

# Autumn Budget 2024

**Summarising the main changes  
impacting farmers**

**Sally Carr**

December 2024

## **Disclaimer**

**Whilst we are experts in our field, every situation is different and our advice today may not apply exactly to your circumstances.**

**Please do consider seeking professional and specific advice when making important decisions about the future of your business or personal affairs.**

# **“Invest, invest, invest”**

- Aiming to drive growth and ‘restore economic stability’

## **The headline policies**

- Employers National Insurance contributions to rise from April 2025
- Capital Gains Tax will rise
- Inherited pensions will fall within the Inheritance Tax net from April 2027
- Business and Agricultural reliefs will be reformed
- VAT introduced on private school fees
- BPS payments for 2025 will be capped at £7.2k

**Chancellor Rachel Reeves set out a plan to raise £40 billion in taxes with her Autumn Budget.**



# Benefits in Kind – Double cab pick-ups

- From 1 April 2025 for Corporation Tax, and 6 April 2025 for Income Tax, DCPUs will be treated as cars
- **Buy before 31 March 2025 to get 100% AIA** and van benefit in kind arrangements until the earlier of disposal, lease expiry or 5 April 2029

# National Minimum Wage (NMW)

- From 1 April 2025: National Minimum Wage will increase from £11.44 to **£12.21 per hour** (an increase of 6.7%)
- The minimum wage for 18 to 20 year olds will rise by £1.40 to **£10.00 per hour** (16.3%)
- The 16 – 17 year old and apprentice rate increases by £1.15 to **£7.55 per hour** (18.0%)

# National Insurance Contributions

- National Insurance contributions for employers will increase from 13.8% to 15% from April 2025
- The threshold at which businesses start paying NI will drop from £9,100 to £5,000
- For smaller businesses, the employment allowance will increase from £5,000 to £10,500



# Payrolling of benefits in kind and other matters

- Confirmed as mandatory from April 2026
- Currently excludes beneficial loans and accommodation

## Employment law changes so far this year:

- Carers Leave Act 2023 (6 April 2024)
- The Protection from Redundancy (Pregnancy and Family Leave) Act 2023 (6 April 2024)
- The Employment Relations (Flexible Working) Act 2023 (6 April 2024)
- The Employment (Allocation of Tips) Act 2023 (1 October 24)
- The Workers (Predictable Terms and Conditions) Act 2023 (September 24 )
- The Worker Protection (Amendment of Equality Act 2010) Act 2023 (26 October 2024)



# Furnished Holiday Lettings – a reminder

- Abolition of the Furnished Holiday Lettings (FHL) tax regime from April 2025 confirmed. From 2025/26:
- Holiday lets for income tax and capital gains tax will be **treated as** rental (no longer a trade)
- Loss of various tax reliefs (e.g. BADR, 100% interest deduction, qualifying income for pension)
- If income was split in a different apportionment to ownership, action can be taken to continue with this – but time limit in place
- **Still “taxable” income for VAT purposes**



# Capital Gains Tax (CGT) Rates

	Before 30 <sup>th</sup> Oct 2024	On / after 30 <sup>th</sup> Oct 2024	From 6 <sup>th</sup> Apr 2025	From 6 <sup>th</sup> Apr 2026
Gains on non-Residential Assets				
<b>1. For individuals</b>				
Gains at basic rate	10%	18%		
Gains at higher rate	20%	24%		
<b>2. For trusts &amp; estates</b>	24%	24%		
<b>3. Business asset disposal relief</b>	10%	10%	14%	18%

**Note:**

Annual exemption unchanged at £3,000  
 CGT free uplift on death not changed  
 BADR – available on 1<sup>st</sup> £1M of qualifying gains

