

THE ADVANCED DIPLOMA IN INTERNATIONAL TAXATION

December 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. Deutsche Kitchen GmbH is the parent company of a group that manufactures high-quality kitchens in Germany and has recently started exporting worldwide.

The group intends to open a number of kitchen showrooms in the United Kingdom and the Republic of Ireland. To do this, it has registered a new company in the UK, German Kitchen Ltd.

Deutsche Kitchen GmbH owns 100% of German Kitchen Ltd's share capital. German Kitchen Ltd is UK tax-resident, and will carry out business activities in Ireland through a permanent establishment there.

German Kitchen Ltd will be financed through a combination of equity and the following debt financing, with the debt financing making up most of German Kitchen Ltd's capital structure:

- 1) A £40 million loan from a UK bank. The loan will carry an interest rate of 4.2% and will be used to meet working capital requirements.
- 2) A £100 million loan from Deutsche Kitchen Financing Ltd, the Deutsche Kitchen group treasury company, tax-resident in Malta. This loan will carry an interest rate of 4.2% and will be used to fund start-up and capital investment costs.

The Maltese tax treatment of the loan interest received by Deutsche Kitchen Financing Ltd is unclear.

German Kitchen Ltd will make the following payments to other group companies:

- interest payments to Deutsche Kitchen Financing Ltd on the £100 million loan;
- royalty payments to Deutsche Kitchen AG, tax-resident in Switzerland, for use of the brand and other intellectual property;
- dividend payments to Deutsche Kitchen GmbH; and
- payments for kitchen units to DK Manufacturing (Germany) GmbH.

The group expects German Kitchen Ltd's UK and Ireland operations to be profit-making from the start.

The group exceeds the size limits for small and medium enterprises.

You should assume that the applicable Corporation Tax rate in Ireland is 15% and that double tax agreements for all countries involved follow the OECD Model Tax Convention 2017.

You are required to draft a memo, advising the board of German Kitchen Ltd on the following:

- 1) the tax deductibility of the interest payable by German Kitchen Ltd; (15)
- 2) the UK Corporation Tax treatment of the company's Irish permanent establishment; and (5)
- 3) the UK Withholding Tax implications of the payments made to group companies. (5)

Total (25)

2. Luis is a Brazilian national working for Samba Co., a Brazilian company. His employer has offered him a three-year secondment in the United Kingdom, starting on 1 January 2025, and Luis seeks to understand the UK tax implications prior to accepting the offer. Luis has never previously visited the UK.

If Luis decides to go on secondment, he will spend 100% of his working time in the UK for the full three-year period. He will be accompanied by his wife and 15-year-old child, and will return to Brazil for four periods of annual leave per year, each of three weeks. While in Brazil, Luis and his family will stay in their family home.

Luis' wife does not work. They expect to spend three months in UK temporary accommodation at the start of the secondment while searching for a more permanent place to live.

In addition to his current salary of £120,000 per annum, Luis' employer has offered to pay for the following:

- a bonus of £60,000, to be paid in March 2025, relating to performance during the 2024 calendar year;
- temporary accommodation costs in the UK of £12,000; and
- the cost of return flights to Brazil for Luis and his family of £6,000 per trip, up to a maximum of four times per year.

You are required to write a letter to Luis, explaining:

- 1) **his UK tax residence position for the 2024/25 tax year; and** (12)
- 2) **the UK tax treatment of his salary and benefits, if he were to become tax resident from 1 January 2025.** (13)

Total (25)

PART B

You are required to answer ONE question from this Part.

3. Garden Innovation Ltd is incorporated and tax resident in the United Kingdom. The company manufactures high-tech garden tools for the UK, German and Dutch markets.

Sales of the company's products have been steadily increasing in Germany and the Netherlands, and the two countries are now seen as the company's most important markets. More than half of the board members are UK nationals, who currently travel to Germany and the Netherlands regularly on company business.

In order to be closer to the company's key markets, Garden Innovation Ltd's board intends to relocate the company's headquarters from the UK to the Netherlands in 2026. From 1 January 2026, all board meetings will be held in the Netherlands and all strategic decisions affecting the company will be made in the Netherlands.

It is anticipated that product manufacturing will move from the UK to a new factory in the Netherlands in 2028, at which point the UK premises will either be sold or rented out.

Most of the company's employees will remain based at the company's UK manufacturing plant until its closure in 2028. It is intended that UK-based personnel will still manage the day-to-day operations of the UK factory until closure.

You should assume that the double tax agreements for all three countries follow the OECD Model Tax Convention 2017.

You are required to draft a memo to the board, outlining:

- 1) **how the corporate residency status of Garden Innovation Ltd may be affected by the planned changes; and** (12)
- 2) **the UK Corporation Tax consequences if the residency of Garden Innovation Ltd were to change.** (8)

Total (20)

4. Susannah was born in Norway in 1980 to Norwegian parents, and has lived in Norway for her entire life. She is due to start working in the United Kingdom on 1 January 2025 and will become UK tax-resident from that date.

Susannah intends to work in the UK for between three and five years, after which she expects to return to live in Norway.

Susannah will earn £25,000 per month while employed in the UK and will spend 80% of her working time in the UK, with the remainder of her working time spent working in various European countries.

She has a sizeable property rental business in Norway and will receive £20,000 of rental profit from this business during the period 1 January – 5 April 2025. This is currently paid into her Norwegian savings account, which has a balance of £50,000.

Susannah is keen to reduce her UK tax liability and seeks to understand whether she can structure her bank accounts to meet this objective.

