Various Tax changes applicable from 5 April 2024

- Additional tax rate threshold for Income Tax has remained £125,140.
- The annual exemption for Capital Gains Tax has reduced from £6,000 per individual to £3,000 for individuals and personal representatives, and £1,500 for most trustees.
- The annual dividend allowance has reduced from £1,000 to £500 for tax year to 5 April 2025.
- The annual saving allowance remains unchanged.
- Pension annual allowance and money purchase annual allowance has remained £60,000 and £10,000 respectively for tax year to 5 April 2025. Lifetime allowance has been abolished from 6 April 2024.

Personal Allowances – Reduction if Income > £100K
For every £2 earned over £100,000, you lose £1 of your Personal Allowance. If your Income exceeds £125,140 all your Personal Allowances will be lost, this results in the Income within the £100k - £125,140 range, being taxed at a 'Marginal Rate' of 60%. The £100K threshold may be extended by making additional Personal Pension Contributions (subject to the lower of Net Relevant Earnings or Annual £60K allowance.) Please do seek advice from an Independent Financial Advisor before making additional Contributions. We can advise on tax implications but are not authorised to give Pension Advice. Furthermore, the gross Donations made under Gift Aid also extend the £100K threshold.

High Income Child Benefit Charge (HICBC)
As mentioned at point **10,** you may have to pay the High-Income Child Benefit Charge if your or your partner have an individual adjusted income that is over £60,000 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 child.

In ascertaining the HICBC "Adjusted Income", Personal Pension Contributions and Donations made under Gift Aid are adjusted, reducing the earnings threshold therefore can be used to tax plan.

From 6 April 2024, child benefit is effectively withdrawn at a rate of 1% for each **£200** earned over **£60,000** a year by the higher-income partner. Therefore, the benefit is fully withdrawn where income of the higher-income partner reaches £80,000 a year.

It was confirmed in the Spring Statement 2025, that claimants of child benefit or their partners (but only where individuals are newly liable for the HICBC) will be able pay the charge via PAYE, without the need to submit a self-assessment tax return. The HICBC PAYE digital service will be accessible via the HMRC app from summer 2025.

Changes to the taxation of non-domiciled individuals
From 6 April 2025, the current remittance basis regime has been replaced with a new residence-based test. The new regime is available for up to four years starting from 6 April 2025, or the first tax year in which the individual becomes UK resident if later.

During these four years, new arrivals to the UK are not subject to tax on their foreign income and gains (FIG), nor on distributions from non-resident trusts. These can be brought into the UK freely without attracting a tax charge. Those opting into the four-year FIG regime will lose their entitlement to personal allowances and annual exempt amounts for CGT.

This new regime is to be only available to any individuals who have been non-UK resident for at least the previous ten tax years, but qualifying individuals who have been tax resident in the UK for less than four tax years by 6 April 2025 will be able to use the FIG regime for any remainder of the four-year term. After the initial four years, individuals will be taxed on their worldwide income and gains in accordance with the normal tax rules for UK residents.

There are transitional provisions for current non-doms. Please contact us if you require further information.

Impact on non-resident Trusts
From 6 April 2025, the protection from taxation on income and gains within settlor-interested trust structures has been removed for those who do not qualify for the four-year FIG regime. Instead, FIG arising in such settlements is taxed on the UK resident settlor/transferor on an arising basis. FIG arising pre-6 April 2025 will continue to be matched on a worldwide distribution basis.

Working from home
You may be able to claim tax relief for additional household costs if you have to work at home, either for all or part of the week. Please note that in order to claim, there should be no OPTION to work in the office instead. You cannot claim tax relief if <u>you choose</u> to work from home.

You can either claim tax relief on:

- £6 a week from 6 April 2020 (for previous tax years the rate is £4 a week) - you will not need to keep evidence of your extra costs.
- the exact amount of extra costs you've incurred above the weekly amount - you'll need evidence such as receipts, bills or contracts.

Changes to UK Pension Transfers to Qualifying recognised overseas pension scheme (QROPS)

The Overseas Transfer Charge (OTC) is a 25% tax on transfers to QROPS. Before 30 October 2024, transfers to QROPS in the EEA and Gibraltar were generally exempt from this charge. However, this exemption has now been removed.

From 6 April 2025, the condition for Overseas Pension Scheme (OPS) and Recognised Overseas Pension Schemes (ROPS) established in the EEA has been brought in line with OPS and ROPS established in the rest of the world.

From 6 April 2026, scheme administrators of registered pension schemes must be UK resident.