# Other Matters

# Stamp Duty Land Tax

Consideration	From 23 Sept 22 – 30 Oct 2024	From 31 Oct 2024 – 31 March 2025	From 1 Apr 2025
Up to £250,000	3%	5%	N/A
Up to £125,000	N/A	N/A	5%
£125,001 – £250,000	N/A	N/A	7%
£250,001 – £925,000	8%	10%	10%
£925,001 – £1,500,000	13%	15%	15%
£1,500,001 +	15%	17%	17%

NB From 31 Oct 2024, rates for Additional dwellings are increased by an additional 2% on each band mentioned above

# High Income Child Benefit Charge (HICBC)

- HICBC is a tax charge that **applies to higher earners (above £60k from 6/4/2024)** who receive Child Benefit or whose partner receives it.
- Previously announced move to base HICBC on household income scrapped.
- **Consider ways to reduce** highest earners adjusted **income**:
  - salary sacrifice, gift aid, pension contributions, dividend planning in H&W companies, partnership rather than sole trade.





# Inheritance Tax and Estate Planning for Farmers

**Julie Rose**

December 2024

# Agenda

- 1.** Inheritance Tax – Allowances & Exemptions
- 2.** Tax Reliefs
- 3.** Planning Opportunities
- 4.** What the Future holds

# **Inheritance Tax – Allowances and Exemptions**

# 1. Nil rate band

- Maximum of £325,000
- Frozen until April 2030
- Adjusted to CPI would be £465,000





# 2.

## Residence nil rate band

- Up to £175,000 or £350,000 for a married couple
- Restricted if your estate is worth >£2m
- Complicated relief...plenty of traps

**3.**

## **Lifetime giving**

- Gift of assets– exempt after 7 years
- Watch for Capital Gains Tax
- How much can you gift?
- Reservation of benefit

**4.**

## **Standard exemptions**

- £250 small gifts
- £3,000 annual exemption
- Wedding gifts
- Gifts out of surplus income

**5.**

## **Gifts out of surplus income**

- Immediate exemption
- Intention to make regular gifts
- Made from surplus income
- Record keeping





# 5. (cont.)

## Gifts out of surplus income

### Gifts made as part of normal expenditure out of income

Only fill in this page if you've ticked 'Yes' to box 6 on page 1. This is a guide to the type of income and expenditure that were part of the deceased's normal expenditure out of their income. Give details of the deceased's income and expenditure.

20	<b>Income</b>				
	Tax year in which gifts made (for example, 6 Apr 2005 to 5 Apr 2006)				
	Salary				
	Pensions				
	Interest (including PEPs and ISAs)				
	Investments				
	Rents				
	Annuities (income element)				
	Other				
	Minus Income Tax paid				
	<b>Net income</b>				
21	<b>Expenditure</b>				
	Mortgages				
	Insurance				
	Household bills				
	Council Tax				
	Travelling costs				
	Entertainment				
	Holidays				
	Nursing home fees				
	Other				
	<b>Total expenditure</b>				
22	<b>Surplus (deficit) income for the year</b>				
	Surplus (deficit) income for the year (Net income minus total expenditure)				
	Gifts made				

# Tax Reliefs

A photograph of two small, light-colored piglets in a grassy field. One piglet is in the foreground, looking down at the ground, while the other is slightly behind it, looking towards the camera. The background is a soft-focus green field.

# **Agricultural Relief from 6 April 2026**

- Land and buildings used for growing crops or rearing animals incl. environmental land management schemes
- £1m at 100% relief per person shared with business property
- Excess assets 50% rate will apply
- Effective rate of 20%

# Agricultural Relief (cont.)

- Traps to watch for?
  - Ownership period
  - Farmhouse, cottages and farm buildings
  - Woodlands
  - Who owns the land
  - Actual use of the land
- What does the paperwork say
  - Partnership/shareholders agreement
  - Farm Business Tenancies / Grazing licence
  - Wills



# Business Relief

- Wholly or mainly test
- 100% or 50% relief
- Hope value
- Farm Diversification
- Other BPR qualifying investments

