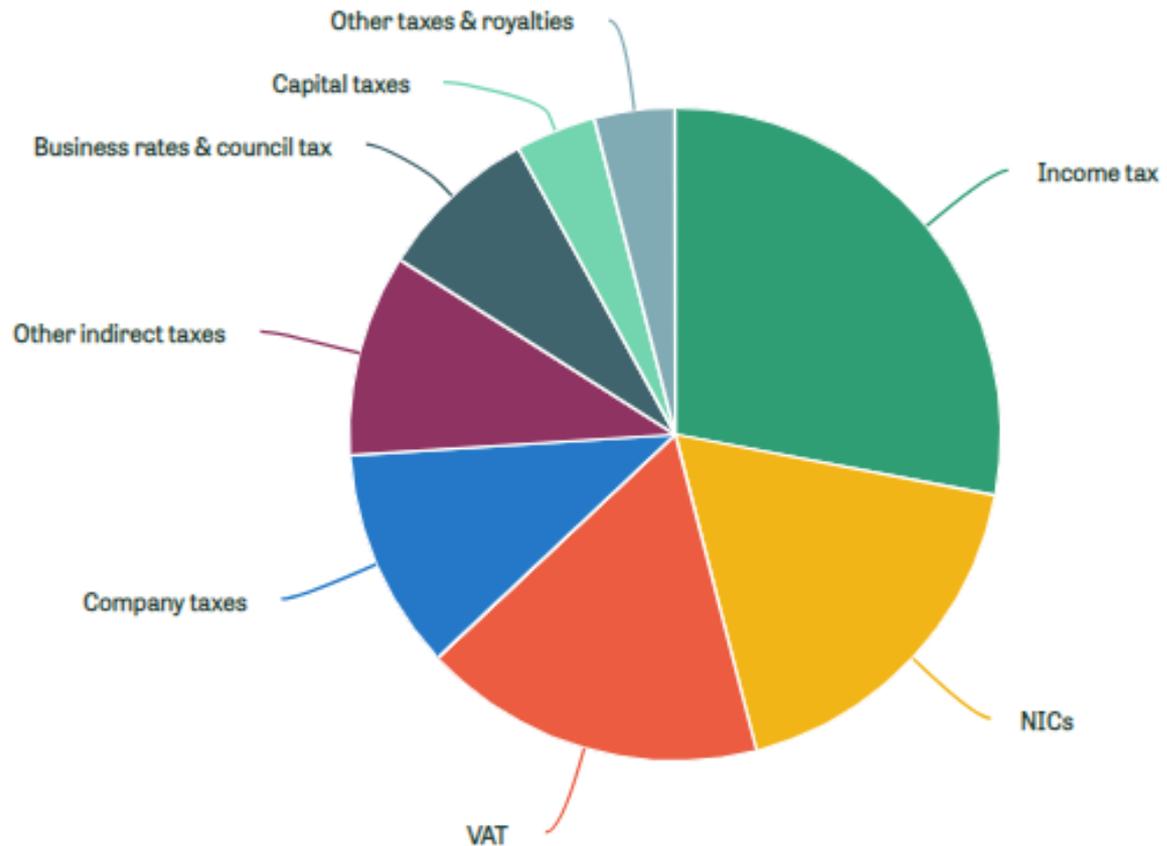




Spring Budget 2024

# Where the money comes from!

## Composition of tax revenue, 2023–24 forecast



# Headline tax savings

## NI Decreases

- Further reduction in Employee's NI reduced from 10% to 8% on salary between £12,570 and £50,270 (was 12% until 5.1.24)
- Further reduction in Class 4 NIC from 8% to 6% on profits between £12,570 and £50,270 (is currently 9%)
- Class 2 NIC “abolished” from 6.4.24 on profits over £12,570 but still get State Pension credits (lower earners can still pay voluntary Class 2)

Total cost - £10bn

# Headline tax savings

## High Income Child Benefit Charge

- Initial recovery threshold up from £50,000 to £60,000
- Full recovery threshold up from £60,000 to £80,000
- Rate of recovery now 1% for every £200 increase in income (was £100)
- But still a bad tax!

