



NEGATIVE CHANGES

- From 6 April 2026, new limits will apply to business and agricultural property relief from inheritance tax. The valuable (and currently unrestricted) 100% relief will be limited to the first £1million of combined agricultural and business property. 50% relief will apply thereafter (meaning an effective rate of 20%). Full detail of how the rules will apply to lifetime transfers and trusts will be subject to consultation next year.
- The rate of employer NICs is increasing from 13.8% to 15% from April 2025.
- The secondary threshold (the point at which employer NICs start being paid) reduces from £9,100 to £5,000.
- Capital gains tax rates are increasing – the main rate from 20% to 24%, effective from 30 October 2024.
- The rate of Business Asset Disposal Relief increases from 10% to 14% from April 2025 and to 18% from April 2026. These CGT changes reduce the gap between income tax and CGT and therefore some of the attraction of equity-based incentive structures.
- The lifetime limit for investors relief (similar relief to BADR but for third party investors, not employees or directors) is reducing from £10m to £1m as of 30 October 2024.



NO OR LIMITED CHANGE

- The main rate of corporation tax remains at 25% until at least April 2028 and the small companies rate is also unchanged, as are relevant thresholds
- The thresholds at which income tax starts being paid and higher rates apply continue to be frozen, but after April 2028 will be index linked to inflation.
- No significant changes to any government approved share incentive schemes.
- R&D relief is to remain at current rates.



POSITIVE CHANGES

- EIS and VCT schemes, encouraging investment in start-up and growth companies, are extended to at least 2035.
- The employment allowance credit is increasing from £5,000 to £10,500 and this will apply to all businesses, not just those with an aggregate employer NIC of below £100,000. As £10,500 is the total of the relief (not per employee) the overall benefits here are fairly limited.

OTHER MEASURES OF NOTE

- Targeted rules will be introduced to shift responsibility from applying PAYE where workers are provided via umbrella companies to agencies and, where no agency is present, to the end customer. This is a response to the growth of umbrella companies following April 2021 IR35 changes, but full details of this change are yet to be published.
- Changes to the taxation of Employee Ownership Trusts, principally targeted at avoiding abuse, e.g. founders/sellers retaining control post transaction and unwinding of EOT structures.

AG COMMENT

It was well telegraphed that this Budget was one which would not impact “working people” and, at least on its face, the Budget is true to this aim. However it does seem that businesses are being asked to bear a lot of the pain and particularly OMBs and high growth companies may feel aggrieved at this. Employer NIC increases will lead to significant additional costs but, perhaps most troublingly, the changes to BPR could lead to significant difficulties with estate/succession planning, where the £1m allowance will not go very far and estates may have to find significant cash sums. Anti-forestalling measures are in effect but planning opportunities remain between now and 6 April 2026.

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