



Daniel Lewin and Charlotte Sallabank Share Views on Autumn Budget's Tax Measures With *Practical Law*

November 14, 2024

Practical Law asked leading tax experts, including London Tax Partners Daniel Lewin and Charlotte Sallabank, to share their views on the Autumn 2024 Budget, which included significant tax increases and has raised concerns among economists and the financial sector. While there were fears of drastic changes affecting the wealthiest and non-domiciled individuals, the final measures were somewhat less severe than expected, though experts remain cautious about the finer details yet to be revealed.

Charlotte said that that "domicile is dead," and went on to explain:

"It is a relief that tax practitioners will no longer have to explain that domicile is not the same as residence. Over the many years I have been practicing, it is the only area that has got simpler — first, the concept of "ordinary residence" was whittled away, and now domicile is going!

The concept of a deemed trade for carried interest makes sense rather than it being shoe-horned into the capital gains tax framework and could bring some advantages, but the devil will be in the detail. We will have to wait until 2025 for the draft legislation.

It is challenging to see that this is a budget for growth with the huge hike in employer [National Insurance contributions] and the increase in [capital gains tax] for investors coupled with the big changes in workers' rights announced last month."

Daniel said the Autumn Budget is "not an easy pill to swallow," stating:

"The initial reaction was one of partial relief — following weeks of Government references to a 'painful' Budget, not everything was as bad as feared — the increased capital gains tax rate of 18 percent (lower rate) and 24 percent (higher rate) was not in the 30 percent range that had been expected, nor were capital gains tax rates aligned with income tax rates — the biggest industry concern.

The 'interim' carried interest rate of 32 percent for 2025/2026 and the delay in the introduction of the revised carried interest regime until 2026/2027, to allow further consultation, show that the Government is trying to achieve an acceptable compromise for the private equity and venture capital industries. However, the outcome of the consultation will have to be awaited.

Some other measures were expected and therefore not wholly surprising — such as the replacement of the "non-dom" tax regime with the new (slightly improved) four-year residence-based regime from 6 April 2025, and the imposition of 20 percent VAT on private school fees. However — expectation does not make the changes any less painful.

Considering the overall impact of the Budget on the UK investment management industry: when all the individual measures are taken together (including changes to trust taxation and inheritance rules, and the significantly increased employer national insurance contributions) they are not an easy pill to swallow. It is hard to predict what the overall impact on the industry and in particular foreign nationals living in the [United Kingdom] who are a significant part of the investment management community will be. It may well depend on individual circumstances but only time will tell."

["Autumn 2024 Budget: Views from practice: Tax,"](#) *Practical Law*, November 1, 2024

CONTACTS

For more information, contact your Katten attorney or any of the following attorneys.



Charlotte Sallabank

+44 (0) 20 7776 7630

charlotte.sallabank@katten.co.uk



Daniel Lewin

+44 (0) 20 7770 5251

daniel.lewin@katten.com