

THE ADVANCED DIPLOMA IN INTERNATIONAL TAXATION

June 2024

MODULE 2.09 – UNITED KINGDOM OPTION

ADVANCED INTERNATIONAL TAXATION (JURISDICTION)

TIME ALLOWED – 3½ HOURS

This exam paper has **three** parts: **Part A**, **Part B** and **Part C**.

You need to answer **five** questions in total. You will **not** receive marks for any additional answers.

You must answer:

- **Both** questions in **Part A** (25 marks each)
- **One** question from **Part B** (20 marks)
- **Two** questions from **Part C** (15 marks each)

Further instructions

- All workings should be made in Pound Sterling, unless otherwise stated. Any monetary calculations should be made to the nearest whole Pound. Any necessary time apportionments in your calculations should be made to the nearest whole month.
- You must provide appropriate line breaks between each question, and clearly indicate the start of each new question using the formatting tools available.
- Marks may be allocated for clarity of presentation of your answers.
- The time you spend answering questions should correspond broadly to the number of marks available for that question. You should therefore aim to spend approximately half of your time answering Part A, and the other half answering questions in Parts B and C.
- There is no separate reading time, so you can start typing your answers as soon as the exam begins. However, we recommend that you set aside some time to thoroughly read each question and plan each of your answers.

For your information this paper includes:

ADIT Examinations 2024 Tax Tables

PART A

You are required to answer BOTH questions from this Part.

1. Gabriel is a Canadian resident and domiciled taxpayer who previously lived in Montreal. He moved to the United Kingdom in 2023 to develop his consultancy business, which consists of providing advice to AI start-up enterprises.

Gabriel rented a property in London from 30 June 2023 while retaining his home in Montreal, in which he will continue to reside while in Canada. In the year to 5 April 2024 Gabriel spent 90 days in London, on most of which he was working for at least 7 hours, with the remaining time spent predominantly in Canada. In the year to 5 April 2025, Gabriel expects to spend 140 nights in the UK, the balance being split between Canada (130 days) and other jurisdictions (95 days).

Gabriel's expertise is currently in very high demand, as he has extensive industry knowledge as well as the ability to help raise initial financing. Gabriel expects approximately 60% of his clients to be London-based, with the remainder to be Canadian enterprises. He is certain that his Canadian projects are at a very mature stage and he expects that no UK work will be done on these projects.

A typical 'live' project is between 12 and 18 months in duration. Prior to the Covid-19 pandemic, Gabriel would spend substantial time at his clients' offices; however he now splits his time between online meetings and in person attendance. Gabriel receives a mixture of cash and shares for the services he provides. Gabriel currently carries on his activities as a 'sole trader' subject to Canadian income tax.

Gabriel has accumulated significant personal wealth, including Canadian commercial real estate and a large portfolio of quoted international shares and securities.

Gabriel has sought your advice regarding the tax implications of his move to the UK.

You are required to advise Gabriel on the following matters, considering UK taxes only:

- 1) His UK residence status for the 2023/24 and 2024/25 tax years. (10)
- 2) How his trading activities will be subject to tax. You may assume that Gabriel's activities in the UK constitute a UK permanent establishment. (5)
- 3) How the remittance basis works, explaining how Gabriel will be taxed on his personal wealth and suggesting appropriate restructuring measures to mitigate against future liabilities. (10)

You may assume that the current tax regime for non-UK domiciled individuals remains applicable.

Total (25)

2. DU Australia is an Australian incorporated and tax resident company that designs, manufactures and installs bespoke swimming pools. During the last three years, the company has increased its sales in Europe and has identified an opportunity for a new four-month contract in the United Kingdom worth £1.5 million. DU Australia currently undertakes its European operations via a German incorporated and tax resident subsidiary, DU GmbH.

The finance director of DU Australia is currently assessing the UK contract, and has identified three potential options for how the group could undertake it:

- 1) Completion of the UK contract – DU Australia will undertake the contract by engaging with independent subcontractors in the UK to measure pools, liaise with the designers in Australia, and install the swimming pools. All equipment will be designed and manufactured in Australia and be shipped to the subcontractors in advance of installation.
- 2) Increasing sales in the UK – DU Australia will undertake the contract as in option 1, but in addition will send two Australian employees to work in the UK. One employee will assist with the installation for four months and the other will be a sales manager, who will be tasked with seeking and concluding new contracts in the UK.
- 3) Setting up in the UK – with sales increasing in Europe, the management team are considering setting up a manufacturing base to increase output capacity and provide faster delivery times. They have looked at the costs of setting up a manufacturing plant in Germany, but with the new market in the UK and lower costs for acquiring property they are considering acquiring a UK property and recruiting ten employees to manufacture and install their equipment.

The finance director has some concerns about the interest restrictions in the UK tax legislation, and would like to understand the impact of DU Australia providing an intercompany loan to acquire the UK property under option 3. They anticipate the loan will be worth £70 million, with interest at an arm's length rate of 5% per annum. The quarterly interest charge will be denominated in pounds sterling.

You are required to prepare a memorandum for the finance director, including:

- 1) **The UK corporate tax implications of the three options for expansion into the UK by DU Australia.** (17)
- 2) **An overview of the corporate interest restriction rules, and the impact of the loan to be provided by DU Australia under option 3.** (8)

Total (25)

PART B

You are required to answer ONE question from this Part.