You are required to:

- 1) **Explain Susannah's domicile status.** (6)
- 2) **Explain, with supporting calculations, how Susannah's employment income and rental profits will be taxed in the UK, including details of any beneficial claims, and the most tax-efficient way for her to structure her bank accounts.** (14)

Total (20)

PART C

You are required to answer TWO questions from this Part.

5. "The United Kingdom's digital services tax (DST) is consistent with the underlying principle that the profits of a business should be taxed in the countries in which it creates value."

You are required to:

1) Outline the DST rules. (6)

2) Discuss the extent to which you agree or disagree with this statement. (9)

Total (15)

6. Toys plc is a multinational group which manufactures, markets and distributes children's toys across the world. Due to its size, the group is required to file Country-by-Country Reporting (CbCR) returns in the United Kingdom.

Toys UK Ltd, a UK resident company within the group, manufactures toys in the UK which it then distributes to UK retailers and other group companies worldwide. The company also sells directly to individual customers via its website.

Toys UK Ltd recorded the following transactions in the year ending 31 December 2024:

- Purchase of components and materials from Toys (Shenzhen) Ltd, a Chinese resident group company.
- Sale of finished products to independent UK retailers, at an average gross profit margin of 20%.
- Sale of finished products direct to individual customers across the world, at an average gross profit margin of 15%.
- Sale of finished products to group companies outside the UK, at an average gross profit margin of 5%.
- Purchase of plant and machinery from Factoryparts (China) Ltd, a Chinese resident company. Toys plc holds 5% of this company's share capital.
- Provision of routine IT support services to other group companies. Toys UK Ltd receives a mark-up of 5% on its costs in providing the services.
- Borrowing of £100 million from the UK branch of a multinational bank. The loan carries an interest rate of 7%.
- Lending of £20 million to Toys (Germany) GmbH, a group company resident in Germany. This loan is interest-free.

You are required to:

1) Explain whether Toys UK Ltd and the transactions described above are within the scope of the UK transfer pricing rules, noting any areas of potential transfer pricing risk. (9)

2) Briefly outline any UK transfer pricing documentation which the group will be required to maintain. (6)

Total (15)

7. Alpha Inc. is the United States resident parent of the Alpha group of companies. Alpha Inc. holds 100% of the issued share capital of Beta Ltd and Gamma Ltd, both of which are United Kingdom resident companies.

Gamma Ltd holds 100% of shares in Delta Ltd, a UK resident company, which in turn holds 100% of the shares in Epsilon GmbH, a German resident company.

The group intends to expand its operations, and has entered into the following transactions during the accounting period ending 31 December 2024 to finance its expansion:

- Alpha Inc. issued redeemable share capital with a market value of £150 million on 1 June 2024.
- Delta Ltd issued debentures to raise £120 million in long-term secured loan financing on 1 February 2024.
- Epsilon GmbH issued debentures to raise £50 million in long-term secured loan financing on 1 March 2024.
- Epsilon GmbH issued redeemable shares with a market value of £140 million to Delta Ltd in exchange for cash on 1 August 2024.

None of these transactions are intended to create a Corporation Tax advantage for any group company.

You are required to provide an overview of the International Movement of Capital rules and explain how these rules could apply to the transactions described, including any reporting requirements. (15)

8. Luke is a national of the country of Triton. He grew up and spent the majority of his life in Triton, before moving to the United Kingdom to work in 1999 and retiring in 2019.

Luke bought a home in the UK when he first came to the country. Throughout his UK employment, he maintained his home in Triton and returned there on a regular basis.

Following his retirement, Luke has maintained his home in the UK. He currently spends approximately half of his time in the UK visiting his friends and attending social functions, and half in Triton where he is registered to vote and visits his doctor. His homes remain empty when he is not staying in them. Luke's wife accompanies him and has the same travel pattern. They do not have any children.

Luke is tax-resident in the UK and Triton under the domestic legislation of both countries. The UK has a double tax agreement (DTA) with Triton, which is identical to the OECD Model Tax Convention 2017.

Luke received the following income during the 2024/25 UK tax year:

- £30,000 from his UK employment pension scheme;
- £5,000 of rental income from a French property;
- £20,000 of dividends from a UK company; and
- £10,000 of UK bank interest.

You are required to:

- 1) **Discuss Luke's treaty residence position under the UK/Triton DTA. (7)**
- 2) **Assuming that Luke is treaty non-resident in the UK, explain, with supporting calculations, the UK tax implications of his income, including any reliefs available under the UK/Triton DTA. (8)**

Total (15)

9. The Rose Trust has two trustees, Johnny Rose and Moira Rose, who are both non-UK resident. This is the only trust with which Johnny and Moira are associated.

On 6 September 2024 the Rose Trust sold a UK residential property, 10 Green Street, for £500,000. Johnny and Moira never lived in this property.

The Rose Trust had acquired the property on 6 April 2010 for £200,000 and incurred the following costs.

- £3,000 of legal fees at purchase;
- £2,000 of legal fees at sale;
- £20,000 of repair costs for the replacement of a damaged roof in March 2012; and
- £40,000 of construction costs for a conservatory built in January 2015.

The property was valued at £350,000 on 6 April 2015.

The Rose Trust has no UK taxable income during the 2024/25 tax year, and has no other capital gains or losses.

You are required to write a memo to the Rose Trust, including calculations, explaining the Capital Gains Tax implications of the disposal of 10 Green Street. (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