

# THE ADVANCED DIPLOMA IN INTERNATIONAL TAXATION

June 2024

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## MODULE 2.09 – UNITED KINGDOM OPTION

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### ADVANCED INTERNATIONAL TAXATION (JURISDICTION)

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TIME ALLOWED – 3½ HOURS

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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          |
|--|------------------|------------------|
| <b>Rates</b>   | %                | %                |
| 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            |
| <b>Thresholds</b>  | <b>£</b>         | <b>£</b>         |
| 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            |
| <b>Scottish Tax Rates<sup>(1)</sup></b>  | <b>%</b>         | <b>%</b>         |
| Starter rate   | 19               | 19               |
| Scottish basic rate  | 20               | 20               |
| Intermediate rate  | 21               | 21               |
| Higher rate  | 42               | 41               |
| Top rate   | 47               | 46               |
| <b>Scottish Tax Thresholds<sup>(1)</sup></b>                                     | <b>£</b>         | <b>£</b>         |
| 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 +        |
| <b>INCOME TAX - RELIEFS</b>  |                  |                  |
|  | 2023/24          | 2022/23          |
|  | £                | £                |
| Personal allowance <sup>(2)</sup>  | 12,570           | 12,570           |
| Married couple's allowance <sup>(3)</sup>  | 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 <sup>(4)</sup> | 1,260            | 1,260            |
| Blind person's allowance   | 2,870            | 2,600            |
| Enterprise investment scheme relief limit <sup>(5)</sup>                         | 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

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

### **Pension contributions**

|  | <b>Annual allowance<sup>(1)</sup></b> | <b>Minimum pension age</b> |
|--|---------------------------------------|----------------------------|
|  | £                                     |                            |
| 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).

| <b>Employer Supported Childcare</b>            | <b>2023/24</b> | <b>2022/23</b> |
|--|----------------|----------------|
| Exemption – basic rate taxpayer <sup>(2)</sup> | £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 <sup>(3)</sup> | 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**

| <b>Emissions</b> | <b>Electric range (miles)</b> | <b>Car benefit %<sup>(4)</sup></b>                 |
|------------------|-------------------------------|--|
| 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

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

### **INCOME TAX - CHARGES**

| <b>Child benefit charge</b>  | <b>Withdrawal rate</b>                                       |
|------------------------------|--|
| 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) <sup>(1)</sup> | 100% |
| WDA on plant and machinery in main pool <sup>(2)</sup>                   | 18%  |
| WDA on plant and machinery in special rate pool <sup>(3)</sup>           | 6%   |
| WDA on patent rights and know-how  | 25%  |
| WDA on structures and buildings (SBA) <sup>(4)</sup>                     | 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 CO<sub>2</sub> 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 CO<sub>2</sub> 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 CO<sub>2</sub> (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 <sup>(5)</sup> | 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**

|   | <b>2023/24</b> | <b>2022/23</b> |
|---|----------------|----------------|
|   | £              | £              |
| <b>'Rent-a-room' limit</b>                  | 7,500          | 7,500          |
| <b>Property allowance/Trading allowance</b> | 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 |
| Lower earnings limit (LEL)                               | £6,396  | £533    | £123   | £6,396  | £533    |
| Primary threshold (PT)                                   | £12,570 | £1,048  | £242   | £11,908 | £1,048  |
| Secondary threshold (ST)                                 | £9,100  | £758    | £175   | £9,100  | £758    |
| Upper earnings limit (UEL)                               | £50,270 | £4,189  | £967   | £50,270 | £4,189  |
| Upper secondary threshold for under 21 (UST)             | £50,270 | £4,189  | £967   | £50,270 | £4,189  |
| Apprentice upper secondary threshold for under 25 (AUST) | £50,270 | £4,189  | £967   | £50,270 | £4,189  |
| Freeport upper secondary threshold (FUST)                | £25,000 | £2,083  | £481   | £25,000 | £2,083  |

#### **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 <sup>(1)</sup> | 13.8% | 15.05% |
|----------------------------------|-------|--------|