3. Oscar was born in Copenhagen, Denmark and has a Danish domicile of origin. He moved to the United Kingdom in July 2000. Over the years since then he has built up significant wealth, both in the UK and overseas, and for this reason he has always claimed the remittance basis of taxation, paying the remittance basis charge for several years.

Oscar had always maintained strictly segregated income and capital accounts. However, on 2 June 2023 he received £2.1 million sale proceeds in respect of the disposal of an artwork housed in his villa in Italy and paid this in error into his offshore pure capital account. He had originally acquired this artwork in 2012, for £1 million funded from:

- a dividend of £750,000, paid by Ocean BVI Ltd (a company owned by Oscar who directly holds its entire share capital) in 2009/10; and
- A £250,000 inheritance received in 2010/11.

The artwork was valued at £1.5 million in April 2017.

Ocean BVI Ltd is a foreign trading company, incorporated in February 2009, which is managed and controlled from Cyprus. Oscar remembers meeting with his previous tax advisers at that time, who recommended incorporating a Cypriot company and transferring funds to its foreign bank account, to avoid incurring UK Corporation Tax on trading profits. Ocean BVI Ltd's trading profits are quite volatile and can be expected to range from £1 million to £5 million annually. Over the years the company built up a significant cash surplus and has invested this cash in a foreign share portfolio, generating £500,000 each year.

You are required to answer the questions below. You may assume that Oscar has not acquired a domicile of choice in the UK.

- 1) Explain how the disposal of the artwork should be reported on Oscar's 2023/24 UK tax return. (6)
- 2) Calculate the taxable remittance arising if Oscar remits £1.35 million of the sale proceeds from his 'tainted' capital account into the UK in 2023/24. (4)
- 3) Advise Oscar on the potential application of the Transfer of Assets Abroad (ToAA) anti-avoidance legislation, to both Ocean BVI Ltd's trading profits and its investment income. (10)

Total (20)

4. Trees Ltd, a company incorporated and tax resident in the United Kingdom, has recently been looking for investment to bring new products to market and increase profitability. The company has approached its bank for a loan of £12 million; however, due to the size of the loan required and the risk associated with the project, the bank is unwilling to lend Trees Ltd the full amount requested,

Trees Ltd is 58% owned by Trunks BV, a company incorporated and tax resident in the Netherlands. The company directors have been discussing the financing options with Trunks BV, and they have agreed to provide assistance to Trees Ltd.

The directors have requested a meeting with the Tax Partner, to discuss and understand the tax implications of the three funding options:

- a) The bank will lend Trees Ltd a smaller amount of £9 million of funding at an annual interest rate of 6%;
- b) The bank will lend Trees Ltd the full £12 million at an annual interest rate of 5%, with a guarantee provided by Trunks BV;
- c) Trunks BV will provide Trees Ltd with a loan for the full £12 million, at an annual interest rate of 4%.

You are required to prepare a file note for the Tax Partner, in advance of the meeting with the company directors, including:

- 1) An overview of the thin capitalisation rules and their impact on the above options; and (15)
- 2) A summary of HMRC's Advance Thin Capitalisation Agreement (ATCA) process. (5)

Total (20)

PART C

You are required to answer TWO questions from this Part.

5. Jessica, a wealthy, retired client in her late fifties, has sought advice from your firm on her domicile status.

Jessica has an English domicile of origin and has always been resident in the United Kingdom. She is contemplating leaving the UK, and perhaps living permanently abroad.

Jessica has indicated that she intends to travel extensively around the world for up to six months each year. She wishes to split the remainder of her time between her Spanish villa and her apartment in Cyprus. She is fluent in both Spanish and Greek, and has made many friends in both countries.

While Jessica is willing to sell or rent her UK home, she nevertheless wishes to spend up to 30 days each year in the UK, staying either at hotels or at the home of her daughter. Jessica is an enthusiastic patron of the arts and a member of several UK societies, all of which she strongly supports, and she would like to continue to attend artistic events during her visits to London. In addition, Jessica has a long-term medical condition and wishes to retain her UK medical team for twice yearly checkups.

In the event that Jessica emigrates, she intends to store her highly valuable furniture and paintings in a London storage facility, as both foreign homes are fully furnished. She may later gift certain items, or perhaps ship them abroad if she purchases a further overseas residence.

You are required to advise Jessica on the following matters:

- 1) Explain the concept of domicile and whether, if Jessica leaves the UK to live abroad, she is likely to acquire a foreign domicile of choice. (9)
- 2) Advise on any further steps you would recommend Jessica taking, in order to strengthen an argument that she will acquire a foreign domicile after leaving the UK. (6)

Total (15)

6. David Walters is a very wealthy non-domiciled client who moved to the United Kingdom on 6 June 2010 and has always claimed the remittance basis. The 2024/25 tax year will be David's 15th year of UK tax residence.

David is the settlor and a beneficiary of a non-resident discretionary trust (the Walters Trust), which holds a large portfolio of shares generating foreign income and capital gains. In addition, David directly holds foreign commercial property and shares in a non-resident family investment company. David recently sold several of his directly held foreign properties to his trust. The consideration has been left outstanding as an interest free loan.

