee Contribution if we keep the cost to the employer the same gives a bonus of £8,787 (plus employers NIC of £1,213) after corporation tax relief at 25% = £7,500.
 - Net pay after tax at say 40% plus 2% NIC = £5,096.
- Pay £5,096 into pension will get tax refund £1,274 and £6,370 in pension fund.
- Salary Sacrifice

OTHER MATTERS

- EMI changes to ease administration come into effect for options granted on or after 6 April 2024 – Only need to register by 5 July following the end of the tax year of grant.
- ISA Changes – new £5k additional allowance for ISA investment in UK Plc
- From April 2026 penalty point system for self-assessment
- MTD – has it gone away for self-assessment?
- Alcohol & fuel duty frozen

Cyber Security: What's Important?

A quick look at common attacks

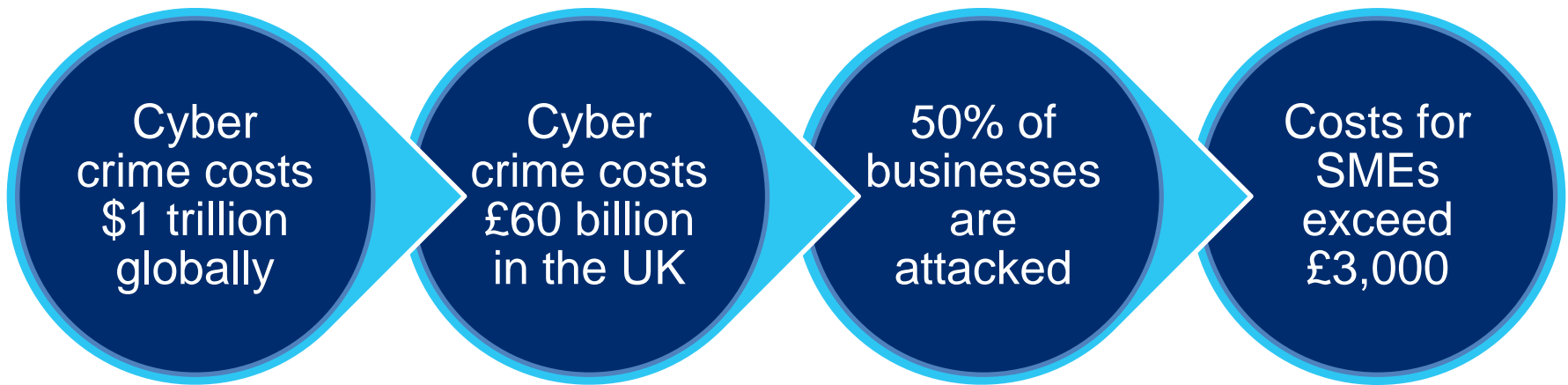
Thompson Jenner
Chartered Accountants

think^{IT}



Think IT - Cyber Security Introduction

Why Worry?



<https://www.mcafee.com/enterprise/en-us/assets/reports/rp-hidden-costs-of-cybercrime.pdf>

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/60943/the-cost-of-cyber-crime-full-report.pdf

<https://www.gov.uk/government/statistics/cyber-security-breaches-survey-2020/cyber-security-breaches-survey-2020>

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Why Think IT?



Certified Information
Systems Security Professional

Independent information security
certification

Accredited under the ANSI ISO/IEC
Standard 17024:2003

Formally approved by the U.S. Department
of Defense for DoDD 8570 certification

UK National Academic Recognition
Information Centre assessed CISSP as
Level 7

Only 8,226 CISSPs in the UK.
ICAEW has over 150,000 members ;)



<https://www.isc2.org/About/Member-Counts#>
<https://www.icaew.com/>

Think IT - Cyber Security Common Threats

Seven Sins

A cyber attack is an attempt by cybercriminals, hackers or other digital adversaries (attackers) to access a computer network or system, usually for the purpose of altering, stealing, destroying or exposing information.



Cyberattacks can target a wide range of victims from individual users to enterprises or even governments. When targeting businesses or other organisations, the attacker's goal is usually to access sensitive and/or valuable company assets, such as intellectual property (IP), customer data or payment details.

Think IT - Cyber Security

Common Threats

Malware (...virus?)

What is it? Malicious software is any program (or code) created to harm a computer or network.

What do we need to know?

- Most common cyber-attack type (variants and subsets).
- Ransomware #1 threat, costs \$20 billion globally, attack every 11 seconds, average 21 days downtime.

What's the defence? Good tech (now called 'Endpoint Detection and Response') and user awareness.