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

|  | 2023/24  | 2022/23   |
|--|----------|-----------|
| <b>Employment allowance</b>                  |          |           |
| Per year, per employer                       | £5,000   | £5,000    |
| <b>Class 1A contributions</b>                | 13.8%    | 15.05%    |
| <b>Class 1B contributions</b>                | 13.8%    | 15.05%    |
| <b>Class 2 contributions</b>                 |          |           |
| Normal rate                                  | £3.45 pw | £3.15 pw  |
| Small profits threshold (SPL) <sup>(2)</sup> | £6,725   | £6,725 pa |
| Lower profits limit (LPL) <sup>(2)</sup>     | £12,570  | £11,908   |
| <b>Class 3 contributions</b>                 | £17.45   | £15.85 pw |
| <b>Class 4 contributions</b>                 |          |           |
| 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**

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

**National living/minimum wage (April 2023 onwards)**

| <b>Category of Worker</b> | <b>Rate per hour</b> |
|---------------------------|----------------------|
|                           | £                    |
| 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 |
| <b>CGT rates for individuals, trusts and estates</b>  |         |         |
| Gains qualifying for business asset disposal <sup>(1)</sup> /investors' relief                  | 10%     | 10%     |
| Gains for individuals falling within remaining basic rate band <sup>(2)</sup>                   | 10%     | 10%     |
| Gains for individuals exceeding basic rate band and gains for trusts and estates <sup>(3)</sup> | 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) <sup>(4)</sup> | £1 million | £1 million |

### Investors' relief

|                                   |             |             |
|-----------------------------------|-------------|-------------|
| Relevant gains (lifetime maximum) | £10 million | £10 million |
|-----------------------------------|-------------|-------------|