David is aware that he will shortly become deemed domiciled.

You are required to provide David with advice on the following matters:

- 1) Explain the Income Tax and Capital Gains Tax consequences for David of becoming deemed domiciled. (6)
- 2) Explain the Inheritance Tax implications of becoming deemed domiciled, and recommend any steps David should take prior to that event. (4)
- 3) Provide a brief description of the rules applying to protected trusts, including advice on tainting and whether the Walters Trust will qualify for "protected" status. (5)

Total (15)

7. Doors Ltd is a United Kingdom incorporated and tax resident company which creates kitchen doors featuring digital interfaces, enabling customers to track cupboard stock, create recipes and control their shopping lists with a smartphone app. The doors are sold to builders' merchants and kitchen manufacturers, with customers paying a subscription directly to Doors Ltd.

Doors Ltd has a number of subsidiaries around the world, which sell and distribute the doors in their respective jurisdictions.

The chief finance officer (CFO) of Doors Ltd has outlined the following transactions that Doors Ltd has with group members and third parties:

- The digital interface runs on software, which is licensed to Doors Ltd by GTS Global, a third party software group resident in Monaco. GTS Global has granted a license to Doors Ltd for use of its software. Doors Ltd pay GTS Global royalties totalling 0.5% of turnover, which for the year ending 31 December 2024 will amount to £85 million.
- Doors France SAS is a wholly owned subsidiary of Doors Ltd, which is incorporated and tax resident in France. Doors Ltd has provided Doors France with a loan to open a new showroom in France; the loan balance at the year ending 31 December is £4 million and interest is payable at an arm's length rate of 7% per annum.
- Doors Germany GmbH is a wholly owned subsidiary of Doors Ltd, which is incorporated and tax resident in Germany. It has been growing in recent years, and has profitable contracts with German kitchen manufacturers. As a result, a dividend of £3 million has recently been declared to Doors Ltd.
- Doors US Inc. is a wholly owned subsidiary of Doors Ltd, which is incorporated and tax resident in the United States. This subsidiary was only incorporated in 2023, and Doors Ltd provided it with a loan of £10 million at the time at an annual interest rate of 6%. The intercompany agreement outlines that no interest is due to be paid for the first three years of the loan.

You may assume that:

- The double tax agreement (DTA) between the UK and France provides for the following withholding tax rates: 0% on interest; 0% on royalties; 0% on dividends.
- The DTA between the UK and Germany provides for the following withholding tax rates: 0% on interest; 0% on royalties; 5% on dividends.
- The DTA between the UK and the US provides for a withholding tax rate of 5% on interest.

You are required to provide a letter to the CFO, outlining Doors Ltd's Withholding Tax position for the above arrangements, calculating any Withholding Tax due and double tax relief available, and indicating any filing obligations that are required. (15)

8. You have recently undertaken some external continuing professional development (CPD) training which addressed the United Kingdom's profit fragmentation rules.

Your manager has asked you to provide a brief note to share with the rest of your team, outlining the key rules of the UK profit fragmentation regime. (15)

9. Misty Group Ltd is a company incorporated and tax resident in the United Kingdom. The company designs and builds bespoke windows for commercial properties and, over the last four years, has become the ‘go-to’ window specialist in London, undertaking work for some of the world’s largest companies. As a result, there is high demand for Misty Group Ltd’s products in various jurisdictions around the world.

Misty Group Ltd’s finance director has provided you with the following information about the wholly owned subsidiaries of Misty Group Ltd:

- Glass Ltd is tax resident in Malaysia. It is not subject to tax in Malaysia, having successfully applied for the new investment relief scheme there, which allows for no corporate tax liability for the first five years of trading. Glass Ltd has been trading in Malaysia for two years. For the 2024 financial year, Glass Ltd has forecast trading profits of £200,000.
- Screen Ltd is tax resident in Morocco, a country with no double tax agreement (DTA) with the UK and where profits are subject to a corporate tax at a rate of 16%. Screen Ltd has its own factory and manufactures windows for distribution and projects across Africa. Screen Ltd employs 140 staff and all sales are to group companies, which are calculated at arm’s length rates. Screen Ltd has forecast trading profits of £4.2 million for the 2024 financial year.
- Glaze Admin Ltd is tax resident in Mauritius and carries out back-office functions and marketing activities for other group companies, with a profit margin amounting to 10% of operating expenses. The corporate tax rate in Mauritius is 9%.
- Screen Inc. is tax resident in the United States and was incorporated in 2023. The 2024 financial year will be its first year of trading.

You may assume that the UK has DTAs with Malaysia, Mauritius and the US, each in line with the OECD Model Tax Convention.