## 2. Business Relief (cont.)

- Wholly or mainly
  - Look at the business as a whole
  - Trade or investment business
  - Watch for rental property
- Available cash
- Traps to watch for?
  - Ownership structure
  - Ownership period
  - Contract for sale

# Planning Opportunities

# When to consider IHT planning

- Change in circumstances
- Sooner rather than later (gifts exempt after 7 years)
- After a death (2 years to vary a Will after death)
- **NOW** following Labour's budget announcement



# Opportunities

- Lifetime giving
  - Need to survive 7 years
- Balancing assets between spouses
- Trusts
- Family Investment Company
- Incorporation

# Insurance policies

- Lifetime or fixed period to cover:
  - Mortgage
  - IHT
- In or out of trust?

# Deathbed planning

- Transfer between spouses – CGT uplift

**Where to start post  
30 October 2024 ?**



# First steps

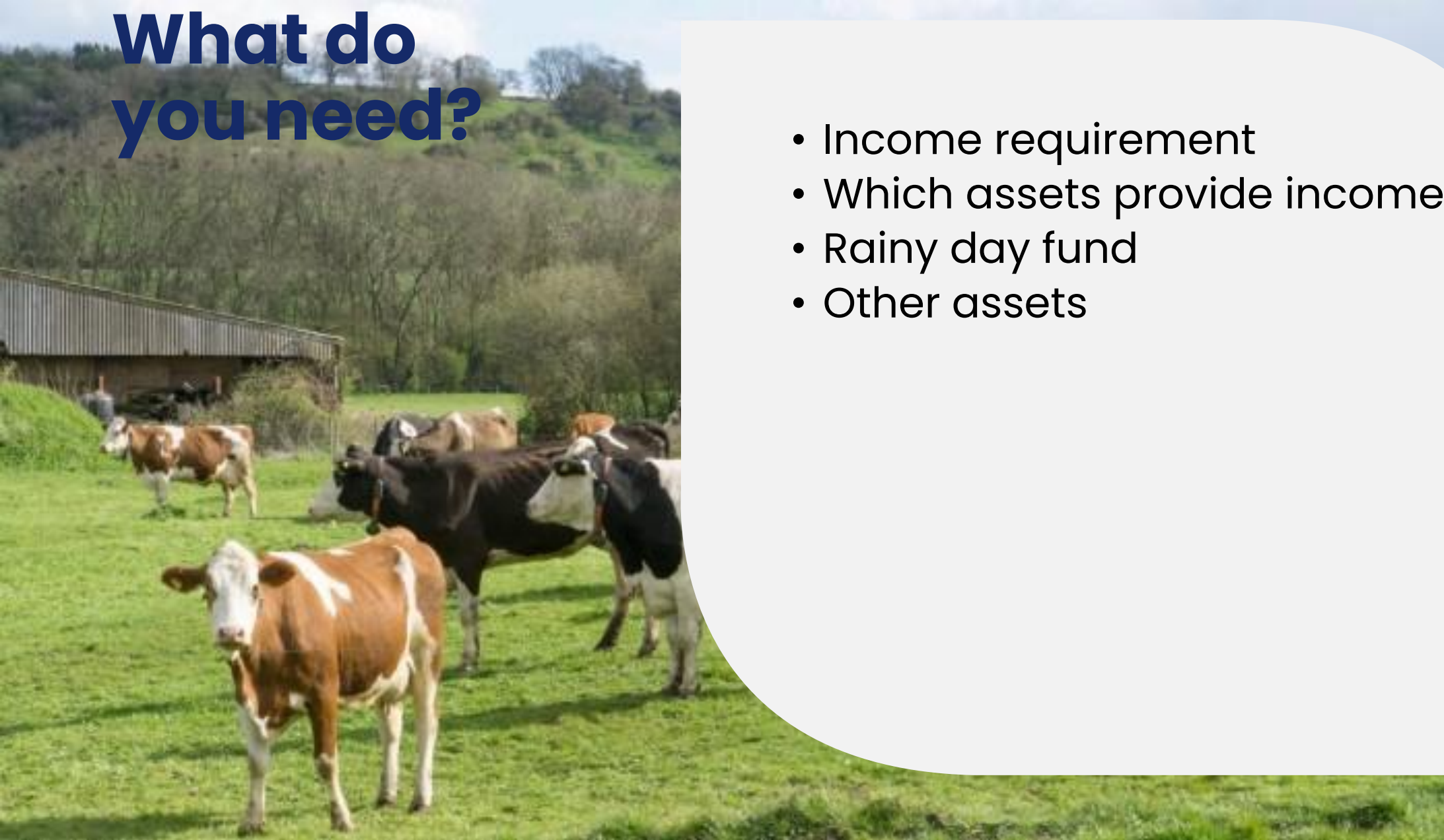
- **What assets do you have :**

- Farmland and buildings
- Farmhouse
- Capital account in business
- Other property
- Pension
- Cash and savings
- Loans
- Etc

- **Who owns it?**

# What do you need?

- Income requirement
- Which assets provide income
- Rainy day fund
- Other assets



# **Which assets could you gift in your lifetime?**

Consider impact of gifts

- Impact on income
- Reservation of benefit?
- Family relations
- Tax consequences – CGT

# How much IHT?

## **NO IHT –subject to certain arrangements**

- Couple –with £2m qualifying farm assets, £1m other assets
- Single –with £1m qualifying farm assets, £0.5m other assets
- After this, tax at 20% on the additional value of farm and business property
- Tax at 40% on cash, investments, pensions, residential property etc.



# **APR & BPR – £1million limit – an example 1**

- An individual has agricultural property worth £1.5m and a business worth £500,000.
- Also has non business assets of £325K
- Entitled to £1m relief and non business assets covered by nil rate band.
- Balance of £1m taxable at 20%