**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   |
|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>1982</b> | —     | —     | 79.44 | 81.04 | 81.62 | 81.85 | 81.88 | 81.90 | 81.85 | 82.26 | 82.66 | 82.51 |
| <b>1983</b> | 82.61 | 82.97 | 83.12 | 84.28 | 84.64 | 84.84 | 85.30 | 85.68 | 86.06 | 86.36 | 86.67 | 86.89 |
| <b>1984</b> | 86.84 | 87.20 | 87.48 | 88.64 | 88.97 | 89.20 | 89.10 | 89.94 | 90.11 | 90.67 | 90.95 | 90.87 |
| <b>1985</b> | 91.20 | 91.94 | 92.80 | 94.78 | 95.21 | 95.41 | 95.23 | 95.49 | 95.44 | 95.59 | 95.92 | 96.05 |
| <b>1986</b> | 96.25 | 96.60 | 96.73 | 97.67 | 97.85 | 97.79 | 97.52 | 97.82 | 98.30 | 98.45 | 99.29 | 99.62 |
| <b>1987</b> | 100.0 | 100.4 | 100.6 | 101.8 | 101.9 | 101.9 | 101.8 | 102.1 | 102.4 | 102.9 | 103.4 | 103.3 |
| <b>1988</b> | 103.3 | 103.7 | 104.1 | 105.8 | 106.2 | 106.6 | 106.7 | 107.9 | 108.4 | 109.5 | 110.0 | 110.3 |
| <b>1989</b> | 111.0 | 111.8 | 112.3 | 114.3 | 115.0 | 115.4 | 115.5 | 115.8 | 116.6 | 117.5 | 118.5 | 118.8 |
| <b>1990</b> | 119.5 | 120.2 | 121.4 | 125.1 | 126.2 | 126.7 | 126.8 | 128.1 | 129.3 | 130.3 | 130.0 | 129.9 |
| <b>1991</b> | 130.2 | 130.9 | 131.4 | 133.1 | 133.5 | 134.1 | 133.8 | 134.1 | 134.6 | 135.1 | 135.6 | 135.7 |
| <b>1992</b> | 135.6 | 136.3 | 136.7 | 138.8 | 139.3 | 139.3 | 138.8 | 138.9 | 139.4 | 139.9 | 139.7 | 139.2 |
| <b>1993</b> | 137.9 | 138.8 | 139.3 | 140.6 | 141.1 | 141.0 | 140.7 | 141.3 | 141.9 | 141.8 | 141.6 | 141.9 |
| <b>1994</b> | 141.3 | 142.1 | 142.5 | 144.2 | 144.7 | 144.7 | 144.0 | 144.7 | 145.0 | 145.2 | 145.3 | 146.0 |
| <b>1995</b> | 146.0 | 146.9 | 147.5 | 149.0 | 149.6 | 149.8 | 149.1 | 149.9 | 150.6 | 149.8 | 149.8 | 150.7 |
| <b>1996</b> | 150.2 | 150.9 | 151.5 | 152.6 | 152.9 | 153.0 | 152.4 | 153.1 | 153.8 | 153.8 | 153.9 | 154.4 |
| <b>1997</b> | 154.4 | 155.0 | 155.4 | 156.3 | 156.9 | 157.5 | 157.5 | 158.5 | 159.3 | 159.5 | 159.6 | 160.0 |
| <b>1998</b> | 159.5 | 160.3 | 160.8 | 162.6 | 163.5 | 163.4 | 163.0 | 163.7 | 164.4 | 164.5 | 164.4 | 164.4 |
| <b>1999</b> | 163.4 | 163.7 | 164.1 | 165.2 | 165.6 | 165.6 | 165.1 | 165.5 | 166.2 | 166.5 | 166.7 | 167.3 |
| <b>2000</b> | 166.6 | 167.5 | 168.4 | 170.1 | 170.7 | 171.1 | 170.5 | 170.5 | 171.7 | 171.6 | 172.1 | 172.2 |
| <b>2001</b> | 171.1 | 172.0 | 172.2 | 173.1 | 174.2 | 174.4 | 173.3 | 174.0 | 174.6 | 174.3 | 173.6 | 173.4 |
| <b>2002</b> | 173.3 | 173.8 | 174.5 | 175.7 | 176.2 | 176.2 | 175.9 | 176.4 | 177.6 | 177.9 | 178.2 | 178.5 |
| <b>2003</b> | 178.4 | 179.3 | 179.9 | 181.2 | 181.5 | 181.3 | 181.3 | 181.6 | 182.5 | 182.6 | 182.7 | 183.5 |
| <b>2004</b> | 183.1 | 183.8 | 184.6 | 185.7 | 186.5 | 186.8 | 186.8 | 187.4 | 188.1 | 188.6 | 189.0 | 189.9 |
| <b>2005</b> | 188.9 | 189.6 | 190.5 | 191.6 | 192.0 | 192.2 | 192.2 | 192.6 | 193.1 | 193.3 | 193.6 | 194.1 |
| <b>2006</b> | 193.4 | 194.2 | 195.0 | 196.5 | 197.7 | 198.5 | 198.5 | 199.2 | 200.1 | 200.4 | 201.1 | 202.7 |
| <b>2007</b> | 201.6 | 203.1 | 204.4 | 205.4 | 206.2 | 207.3 | 206.1 | 207.3 | 208.0 | 208.9 | 209.7 | 210.9 |
| <b>2008</b> | 209.8 | 211.4 | 212.1 | 214.0 | 215.1 | 216.8 | 216.5 | 217.2 | 218.4 | 217.7 | 216.0 | 212.9 |
| <b>2009</b> | 210.1 | 211.4 | 211.3 | 211.5 | 212.8 | 213.4 | 213.4 | 214.4 | 215.3 | 216.0 | 216.6 | 218.0 |
| <b>2010</b> | 217.9 | 219.2 | 220.7 | 222.8 | 223.6 | 224.1 | 223.6 | 224.5 | 225.3 | 225.8 | 226.8 | 228.4 |
| <b>2011</b> | 229.0 | 231.3 | 232.5 | 234.4 | 235.2 | 235.2 | 234.7 | 236.1 | 237.9 | 238.0 | 238.5 | 239.4 |
| <b>2012</b> | 238.0 | 239.9 | 240.8 | 242.5 | 242.4 | 241.8 | 242.1 | 243.0 | 244.2 | 245.6 | 245.6 | 246.8 |
| <b>2013</b> | 245.8 | 247.6 | 248.7 | 249.5 | 250.0 | 249.7 | 249.7 | 251.0 | 251.9 | 251.9 | 252.1 | 253.4 |
| <b>2014</b> | 252.6 | 254.2 | 254.8 | 255.7 | 255.9 | 256.3 | 256.0 | 257.0 | 257.6 | 257.7 | 257.1 | 257.5 |
| <b>2015</b> | 255.4 | 256.7 | 257.1 | 258.0 | 258.5 | 258.9 | 258.6 | 259.8 | 259.6 | 259.5 | 259.8 | 260.6 |
| <b>2016</b> | 258.8 | 260.0 | 261.1 | 261.4 | 262.1 | 263.1 | 263.4 | 264.4 | 264.9 | 264.8 | 265.5 | 267.1 |
| <b>2017</b> | 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 <sup>(2)</sup> | Medium <sup>(2)</sup> | Extended definition for R&D expenditure |
|-------------------------------------|----------------------|-----------------------|---|
| Employees <sup>(1)</sup>            | < 50                 | < 250                 | <500                                    |
| Turnover <sup>(1)</sup>             | ≤ €10m               | ≤ €50m                | ≤ €100m                                 |
| Balance sheet assets <sup>(1)</sup> | ≤ €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**