- Ransomware
- Spyware
- Adware
- Trojan
- Worm
- Rootkit
- Keylogger
- Botnet
- Fileless malware

<https://www.thinkit.co.uk/ransomware-is-our-biggest-problem/>
<https://cybersecurityventures.com/cybercrime-damages-6-trillion-by-2021/>
<https://www.coveware.com/blog/ransomware-marketplace-report-q4-2020/>
<https://www.paloaltonetworks.com/blog/2021/07/diagnosing-the-ransomware-deployment-protocol/>
<https://www.av-test.org/en/statistics/malware/>

Think IT - Cyber Security Common Threats

Denial of Service (DoS)

What is it? Attack that intends to overwhelm and shut down a system, making it inaccessible to its users.

What do we need to know?

- Approx. 44,000 DDoS attacks each day globally.
- In October 2023 big tech firms said they'd seen the biggest DDoS attack to date: 2 mins = total Wikipedia traffic in Sept.

What's the defence? ISP-level DDoS mitigation is generally effective (depending on attack size).

Distributed Denial of Service (DDoS) attack is a DoS attack that comes from multiple 'vectors' (i.e., lots of different computers). This is the most common form of DoS attack on websites.

<https://www.linkedin.com/pulse/rise-ddos-attacks-2023-you-prepared-evolve-mga-8mopc/>

<https://www.reuters.com/technology/internet-companies-report-biggest-ever-denial-service-operation-2023-10-110/>

Think IT - Cyber Security Common Threats

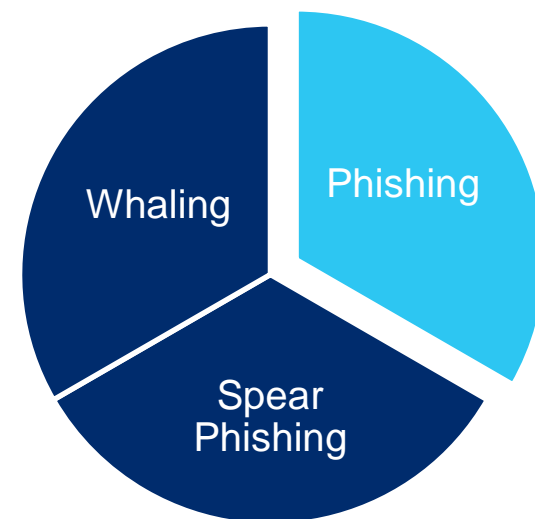
Phishing

What is it? A type of social engineering; email (usually) trying to convince you to do something you wouldn't normally do.

What do we need to know?

- Approx. 3 billion phishing emails sent each day.
- 30% are opened, and 12% are 'clicked through'.
- Phishing is involved in 90% of data breaches.

What's the defence? Good tech (usually called 'Advanced Threat Protection') and user awareness.



<https://securityboulevard.com/2020/12/staggering-phishing-statistics-in-2020/#>

<https://umbrella.cisco.com/info/2021-cyber-security-threat-trends-phishing-crypto-top-the-list>

<https://www.zdnet.com/article/three-billion-phishing-emails-are-sent-every-day-but-one-change-could-make-life-much-harder-for-scammers/>

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Common Threats

Spoofing

What is it? An attacker disguises themselves as a known or reputable source, making it easier to access systems or data.

What do we need to know?

- Email spoofing is often paired with phishing.
- Most DDoS attacks employ IP spoofing.
- 'Deep Fakes' are likely to be AI-assisted in the future.

What's the defence? Good tech (email and domain security services), user awareness, and careful supplier selection.



Domain Spoofing

Email Spoofing

IP, ARP & DNS Spoofing

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Common Threats

Identity-Based Attacks

What is it? Attackers know that using real credentials is easier; identity attacks are the ways they seek to compromise accounts.

What do we need to know?

- The average person has 100 'identities'.
- 80% of data breaches involve the use of compromised identities.
- Identity attacks are hard to detect (so need to be prevented).

What's the defence? User awareness (good password hygiene) and Multi Factor Authentication (MFA).

- Man-in-the-Middle (MitM)
- Credential Harvesting
- Credential Stuffing
- Password Spraying
- Brute Force

<https://tech.co/password-managers/how-many-passwords-average-person>
<https://www.crowdstrike.com/global-threat-report/>

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Common Threats

Code Injection

What is it? An attacker injecting malicious code into a vulnerable system or network to change its course of action.

What do we need to know?

- Less frequent, but often very hard to detect and severe damage.
- MOVEit mass-hack (May 2023, 64 million people affected) began with an SQL injection attack.

What's the defence? Procurement/testing of applications and services, and system/application updates.