Total cost - £540m

# Headline tax savings

## Capital Gains Tax

- Higher rate of CGT on Residential Property gains down from 28% to 24%

## VAT

- Registration threshold up £5,000 to £90,000

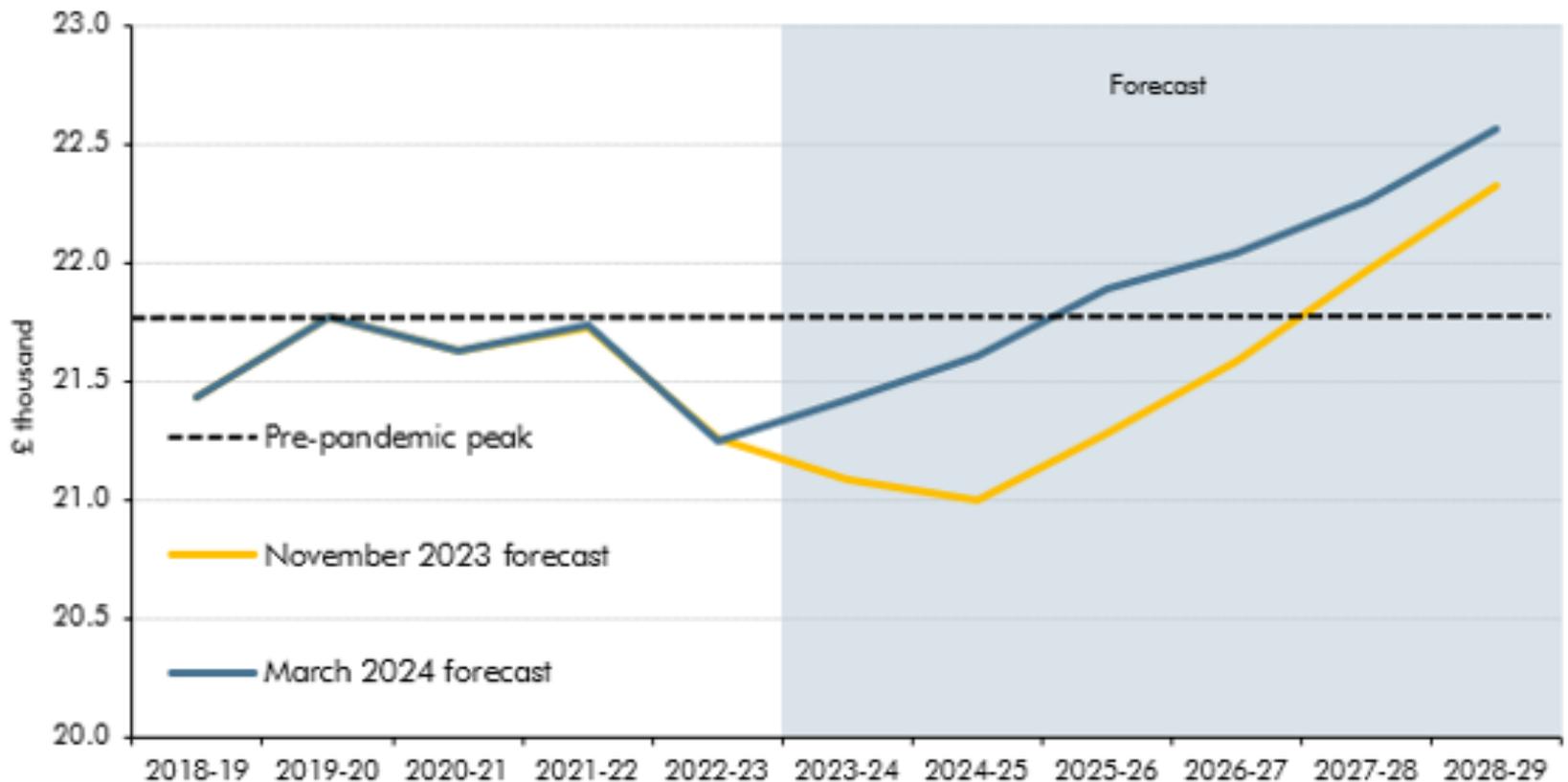
## Duties

- Fuel duty frozen
- Alcohol duties frozen

Total cost - £3.7bn

# So why are we feeling poorer?

Chart 1.4: Real household disposable income per person



Note: Real amounts are expressed in 2019 prices.

