

# March Budget 24

What small business owners need to know



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This was a budget aimed at  
putting more money into  
working people's pockets...  
not necessarily small  
business owners.



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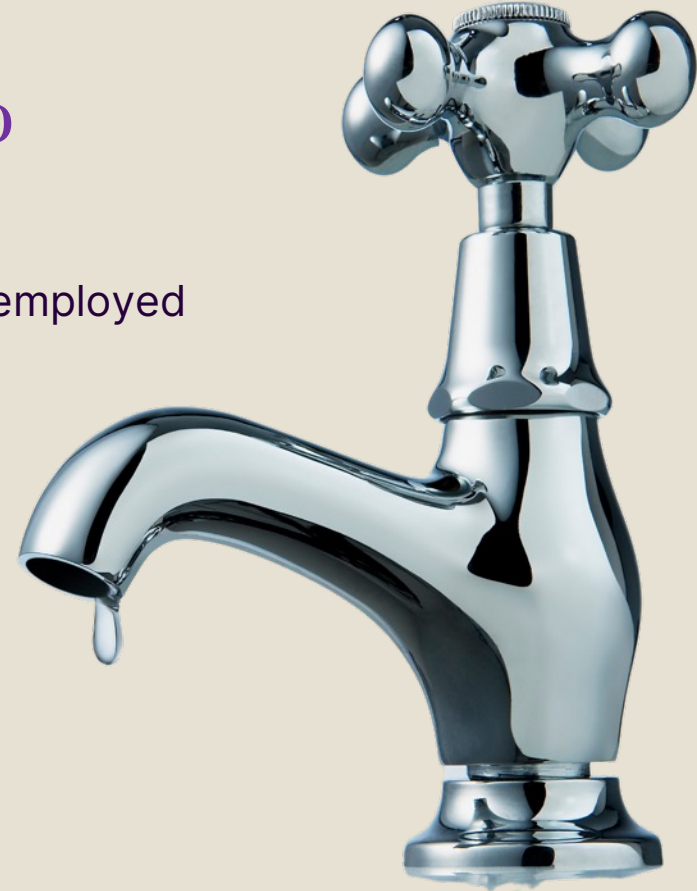
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## The economy is slowly recovering

- Inflation has more than halved from its recent peak, i.e. from 11.1% to 4.0%. The OBR forecasts inflation to fall to its 2% target in Q2 2024, a year earlier than in their November 2023 forecast.
- In 2023, the UK was pretty much in recession as GDP grew by 0.1%. Growth is now forecast to pick up from the first half of 2024 and the IMF is forecasting that the UK will have the third fastest cumulative growth in the G7 over the 2024-2028 period.

## WHAT HAD BEEN EXTENSIVELY LEAKED

- Another cut to national insurance - down by another 2p for employed workers and 1p for self employed
- Changes to the non-domiciled tax regime



# The VAT Threshold is changing

The point where businesses need to register for VAT is going up from £85,000 to £90,000.

This will supposedly help small businesses grow.

There are differing opinions about this. What we see is that, in reality, businesses often slow their growth as they near the VAT threshold. Radically lowering the VAT threshold towards £40,000 or even lower would make it a level playing field for most small businesses.

But then, what does the Chancellor really know about small businesses?



# National Insurance Contributions are going down

National Insurance Contributions are again being cut. The government is cutting the main rate of employee National Insurance by 2p from 10% to 8% from 6 April 2024. Combined with the 2p cut announced at Autumn Statement 2023, this will save the average worker on £35,400 over £900 a year.

The government is also cutting a further 2p from the main rate of self-employed National Insurance on top of the 1p cut announced at Autumn Statement 2023. This means that from 6 April 2024 the main rate of Class 4 NICs for the self-employed will now be reduced from 9% to 6%. Combined with the abolition of the requirement to pay Class 2, this will save an average self-employed person on £28,000, around £650 a year.



# Child benefit is being reformed

Our current child benefit rules have long been seen as unfair. From 6th April 2024 the point at which child benefit will start to be withdrawn will now be at a higher level of earnings i.e. £60,000 not £50,000. Instead of starting to lose child benefit once at least one parent earns over £50,000 a year, it will be £60,000. It will be taken away entirely from £80,000 a year, rather than £60,000.

The government is consulting on moving the system from being based on an individual's salary to a system based on household income. This new system will come in by April 2026.

## There was a little bit of help for small businesses... (but don't get too excited)

- The 5p reduction in fuel duty is being extended for another year.
- The creative industries (film, theatre, museums, galleries, orchestras) are getting some tax breaks.
- £200 million is being added to the post pandemic recovery loan scheme and it is being called “The Growth Guarantee Fund”
- Full expensing is likely to be extended to leased assets
- Capital gains tax on residential properties is being reduced from 28% to 24% in April

## However,... HMRC is increasing its team to get more tax paid...

- HMRC is getting an extra £140 million to help manage the tax gap
- Expect more tax investigations





## Bad news for property investors and landlords

- Furnished Holiday Lettings tax regime to be abolished from 6th April 2025
- Multiple dwelling stamp duty relief to be abolished from 1st June 2024.

## Bad news for smokers

- From Oct 2026 the duty on cigarettes and tobacco products is going up
- Vaping will be taxed from Oct 2026

# What does this mean for your business?

Your employees National Insurance payments are going down from April 2024

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Paying yourself via dividends rather than PAYE is getting even less tax efficient

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We can help you understand what this means for your profits and how to take money out of your business tax efficiently

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## Actions you need to take now

- Is your payroll software set up to administer the new National Insurance Contribution rates?
- Get tax investigation insurance
- With the National Minimum Wage rising on the 6th April 2024, who in your staff will need a pay rise?
- Doing your personal tax planning has never been so important, i.e.
  - Decide on whether it would be better to pay yourself more via PAYE rather than PAYE and dividends? I.e. with changes to dividend tax credits and higher tax bands if your business is making over £50k in profit.
  - Would it make more sense to increase your payments to your pension? Particularly as you can now make £60k a year of contributions tax free.
  - Decide whether you'd be better off closing your limited company and trading as a sole trader.
- If you haven't already, model your cashflow and forecast your cost base for 2024.



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If you have any questions about the budget and how it may impact your business, just get in touch.

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