You are required to prepare a memo outlining the Controlled Foreign Companies (CFC) implications for the group, including any HMRC reporting requirements. (15)

ADIT EXAMINATIONS

2024

TAX TABLES

INCOME TAX - RATES AND THRESHOLDS

	2023/24	2022/23
Rates	%	%
Starting rate for savings income only	0	0
Basic rate for non-savings and savings income only	20	20
Higher rate for non-savings and savings income only	40	40
Additional and trust rate for non-savings and savings income	45	45
Dividend ordinary rate	8.75	8.75
Dividend upper rate	33.75	33.75
Dividend additional rate and trust rate for dividends	39.35	39.35
Thresholds	£	£
Savings income starting rate band	1 – 5,000	1 – 5,000
Basic rate band	1 – 37,700	1 – 37,700
Higher rate band	37,701 – 125,140	37,701 – 150,000
Dividend allowance	1,000	2,000
Savings allowance		
– Taxpayer with basic rate income	1,000	1,000
– Taxpayer with higher rate income	500	500
– Taxpayer with additional rate income	Nil	Nil
Standard rate band for trusts	1,000	1,000
Scottish Tax Rates⁽¹⁾	%	%
Starter rate	19	19
Scottish basic rate	20	20
Intermediate rate	21	21
Higher rate	42	41
Top rate	47	46
Scottish Tax Thresholds⁽¹⁾	£	£
Starter rate	1 – 2,162	1 – 2,162
Scottish basic rate	2,163 – 13,118	2,163 – 13,118
Intermediate rate	13,119 – 31,092	13,119 – 31,092
Higher rate	31,093 – 125,140	31,093 – 150,000
Top rate	125,140+	150,000 +
INCOME TAX - RELIEFS		
	2023/24	2022/23
	£	£
Personal allowance ⁽²⁾	12,570	12,570
Married couple's allowance ⁽³⁾	10,375	9,415
– Maximum income before abatement of relief - £1 for £2	34,600	31,400
– Minimum allowance	4,010	3,640
Transferable Tax allowance for married couples and civil partners ⁽⁴⁾	1,260	1,260
Blind person's allowance	2,870	2,600
Enterprise investment scheme relief limit ⁽⁵⁾	1,000,000	1,000,000
Venture capital trust relief limit	200,000	200,000
Seed enterprise investment scheme relief limit	200,000	100,000

Notes: (1) Scottish taxpayers pay Scottish income tax on non-savings income.

(2) The personal allowance of any individual with adjusted net income above £100,000 is reduced by £1 for every £2 of adjusted net income above the £100,000 limit.

(3) Only available where at least one partner was born before 6 April 1935. Relief restricted to 10%.

(4) The recipient must not be liable to tax above the basic rate. The recipient is eligible for a tax reduction of 20% of the transferred amount.

(5) The limit is £2 million, where over £1 million is invested in knowledge intensive companies.

ADIT EXAMINATIONS

2024

TAX TABLES

ISA limits	2023/24	2022/23
	£	£
Maximum subscription:		
‘Adult’ ISAs	20,000	20,000
Junior ISAs	9,000	9,000

Pension contributions

	Annual allowance⁽¹⁾	Minimum pension age
	£	
2022/23	40,000	55
2023/24	60,000	55
Basic amount qualifying for tax relief	£3,600	
Maximum tax-free lump sum	£268,275	

Note: (1) The annual allowance is tapered by £1 for every £2 of adjusted income above £260,000 (FA 2022: £240,000) for individuals with threshold income above £200,000. It cannot be reduced below £10,000 (FA 2022: £4,000).

Employer Supported Childcare	2023/24	2022/23
Exemption – basic rate taxpayer ⁽²⁾	£55 per week	£55 per week

Note: (2) For schemes joined on or after 6 April 2011 the exempt childcare amounts for higher and additional rate taxpayers (based on the employer’s earning assessment only) are £28 and £25 respectively.

ITEPA mileage rates

Car or van ⁽³⁾	First 10,000 business miles	45p
	Additional business miles	25p
Motorcycles		24p
Bicycles		20p
Passenger payments		5p

Note: (3) For NIC purposes, a rate of 45p applies irrespective of mileage.

INCOME TAX - BENEFITS

Car benefits – 2023/24

Emissions	Electric range (miles)	Car benefit %⁽⁴⁾
0g/km	N/A	2%
1-50g/km	>130	2%
1-50g/km	70-129	5%
1-50g/km	40-69	8%
1-50g/km	30-39	12%
1-50g/km	<30	14%
51-54g/km		15%
55-59g/km		16%
60-64g/km		17%
65-69g/km		18%
70-74g/km		19%
75g/km or more	20%	+ 1% for every additional whole 5g/km above 75g/km
160g/km or more	37%	

Note: (4) 4% supplement for diesel cars excluding those that meet the Real Driving Emissions Step 2 (RDE2) standard (not to exceed maximum of 37%).

ADIT EXAMINATIONS

2024

TAX TABLES

Fuel benefit base figure	2023/24	2022/23
	£	£
	27,800	25,300
Van benefits	2023/24	2022/23
No CO ₂ emissions	Nil	Nil
CO ₂ emissions > 0g/km	3,960	3,600
Fuel benefit for vans	757	688
Official rate of interest	2.25%	2%

INCOME TAX - CHARGES

Child benefit charge	Withdrawal rate
Adjusted net income >£50,000	1% of benefit per £100 of income between £50,000 and £60,000
Adjusted net income >£60,000	Full child benefit amount assessable in that tax year

CAPITAL ALLOWANCES

Annual investment allowance for plant and machinery (AIA) ⁽¹⁾	100%
WDA on plant and machinery in main pool ⁽²⁾	18%
WDA on plant and machinery in special rate pool ⁽³⁾	6%
WDA on patent rights and know-how	25%
WDA on structures and buildings (SBA) ⁽⁴⁾	3%

- Notes:**
- (1) On first £1,000,000 of investment in plant & machinery (not cars) from 1 January 2019.
 - (2) The main pool rate applies to cars with CO₂ emissions of not more than 50g/km (prior to April 2021 not more than 110g/km).
 - (3) The special pool rate applies to cars with CO₂ emissions greater than 50g/km (prior to April 2021 greater than 110g/km).
 - (4) A 10% rate applies in respect of freeport tax site expenditure (until 30 September 2026) and on investment zone expenditure.