**Potentially creating an IHT liability of £200K.**





# APR & BPR – £1million limit – an example 2

**Partnership** – husband, wife and son

250 acres of land and buildings with  
farmhouse owned jointly by H & W.

Value of land and buildings £3.6m and  
farmhouse £500K.

On death: leave all to son.

Trade: Beef and sheep with annual taxable  
profits of £50K.



# APR & BPR – £1million limit – an example 2



## 50% Share

Land and Buildings	£1,800,000
Farmhouse	<u>£250,000</u>
	£2,050,000
Less APR	<u>(£1,400,000)</u>
	£650,000
Less RNRB	<u>(£150,000)</u>
Less NRB	<u>(£325,000)</u>
Chargeable Estate	£175,000

## IHT @ 40%

**£70,000 – Total £140K**

Annual instalments (10 years)	£14K pa
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# **APR & BPR – £1million limit – an example 2**

Potential annual instalments of £14K pa over 10 years.

This may be achievable – start planning now on to finance!



# **APR & BPR – £1million limit**

- Spouse exemption remains available on first death.
- Important to utilise the £1m lifetime limit on death as cannot transfer to the surviving spouse
- Lifetime gifts after 30 October 2024 are affected by the reduced relief
- Technical consultation in 2025



# Action points

## Other considerations

- Instalment regime for IHT payment should be available, enabling IHT to be paid over 10 years – interest may be punitive.
- Deeds of Variation
- Review Will's – use of reliefs
- Review property ownership between spouses
- Valuations

# APR & BPR lifetime gift example

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
<b>Value of gift</b>	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
<b>APR/BPR</b>	(2,000,000)	(2,000,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
<b>IHT</b>	0	0	200,000	160,000	120,000	80,000	40,000
<b>Effective rate of tax</b>	0%	0%	10%	8%	6%	4%	2%

# Summary

Take time to consider your plan

- timeframe
- phased approach
- business v personal
- talk it through with those affected

Link with succession planning

Look after yourself!

**Any questions?**





# Thank You

Please get in touch if you would like specific advice.

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