

Autumn 2024 Budget: the impact on your pockets

The 2024 Autumn Budget, the Labour party's first for 14 years, took on the now familiar tactic of dropping hints (and sometimes complete details) of what was to come in the days leading up to Chancellor Rachel Reeves' message to Parliament. Before the signature red suitcase hit Downing Street on October 30, it would have been impossible to miss some of the headlines in the build-up: everyone knew tax rises were incoming, spending could be cut, but the new Government would do what it could to avoid austerity measures.

Dental professionals would have seen this budget and wondered what this meant for their personal and professional finances. With rises in many different facets of taxation, it's essential to understand what the changes mean to your financial plans.

National Insurance Contributions (NIC) reassessed

Prior to the Budget being announced, there was significant discussion around the changes made to NIC for both employees and employers. As expected, employee contributions remain unchanged. However, the freeze that is currently in place was not extended; instead, from April 2028 they will be updated in line with inflation.

Employer NIC were impacted by Reeves' announcement. The per-employee threshold at which employer contributions take effect has been reduced from £9,100 per year to £5,000 per year, leading to increased costs across the dental sector. On the payments made, the rate has also increased by 1.2% to 15%.

However, there is positive news which will affect all practices. The Government announced to increase on Employment Allowance, which has previously given those with NIC bills of £100,000 or less a £5,000 discount. This saving is now increasing to £10,500 in the next year, and the £100,000 eligibility threshold will disappear entirely. The published Budget document suggests that more than half of employers will see no change or will benefit next year.¹

Dental professionals that are self-employed pay Class 4 contributions (6% on profits between £12,570 and £50,270, and 2% on anything above this), and these were not mentioned in this announcement.

Income tax and VAT also remained unchanged.

Major tax tweaks

The main rate of corporation tax, paid by businesses on taxable profits above £250,000, were not touched. Instead, they remain at 25% until the next election. This has been published as part of a Corporate Tax Roadmap, which aims to provide stability and predictability for all businesses.

One change that will be of note to those looking to buy, sell or let a dental practice, as well as dispose of some of their equipment, applies to Capital Gains Tax. The lower rate has seen an increase from 10% to 18%, and the higher rate rising too from 20% to 24%. These changes take effect immediately as of 30 October 2024. Capital Gains Tax applies to the profits made on an asset, with the minimum gain at £3,000. This includes all property that is not a main

home, as well as business assets – from the practice building to treatment centres and imaging solutions. Rates are dependent on the Income Tax band of the seller, with the higher 24% beginning on income earnings of over £50,271.

There may be some relief for dental professionals looking to offload business assets, but it requires quick action. The capital gains tax rates for Business Asset Disposal Relief and Investors' Relief will rise to 14% from 6 April 2025, and then match the lower rate at 18% from 6 April 2026. Full qualification for Business Asset Disposal Relief can be found online or through an independent financial adviser, but most conventionally applies to sole traders or business partners selling all or part of a business that they have owned for at least 2 years.ⁱⁱ

An NHS focus

An underfunded NHS has been the mainstay of headlines for years. The Autumn 2024 Budget led with “fixing the NHS” as a primary target, and resource spending for the Department of Health and Social Care will increase by £22.6 billion from 2023-24 to 2025-26. How much of this will be directed towards dentistry is yet to be seen.

Dental professionals need to understand how the budget impacts them to optimise their personal and business finances. The money4dentists team is able to support clinicians by lending their expert insight and decades of experience working solely with those in the profession. The independent financial advisers can help you make optimal choices in spending, saving and investing, and can help you recognise how your finances may change over the coming years. Learn more through a free consultation.

The Autumn 2024 Budget promises to raise £40 billion in taxes, and dental professionals and practice owners will be impacted. This is not a generous budget for business owners and dental professionals in general, and understanding to what extent it will have an impact on your finances is vital for confident, predictable financial planning.

**For more information, please call 0845 345 5060 or 0754DENTIST.
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ⁱ HM Treasury, (2024). Autumn Budget 2024. (Online) Available at: https://assets.publishing.service.gov.uk/media/672232d010b0d582ee8c4905/Autumn_Budget_2024_web_accessible.pdf [Accessed October 2024]

ⁱⁱ Gov.uk, (N.D.). Business Asset Disposal Relief, (Online) Available at: <https://www.gov.uk/business-asset-disposal-relief> [Accessed October 2024]