100% First year allowances (FYA) available to all businesses

Capital expenditure incurred by a person on research and development.

New zero-emission goods vehicles (until April 2025).

New cars which either emit 0 g/km of CO₂ (50g/km prior to April 2021) or are electric (until April 2025).

Electric vehicle charging points (until April 2025).

First year allowances (FYA) available to companies only

	Assets in main pool	Assets in special rate pool
Expenditure on new plant and machinery (other than cars) between 1 April 2023 and 31 March 2026 ⁽⁵⁾	100%	50%
Expenditure on new plant and machinery (other than cars) in a freeport tax site (until 30 September 2026)	100%	100%
Expenditure on new plant and machinery (other than cars) in an investment zone	100%	100%

- Notes:** (5) 130% for expenditure between 1 April 2021 and 31 March 2023.

INCOME TAX - SIMPLIFICATION MEASURES

	2023/24	2022/23
	£	£
'Rent-a-room' limit	7,500	7,500
Property allowance/Trading allowance	1,000	1,000

ADIT EXAMINATIONS

2024

TAX TABLES

Flat Rate Expenses for Unincorporated Businesses

Motoring expenses	First 10,000 business miles	45p per mile
	Additional business miles	25p per mile
Business use of home	25 – 50 hours use	£10 per month
	51 – 100 hours use	£18 per month
	101+ hours use	£26 per month
Private use of business premises	No of persons living there:	
	1	£350 per month
	2	£500 per month
	3+	£650 per month

Cash Basis for Unincorporated Businesses

Turnover threshold to join scheme	£150,000
Turnover threshold to leave scheme	£300,000

NATIONAL INSURANCE CONTRIBUTIONS

Class 1 limits

	2023/24	2022/23		2023/24	2022/23	
	Annual	Monthly	Weekly	Annual	Monthly	Weekly
Lower earnings limit (LEL)	£6,396	£533	£123	£6,396	£533	£123
Primary threshold (PT)	£12,570	£1,048	£242	£11,908	£1,048	£242
Secondary threshold (ST)	£9,100	£758	£175	£9,100	£758	£175
Upper earnings limit (UEL)	£50,270	£4,189	£967	£50,270	£4,189	£967
Upper secondary threshold for under 21 (UST)	£50,270	£4,189	£967	£50,270	£4,189	£967
Apprentice upper secondary threshold for under 25 (AUST)	£50,270	£4,189	£967	£50,270	£4,189	£967
Freeport upper secondary threshold (FUST)	£25,000	£2,083	£481	£25,000	£2,083	£481

Class 1 primary contribution rates

Earnings between PT and UEL	12%	13.25%
Earnings above UEL	2%	3.25%

Class 1 secondary contribution rates

Earnings above ST ⁽¹⁾	13.8%	15.05%
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Note: (1) Rate of secondary NICs between the ST and the UST, AUST & FUST is 0%.

	2023/24	2022/23
Employment allowance		
Per year, per employer	£5,000	£5,000
Class 1A contributions	13.8%	15.05%
Class 1B contributions	13.8%	15.05%
Class 2 contributions		
Normal rate	£3.45 pw	£3.15 pw
Small profits threshold (SPL) ⁽²⁾	£6,725	£6,725 pa
Lower profits limit (LPL) ⁽²⁾	£12,570	£11,908
Class 3 contributions	£17.45	£15.85 pw
Class 4 contributions		
Annual lower profits limit (LPL)	£12,570	£11,908
Annual upper profits limit (UPL)	£50,270	£50,270
Percentage rate between LPL and UPL	9%	9.73%
Percentage rate above UPL	2%	2.73%

ADIT EXAMINATIONS

2024

TAX TABLES

OTHER PAYROLL INFORMATION

Statutory maternity/adoption pay	First 6 weeks @ 90% of AWE Next 33 weeks @ the lower of £172.48 and 90% of AWE
Statutory shared parental pay /paternity pay/parental bereavement pay	For each qualifying week, the lower of 90% of AWE and £172.48
Statutory sick pay	£109.40 per week
Student Loan	Plan 1: 9% of earnings exceeding £22,015 per year (£1,834.58 per month/ £423.36 per week) Plan 2: 9% of earnings exceeding £27,295 per year (£2,274.58 per month /£524.90 per week) Plan 4: 9% of earnings exceeding £27,660 per year (£2,305 per month /£531.92 per week)
Postgraduate Loan	6% of earnings exceeding £21,000 per year (£1,750 per month/£403.84 per week)

National living/minimum wage (April 2023 onwards)

Category of Worker	Rate per hour
	£
Workers aged 23 and over	10.42
21–22 year olds	10.18
18–20 year olds	7.49
16–17 year olds	5.28
Apprentices	5.28

