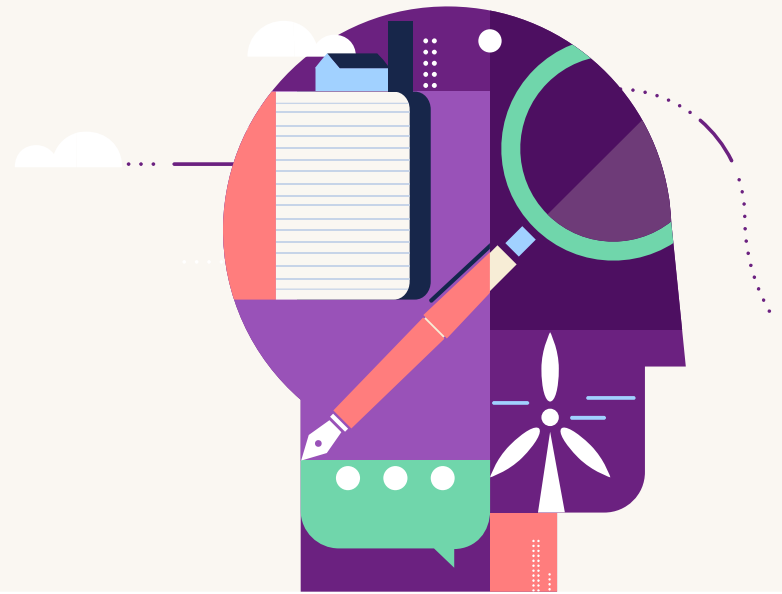


21 January 2025

What the Budget means for Scottish Private Client solicitors

Sandy Lamb



Contents

30 October 2024

Some very significant changes for us, indeed

The history...

...the economics

The tax law – CGT & IHT



A sense of history

- “A decade of national renewal”
- “Invest, Invest, Invest”
- 1945, 1964 and 1997



The economics

- **A black hole - £22 billion – per the Office of Budget Responsibility**
- **So £40 billion in tax rises needed**
- **Inflation projections**
 - **2.5% this year, 2.6% in 2025, 2.3% in 2026, 2.1% in 2027, 2.1% in 2028 and 2 % in 2029**
- **Growth projections**
 - **1.1% 2024, 2% in 2025, 1.8% in 2026, 1.5% in 2027, 1.5% in 2028 amd 1.6% in 2029**
- **MacMillan's events**



Tax – Fuel Duty and National Insurance

- **No increase in fuel duty (for now)**
- **Employers National Insurance to go up**
 - **1.2% increase to 15%**
 - **Threshold from which it is payable reduced from £9,100 to £5,000**
 - **Dramatic effect – GP surgeries,**



Tax - CGT

- **What is it?**
- **Lower rate to rise from 10% to 18%**
- **Higher rate to rise from 20% to 24%**
- **Residential property rates (18% & 24%) remain unchanged – alignment**
- **Trustees & executors rate rises from 20% to 24%**
 - All for disposals made on or after October 30th 2024
- **Business Asset Disposal Relief**
 - 10% to 14% for disposals on or after 6 April 2025
 - 14% to 18% for disposals made on or after 6 April 2026
 - £1,000,000 lifetime limit to remain
- **No removal of rules on CGT uplift on death – which is a relief**



Tax - IHT

- What is it?
- NRB frozen by Tories until 2028. That has been extended to 2030
- Pensions now to be subject to IHT
 - See HMRC's "Technical consultation – Inheritance Tax on pensions: liability, reporting and payment"
- From April 2027 – so there is time to prepare
- No change to income tax relief on pensions, though.
- This has been in consideration for some time



Tax - IHT

- Reform to APR / BPR
- What is it?
 - Both available at either 50% or 100% already.
 - BPR – 2 year rule / non-investment / binding contract for sale
 - APR – 2 year or 7 year rule / agricultural value / binding contract for sale
- Extension of APR from April 2025
- New £1,000,000 allowance – combined agricultural and business
 - Assets qualifying for 50% relief will not use this up
 - Not transferrable between spouses – planning opportunity
 - Trusts will qualify where they hold such property
 - Multiple trust point
- First million (within allowance) gets 100% relief
 - Exception is shares designated as “not listed” – AIM shares which get 50% relief rather than 100%, regardless of the new allowance
- Over one million – relief is 50% and not 100%
- Anti-forestalling rule on transfers on or after 30 October 2024



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