|                                    | <b>Standard rate</b>   | <b>VAT fraction</b>      |
|------------------------------------|------------------------|--------------------------|
| Rate                               | 20%                    | 1/6                      |
| <b>Limits</b>                      |                        |                          |
| Annual registration limit          |                        | £<br>85,000              |
| De-registration limit              |                        | 83,000                   |
| <b>Thresholds</b>                  |                        |                          |
|                                    | <b>Cash accounting</b> | <b>Annual accounting</b> |
|                                    | £                      | £                        |
| 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)**

| <b>Engine size</b> | <b>Petrol</b> | <b>LPG</b> | <b>Engine size</b> | <b>Diesel</b> |
|--------------------|---------------|------------|--------------------|---------------|
| 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           |

|                         |    |
|-------------------------|----|
| <b>Electricity rate</b> | 9p |
|-------------------------|----|

### **OTHER INDIRECT TAXES**

|  | <b>2023/24</b>   | <b>2022/23</b>   |
|--|--|--|
| <b>Insurance premium tax<sup>(1)</sup></b> |  |  |
| Standard rate                              | 12%  | 12%  |
| Higher rate                                | 20%  | 20%  |
| <b>Tobacco products duty</b>               | <b>From 15.03.2023</b>   | <b>From 27.10.2021</b>   |
| Cigarettes                                 | 16.5% x retail price + £294.72<br>per thousand cigarettes<br>(or £393.45 per thousand<br>cigarettes <sup>(2)</sup> ) | 16.5% x retail price + £262.90<br>per thousand cigarettes<br>(or £347.86 per thousand<br>cigarettes <sup>(2)</sup> ) |
| 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% <sup>(3)</sup> | Lifetime rate | 20% |
|------------|--------------------|---------------|-----|

**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<sup>(4)</sup>

|                             |          |                             |          |
|-----------------------------|----------|-----------------------------|----------|
| 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 <sup>(1)</sup>             | - On shares transferred by physical stock transfer form | 0.5% |
| Stamp duty reserve tax <sup>(2)</sup> | - On agreements to transfer shares <sup>(2)</sup>       | 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**

| <b>Basic Rate %<sup>(3)(4)(5)(6)</sup></b> | <b>Residential<sup>(3)(4)(5)(6)</sup></b> | <b>Rate %</b> | <b>Non-Residential</b> |
|--|---|---------------|------------------------|
| 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**

| <b>Rate (%)</b> | <b>Net present value of rent</b> |                        |
|-----------------|----------------------------------|------------------------|
|                 | <b>Residential</b>               | <b>Non-residential</b> |
| 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**

| <b>Basic Rate %<sup>(1)(2)(3)</sup></b> | <b>Residential</b>  | <b>Rate %<sup>(1)</sup></b> | <b>Non-Residential</b> |
|---|---------------------|-----------------------------|------------------------|
| 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**

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

**Note:** (4) Residential leases are generally exempt