Accommodation Offset £9.10 per day

HMRC INTEREST RATES (assumed)

Late payment interest	6.50%
Interest on underpaid corporation tax instalments	5.00%
Repayment interest	3.00%
Interest on overpaid corporation tax instalments	3.75%

ADIT EXAMINATIONS

2024

TAX TABLES

CAPITAL GAINS TAX

	2023/24	2022/23
Annual exempt amount for individuals	£6,000	£12,300
CGT rates for individuals, trusts and estates		
Gains qualifying for business asset disposal ⁽¹⁾ /investors' relief	10%	10%
Gains for individuals falling within remaining basic rate band ⁽²⁾	10%	10%
Gains for individuals exceeding basic rate band and gains for trusts and estates ⁽³⁾	20%	20%

Notes: (1) Formerly called entrepreneurs' relief

(2) The rate is 18% if the gain is in respect of a residential property

(3) The rate is 28% if the gain is in respect of a residential property

Business Asset Disposal relief

	2023/24	2022/23
Relevant gains (lifetime maximum) ⁽⁴⁾	£1 million	£1 million

Investors' relief

Relevant gains (lifetime maximum)	£10 million	£10 million
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Note: (4) For qualifying disposals made before 11 March 2020 the lifetime limit was £10 million.

Retail Prices Index

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1982	—	—	79.44	81.04	81.62	81.85	81.88	81.90	81.85	82.26	82.66	82.51
1983	82.61	82.97	83.12	84.28	84.64	84.84	85.30	85.68	86.06	86.36	86.67	86.89
1984	86.84	87.20	87.48	88.64	88.97	89.20	89.10	89.94	90.11	90.67	90.95	90.87
1985	91.20	91.94	92.80	94.78	95.21	95.41	95.23	95.49	95.44	95.59	95.92	96.05
1986	96.25	96.60	96.73	97.67	97.85	97.79	97.52	97.82	98.30	98.45	99.29	99.62
1987	100.0	100.4	100.6	101.8	101.9	101.9	101.8	102.1	102.4	102.9	103.4	103.3
1988	103.3	103.7	104.1	105.8	106.2	106.6	106.7	107.9	108.4	109.5	110.0	110.3
1989	111.0	111.8	112.3	114.3	115.0	115.4	115.5	115.8	116.6	117.5	118.5	118.8
1990	119.5	120.2	121.4	125.1	126.2	126.7	126.8	128.1	129.3	130.3	130.0	129.9
1991	130.2	130.9	131.4	133.1	133.5	134.1	133.8	134.1	134.6	135.1	135.6	135.7
1992	135.6	136.3	136.7	138.8	139.3	139.3	138.8	138.9	139.4	139.9	139.7	139.2
1993	137.9	138.8	139.3	140.6	141.1	141.0	140.7	141.3	141.9	141.8	141.6	141.9
1994	141.3	142.1	142.5	144.2	144.7	144.7	144.0	144.7	145.0	145.2	145.3	146.0
1995	146.0	146.9	147.5	149.0	149.6	149.8	149.1	149.9	150.6	149.8	149.8	150.7
1996	150.2	150.9	151.5	152.6	152.9	153.0	152.4	153.1	153.8	153.8	153.9	154.4
1997	154.4	155.0	155.4	156.3	156.9	157.5	157.5	158.5	159.3	159.5	159.6	160.0
1998	159.5	160.3	160.8	162.6	163.5	163.4	163.0	163.7	164.4	164.5	164.4	164.4
1999	163.4	163.7	164.1	165.2	165.6	165.6	165.1	165.5	166.2	166.5	166.7	167.3
2000	166.6	167.5	168.4	170.1	170.7	171.1	170.5	170.5	171.7	171.6	172.1	172.2
2001	171.1	172.0	172.2	173.1	174.2	174.4	173.3	174.0	174.6	174.3	173.6	173.4
2002	173.3	173.8	174.5	175.7	176.2	176.2	175.9	176.4	177.6	177.9	178.2	178.5
2003	178.4	179.3	179.9	181.2	181.5	181.3	181.3	181.6	182.5	182.6	182.7	183.5
2004	183.1	183.8	184.6	185.7	186.5	186.8	186.8	187.4	188.1	188.6	189.0	189.9
2005	188.9	189.6	190.5	191.6	192.0	192.2	192.2	192.6	193.1	193.3	193.6	194.1
2006	193.4	194.2	195.0	196.5	197.7	198.5	198.5	199.2	200.1	200.4	201.1	202.7
2007	201.6	203.1	204.4	205.4	206.2	207.3	206.1	207.3	208.0	208.9	209.7	210.9
2008	209.8	211.4	212.1	214.0	215.1	216.8	216.5	217.2	218.4	217.7	216.0	212.9
2009	210.1	211.4	211.3	211.5	212.8	213.4	213.4	214.4	215.3	216.0	216.6	218.0
2010	217.9	219.2	220.7	222.8	223.6	224.1	223.6	224.5	225.3	225.8	226.8	228.4
2011	229.0	231.3	232.5	234.4	235.2	235.2	234.7	236.1	237.9	238.0	238.5	239.4
2012	238.0	239.9	240.8	242.5	242.4	241.8	242.1	243.0	244.2	245.6	245.6	246.8
2013	245.8	247.6	248.7	249.5	250.0	249.7	249.7	251.0	251.9	251.9	252.1	253.4
2014	252.6	254.2	254.8	255.7	255.9	256.3	256.0	257.0	257.6	257.7	257.1	257.5
2015	255.4	256.7	257.1	258.0	258.5	258.9	258.6	259.8	259.6	259.5	259.8	260.6
2016	258.8	260.0	261.1	261.4	262.1	263.1	263.4	264.4	264.9	264.8	265.5	267.1
2017	265.5	268.4	269.3	270.6	271.7	272.3	272.9	274.7	275.1	275.3	275.8	278.1

