

October/November 2024
Tax
Newsletter

Budgets Special

There are two changes we would like to draw to your attention because you may want to take action.

1. Double cab pick ups

You may remember the previous government making changes to the tax treatment of double cab pick ups so that they would be taxed as cars, and then being forced into a swift u-turn. On page 133 of [the Budget](#) you will find an announcement that revisits the decision. The relevant paragraph is 5.91 which says:

the government will treat double cab pick-up vehicles (DCPUs) with a payload of one tonne or more as cars for certain tax purposes. From 1 April 2025 for Corporation Tax, and 6 April 2025 for income tax, DCPUs will be treated as cars for the purposes of capital allowances, benefits in kind, and some deductions from business profits. The existing capital allowances treatment will apply to those who purchase DCPUs before April 2025. Transitional benefit in kind arrangements will apply for employers that have purchased, leased, or ordered a DCPU before 6 April 2025. They will be able to use the previous treatment, until the earlier of disposal, lease expiry, or 5 April 2029.

Note there are still opportunities to buy or lease DCPUs and have them treated under the old regime if you beat the April 2025 deadline but please take a careful look at the figures before rushing into anything and don't let the tax tail wag the commercial dog.

2. Agency workers

As you may be aware, the government has announced – not connected to the Budget – [a package of measures](#) on employment law. The intention is to give workers, and particularly those on zero hours contracts, a new package of rights. At the Budget they issued a [consultation](#) on applying the new zero hours measures to agency workers. If this is likely to affect you, it would be well worth having a look at the consultation and putting in a formal response. You can do this online [here](#) but put your thoughts together offline first/instead.



Umbrella companies

The government plan to legislate to change who has responsibility to account for Pay As You Earn (PAYE) where an umbrella company is used in a labour supply chain to engage a worker. This would move the responsibility to account for PAYE from the umbrella company that employs the worker, to the recruitment agency that supplies the worker to the end client. Where there is no agency in a labour supply chain, the responsibility would sit with the end client. This would take effect from April 2026.

This would not prevent you from using umbrella companies or other payment intermediaries to operate payroll on your behalf but would make you ultimately responsible if the umbrella company operating payroll on your behalf failed to do so correctly. The policy paper describing what is proposed is [here](#) but there does not appear to be a firm date for the consultation or legislation yet.

Employers NI contributions

Three changes:

- A 1.2 point increase in the rate to 15%,
- A cut in the Secondary Threshold to £5,000 (this is the planned threshold until 5 April 2028 with the promise it will be uprated with CPI thereafter)
- Increase in the Employment Allowance to £10,500, removal of the £100,000 Employment Allowance eligibility threshold.

In other words the rate of payment increases, the point at which it becomes chargeable decreases, but the exemption for the very smallest businesses increases.

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National Minimum Wage

The National Living Wage, formerly known as the National Minimum Wage, will **increase by 6.7% to £12.21 per hour from April 2025**. The intention is to move over time to a single NLW rate for all age groups so in this Budget the rate for 18-20 year olds will become £10.00 per hour, an increase of 16.3%.

Corporate tax roadmap

The government has published a [Corporate Tax Roadmap](#). It includes a commitment to cap the Corporation Tax Rate at 25%, keep the Small Profits Rate and marginal relief at current rates and thresholds, and maintain key features as such as Full Expensing, the Annual Investment Allowance, R&D relief rates, and the Patent Box. There is also a list of related planned consultations.

Freezing fuel duty

The government is freezing fuel duty and extending the temporary 5p cut. They estimate this will save the "average car driver" £59 in 2025-6. However the freeze is for one year only, at a cost of £3 billion, so it might not be continuing beyond April 2026.

CIS repayment claims

HMRC are [developing changes](#) to the [online claim form](#) for CIS repayments. The change will allow you to upload any evidence that HMRC requests from you, and to use an online tool to track how long your repayment is likely to take. There will be a [similar online claim form](#) for PAYE repayments. However these are changes that are "being developed", rather than actually ready to use right now.

Salary sacrifice and NMW

If you have low paid employees and a salary sacrifice scheme there are occasions when you might fall foul of the National Minimum Wage rules. If you think [this might affect you](#) (or there are questions you'd like to ask an HMRC expert on NMW) HMRC is running a webinar which will take you through the process: register for it [here](#).



Uninhabitable dwellings

HMRC [report](#) an increasing number of claims for refund of Stamp Duty Land Tax on the grounds that the dwelling is in such a poor state of repair that it is uninhabitable to the degree that it no longer counts as a dwelling. They point out that "*whether a property has deteriorated or been damaged to the extent that it no longer comprises a dwelling is a question of fact and will only apply to a small minority of buildings.*" They say that about 95% of such claims they have received are, in their view, incorrect and it is obviously an area on which they are taking a strong line, backed by recent tribunal wins. The Stamp Duty Land Tax manual has more to say [here](#).

ABAB: The Administrative Burdens Advisory Board

This year 10,052 small businesses completed the "[Tell ABAB](#)" survey which "gathers small business views and experiences of engaging with HMRC across a range of... services." There are 5.5 million small businesses in the UK. There is an open invitation to comment on the survey or to become involved in ABAB's work: [start here](#).

Top up your state pension

Another reminder that you have until 5 April 2025 to [maximise your State Pension](#) by making voluntary National Insurance contributions to fill any gaps in your NI record between 6 April 2006 and 5 April 2018.