

Spring Budget 2024

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10 min read

Jeremy Hunt delivered the Government's Spring Budget on 6 March 2024.

Here's our summary of the proposals. Our article has links to the relevant documents if you would like more detail.

Our takeaway

With National Insurance rates consistent across the UK, a second reduction in a matter of months is an obvious way for the Government to reach all of those in employment, in particular lower earners.

This will obviously not be as popular a decision among pensioners as income tax cuts may have been, as only those who are working and under State Pension age pay National Insurance.

While salary sacrifice to maximise pension contributions will remain very tax efficient, the changes in NI may reduce the amount going into pensions.

Income tax

No changes to income tax rates for the UK (excluding Scotland) from 6 April 2024 were announced.

Lump sum allowance

[HMRC - Annex A](#)

The lump sum allowance is confirmed at £268,275 for 2024/25 tax year.

Lump sum and death benefit allowance

[HMRC - Annex A](#)

The lump sum and death benefit allowance is confirmed at £1,073,100 for 2024/25 tax year.

Annual allowance

[HMRC - Annex A](#)

The annual allowance stays at £60,000 for 2024/25 tax year.

Money purchase annual allowance

[HMRC - Annex A](#)

The money purchase annual allowance stays at £10,000 for 2024/25 tax year.

Tapered annual allowance

[HMRC - Annex A](#)

The tapered annual allowance continues to apply when an individual has 'adjusted income' over £260,000 for 2024/25 tax year.

National Insurance

[HM Treasury - Spring Budget 2024 - 3.7](#)

On top of the reduction in class 1 National Insurance contributions announced in the Autumn Statement, from 6 April 2024 class 1 National Insurance contributions for the employed will reduce from 10% to 8%. This means:

- Class 1 National Insurance contributions employees will pay 8% on their earnings between the primary threshold and upper earnings limit; between £12,570 and £50,270.
- Class 1 National Insurance contributions employees will pay 2%, on their earnings above the upper earnings limit of £50,270.
- Class 4 National Insurance contributions on profits between £12,570 and £50,270 will reduce from 8% to 6%.
- Class 4 National Insurance contributions on profits over £50,270 will remain at 2%.

Capital gains tax

[HM Treasury - Spring Budget 2024 - 3.28](#)

The higher rate of capital gains tax for residential property disposals will be cut from 28% to 24%. The lower rate will remain at 18% for any gains that fall within an individual's basic rate band.

Child benefit

[HM Treasury - Spring Budget 2024 3.3](#)

Information on changes to the High Income Child Benefit Charge.

An income tax charge applies to people who get Child benefit and whose adjusted net income (or partner's adjusted net income) is more than £50,000 in a tax year. From 6 April 2024, the charge will begin to apply only to adjusted net income above £60,000.

The Government is committed to moving to a system based on household income rather than individual incomes by April 2026, and will consult in due course.

Individual savings account (ISA)

[HM Treasury - Spring Budget 2024 5.107](#)

[HM Treasury UK ISA Consultation](#)

A new 'UK ISA' will be introduced, investing in UK assets. This will have a new ISA allowance of £5,000 in addition to the existing ISA allowance of £20,000. The Government is consulting on the details.

The Government wants people to have the opportunity to invest in a diverse range of investment types through their ISAs.

This includes certain fractional share contracts, and the Government is working as quickly as possible to bring forward legislation by the end of the summer following detailed engagement with industry and the Financial Conduct Authority.

Pensions lifetime provider

[HM Treasury – Spring Budget 2024 5.112](#)

The Government intends to explore a lifetime provider model for defined contribution pension schemes in the long-term.

The Government will undertake continued analysis and engagement to ensure that this would improve outcomes for pension savers, and build on the foundations of reforms already underway, including the Value for Money Framework.

Value for money proposals

[HM Treasury – Spring Budget 2024 5.105](#)

The Financial Conduct Authority's spring value for money consultation will include proposals to require the publication of contract-based defined contribution default funds' historic net investment returns and a breakdown of their UK investments.

Proposals will require schemes to compare their performance, costs and other metrics against those of at least two schemes managing over £10 billion in assets. This initial level is expected to increase significantly over time.

In coordination with the Financial Conduct Authority, the government will legislate at the earliest opportunity to apply the value for money framework across the market and provide the Pensions Regulator with new powers, using secondary legislation if necessary to ensure key disclosures are in place by 2027.

Disclaimer

The information provided is based on our current understanding of the relevant legislation and regulations and may be subject to alteration as a result of changes in legislation or practice.

Also it may not reflect the options available under a specific product which may not be as wide as legislations and regulations allow.

All references to taxation are based on our understanding of current taxation law and practice and may be affected by future changes in legislation and the individual circumstances of the investor.

Source: Royal London