ADIT EXAMINATIONS

2024

TAX TABLES

Lease percentage table

Years	Percentage	Years	Percentage	Years	Percentage	Years	Percentage
50+	100.000	37	93.497	24	79.622	11	50.038
49	99.657	36	92.761	23	78.055	10	46.695
48	99.289	35	91.981	22	76.399	9	43.154
47	98.902	34	91.156	21	74.635	8	39.399
46	98.490	33	90.280	20	72.770	7	35.414
45	98.059	32	89.354	19	70.791	6	31.195
44	97.595	31	88.371	18	68.697	5	26.722
43	97.107	30	87.330	17	66.470	4	21.983
42	96.593	29	86.226	16	64.116	3	16.959
41	96.041	28	85.053	15	61.617	2	11.629
40	95.457	27	83.816	14	58.971	1	5.983
39	94.842	26	82.496	13	56.167	0	0.000
38	94.189	25	81.100	12	53.191		

CORPORATION TAX

Financial year	2023	2022
Main rate	25%	19%
Standard small profits rate	19%	N/A
Augmented profit limit for standard small profits rate	£50,000	N/A
Augmented profit limit for marginal relief	£250,000	N/A
Standard marginal relief fraction	3/200	N/A
Marginal rate	26.5%	N/A
Patent rate	10%	10%

EU definition of small and medium sized enterprises

	Small ⁽²⁾	Medium ⁽²⁾	Extended definition for R&D expenditure
Employees ⁽¹⁾	< 50	< 250	<500
Turnover ⁽¹⁾	≤ €10m	≤ €50m	≤ €100m
Balance sheet assets ⁽¹⁾	≤ €10m	≤ €43m	≤ €86m

Notes: (1) Must meet employees criteria and either turnover or balance sheet assets criteria.
(2) Thresholds apply for transfer pricing and distributions received by small companies.

Research and development expenditure

Financial year	2023	2022
Total relief for Small & medium enterprises (SMEs)	186%	230%
R&D tax credit for SME losses	10%	14.5%
Large companies – RDEC	20%	13%

ADIT EXAMINATIONS

2024

TAX TABLES

VALUE ADDED TAX

	Standard rate	VAT fraction
Rate	20%	1/6
Limits		
Annual registration limit		£ 85,000
De-registration limit		83,000
Thresholds		
	Cash accounting	Annual accounting
	£	£
Turnover threshold to join scheme	1,350,000	1,350,000
Turnover threshold to leave scheme	1,600,000	1,600,000

ADVISORY FUEL RATES (as at 1 March 2023)

Engine size	Petrol	LPG	Engine size	Diesel
1400cc or less	13p	10p	1600cc or less	13p
1401cc to 2000cc	15p	11p	1601cc to 2000cc	15p
Over 2000cc	23p	17p	Over 2000cc	20p

Electricity rate	9p
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OTHER INDIRECT TAXES

	2023/24	2022/23
Insurance premium tax⁽¹⁾		
Standard rate	12%	12%
Higher rate	20%	20%
Tobacco products duty	From 15.03.2023	From 27.10.2021
Cigarettes	16.5% x retail price + £294.72 per thousand cigarettes (or £393.45 per thousand cigarettes ⁽²⁾)	16.5% x retail price + £262.90 per thousand cigarettes (or £347.86 per thousand cigarettes ⁽²⁾)
Cigars	£367.61 per kg	£327.92 per kg
Hand-rolling tobacco	£351.03 per kg	£302.34 per kg
Other smoking/chewing tobacco	£161.62 per kg	£144.17 per kg
Tobacco for heating	£302.93 per kg	£270.22 per kg

Notes: (1) Premium is tax inclusive ($\frac{3}{28}$ for 12% rate and $\frac{1}{6}$ for 20% rate).

(2) The £393.45/£347.86 per thousand cigarettes is a minimum excise duty (if higher than the first calculation)

ADIT EXAMINATIONS

2024

TAX TABLES

INHERITANCE TAX

Death rate	40% ⁽³⁾	Lifetime rate	20%
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Note: (3) 36% rate applies where 10% or more of the deceased person's net chargeable estate is left to charity.