- SQL Injection: exploits system vulnerabilities to inject malicious code into a data-driven application, which allows the hacker to extract information from a database.
- Cross-Site Scripting (XSS): attacker inserts malicious code within a legitimate website which launches as an infected script in the user's web browser. Forums, blogs and sites that allow users to post their own content are most susceptible to XSS attacks.

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Common Threats

Supply Chain

What is it? Attacker targets trusted third-party that delivers services, typically using malware or code injection.

What do we need to know?

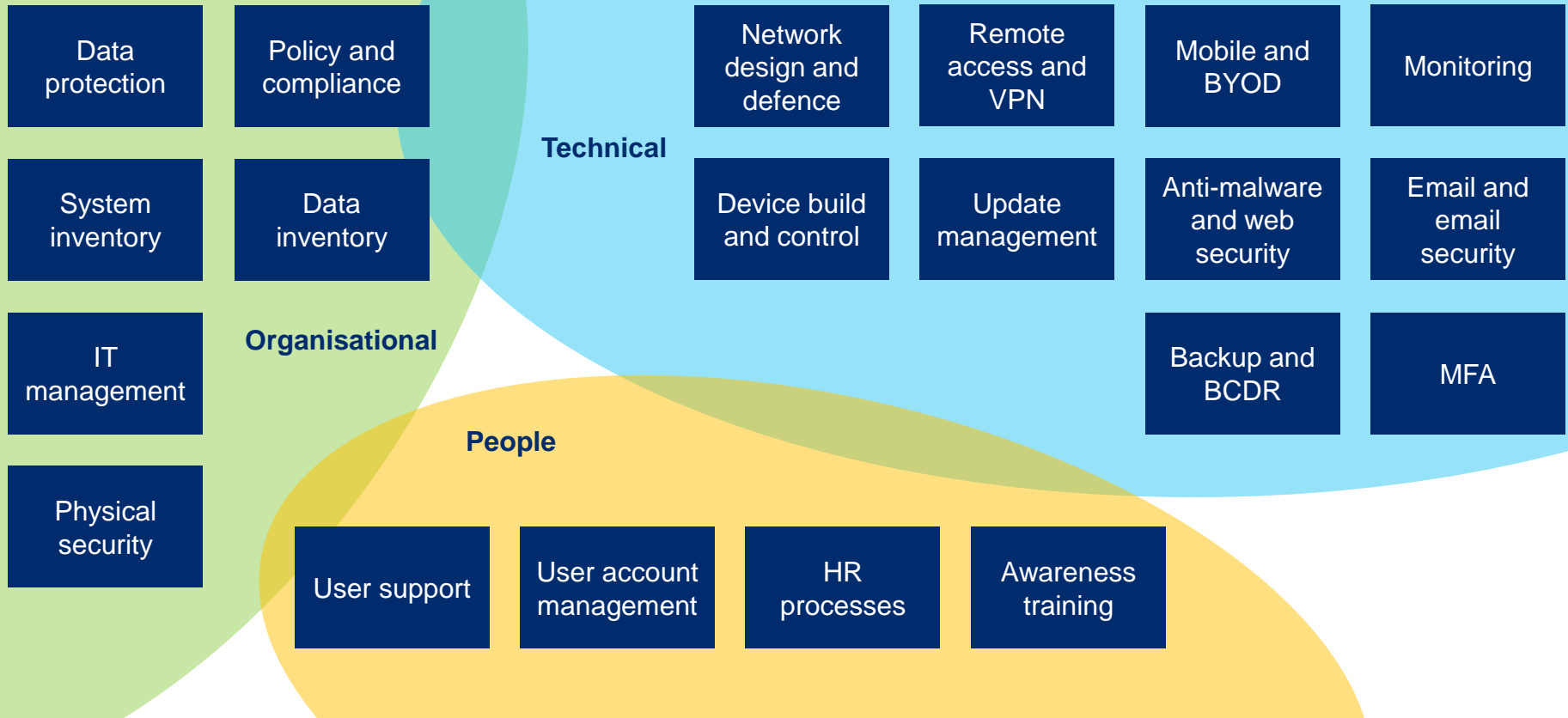
- Usually carried out by APTs.
- Kaseya VSA ransomware attack (July 2021, > 1,000 companies affected) is a supply chain attack (\$70 million ransom).

What's the defence? Procurement (choosing wisely), good tech (overall security posture), expert help available

- Software is often not written from scratch: it involves many 'off-the-shelf' components, e.g., third-party APIs, open source code and proprietary code from software vendors.
- Defence is more difficult here, as it's someone else being attacked, through which the attacker gains access to your systems and/or data.

Think IT - Cyber Security Risks, Issues and Solutions

Our Cyber Security Planner



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