Source: ONS, OBR

# Taxes High

National account taxes as a share of GDP: actual and OBR forecasts published March 2023



Chart: The Spectator (v9AwG) • Source: [OBR Public Finances Databank May 2023](#) • [Get the data](#) • Created with [Datawrapper](#)

# Why are taxes still so high?



Allowances still frozen - £12,570

40% Tax threshold still £50,270

Additional 45% rate now starting at £125,140 from 06.04.23

Corporation tax up from 19% to 25% (and marginal rate 26.5%) on 01.04.23

Interest allowances frozen

Employer NI threshold frozen

**Total extra income - £45bn!!**

# And some taxes go up



CGT Exemption halved

Dividend allowance halved

Favourable treatment of holiday lets ends 06.04.25

Non-Doms lose favourable tax treatment from 06.04.25

Stamp Duty Multiple Dwellings relief abolished 01.06.24

Vaping products duty from 01.10.26 (+ one off increase to tobacco duty)

# National Minimum Wage Up



9.8% increase from £10.42 to £11.44

Main rate extended to 21 & 22 year olds: +12.6%

£10.18 to £11.44

18-20 +14.8%: £7.49 to £8.60

16-17 + 21.2%: £5.28 to £6.40

Increase in NMW means more PAYE/NI!

# Company car taxes

No changes

From 06.04.25

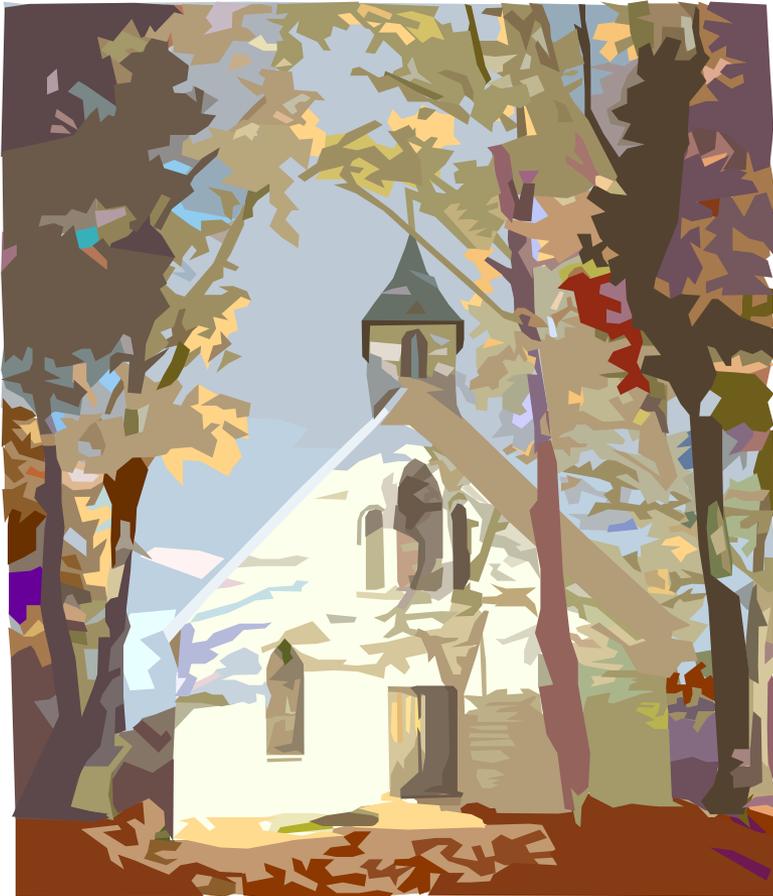
- Extra 1% BIK on all cars
- RFL on electric cars (generally £165 p.a.)

Further 1% BIK increase  
2026/27

And again 2027/28



# Scope for future changes?



## Current government

- Aim to abolish NI?
- Chance of another pre-election statement?

## The next government

- Undo any recent changes?
- Restoration of pension saving limits?
- Increase scope of VAT?



Thank you for listening!

**David Meredith**