Nil rate bands

6 April 1996 – 5 April 1997	£200,000	6 April 2003 – 5 April 2004	£255,000
6 April 1997 – 5 April 1998	£215,000	6 April 2004 – 5 April 2005	£263,000
6 April 1998 – 5 April 1999	£223,000	6 April 2005 – 5 April 2006	£275,000
6 April 1999 – 5 April 2000	£231,000	6 April 2006 – 5 April 2007	£285,000
6 April 2000 – 5 April 2001	£234,000	6 April 2007 – 5 April 2008	£300,000
6 April 2001 – 5 April 2002	£242,000	6 April 2008 – 5 April 2009	£312,000
6 April 2002 – 5 April 2003	£250,000	6 April 2009 – 5 April 2026	£325,000

Residence nil rate bands⁽⁴⁾

6 April 2017 – 5 April 2018	£100,000	6 April 2019 – 5 April 2020	£150,000
6 April 2018 – 5 April 2019	£125,000	6 April 2020 – 5 April 2026	£175,000

Note: (4) An additional nil rate band is available where a main residence is passed on death to a direct descendant. Tapered withdrawal for estates > £2million.

Taper relief

Death within 3 years of gift	Nil%
Between 3 and 4 years	20%
Between 4 and 5 years	40%
Between 5 and 6 years	60%
Between 6 and 7 years	80%

Quick Succession relief

Period between transfers less than one year	100%
Between 1 and 2 years	80%
Between 2 and 3 years	60%
Between 3 and 4 years	40%
Between 4 and 5 years	20%

Lifetime exemptions

Annual exemption	£3,000	
Small gifts	£250	
Wedding gifts	Child	£5,000
	Grandchild or remoter issue or other party to marriage	£2,500
	Other	£1,000

ANNUAL TAX ON ENVELOPED DWELLINGS (ATED)

Residential property value	From 1.4.23	From 1.4.22
>£0.5m - ≤ 1m	£4,150	£3,800
> £1m - ≤ 2m	£8,450	£7,700
> £2m - ≤ 5m	£28,650	£26,050
> £5m - ≤ 10m	£67,050	£60,900
> £10m - ≤ 20m	£134,550	£122,250
> £20m	£269,450	£244,750

STAMP DUTY/SDRT

Stamp duty ⁽¹⁾	- On shares transferred by physical stock transfer form	0.5%
Stamp duty reserve tax ⁽²⁾	- On agreements to transfer shares ⁽²⁾	0.5%
	- On shares transferred to depositary receipt schemes	1.5%

Notes: (1) Does not apply to UK securities traded on a recognised growth market (eg AIM).
(2) Does not apply to units in UK unit trust schemes or shares in UK OEICS bought from fund managers.

ADIT EXAMINATIONS

2024

TAX TABLES

STAMP DUTY LAND TAX

Qualifying purchases in a Freeport receive full SDLT relief

Stamp Duty Land Tax on purchase price / lease premium / transfer value – England & NI

Basic Rate %⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	Residential⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	Rate %	Non-Residential
0	£0 - £250,000	0	£0 - £150,000
5	£250,001 - £925,000	2	£150,001 - £250,000
10	£925,001 - £1,500,000	5	£250,001 +
12	£1,500,001+		

- Notes:**
- (3) The basic rates are increased by 3% (the ‘higher rates’) where the purchase is of an additional residential property for individuals. Companies and trusts pay the additional 3% on all purchases of residential properties, subject to Note 4 below.
 - (4) Companies (and certain other entities) pay 15% on purchases of residential property valued > £500,000 (subject to exceptions).
 - (5) First-time buyers purchasing a single dwelling as their only/main residence may benefit from a reduced rate. (This includes qualifying shared ownership properties.) SDLT will not be due on properties up to £425,000. For homes between £425,000 and £625,000, SDLT will be payable at 5% on the amount above the £425,000 threshold. Homes bought for more than £625,000 will incur the rates as per column 1 in above table.
 - (6) Non-resident individuals and companies will pay an additional 2% surcharge for purchases of residential property. This is in addition to the basic rate, the higher rate (where applicable, in Note 3), and the 15% rate (where applicable, in Note 4).

New leases – Stamp Duty Land Tax on lease rentals – England & NI

Rate (%)	Net present value of rent	
	Residential	Non-residential
0	Up to £250,000	Up to £150,000
1	Excess over £250,000	£150,001-£5m
2	N/A	Over £5m

Land and Buildings Transaction Tax (LBTT) on purchase price – Scotland

Basic Rate %⁽¹⁾⁽²⁾⁽³⁾	Residential	Rate %⁽¹⁾	Non-Residential
0	up to £145,000	0	£0 - £150,000
2	£145,001 - £250,000	1	£150,001 - £250,000
5	£250,001 - £325,000	5	£250,001 +
10	£325,001 - £750,000		
12	£750,001 +		

- Notes:**
- (1) Rates are charged on the portion of consideration that falls in each band. The same tax is payable for a premium granted for a land transaction, except for residential leases which are generally exempt. Special rules apply to a premium for non-residential property where the rent exceeds £1,000 a year.
 - (2) The ‘Additional Dwelling Supplement’ of 6% of the relevant consideration applies broadly to purchases of an additional dwelling by individuals & trusts (over which the beneficiary has substantial rights) & to purchases of a dwelling by certain businesses, companies & other trusts.
 - (3) There is a relief for first-time buyers where a 0% rate is applied to the first £175,000 of the purchase consideration.

New leases – Land and Buildings Transaction Tax (LBTT) on lease rentals - Scotland

Rate (%)	Net present value of rent⁽⁴⁾	
	Non-residential	
Zero	Up to £150,000	
1%	£150,001 to £2,000,000	
2%	£2,000,001+	

Note: (4) Residential leases are generally exempt