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7IM's Budget commentaries in recent years have all included a statement along the lines of, "and this had already been trailed (*or 'leaked' in other words*) in advance of the main Budget speech". This time around, however, 7IM can change that to "pretty much everything had already been trailed".

Chancellor of the Exchequer Jeremy Hunt was quoted in the morning press on Spring Budget day as saying "some Budgets can change history". Some commentators noted, however, that those Budgets best remembered tended to be the "disastrous" ones; think Truss/Kwarteng in September 2022.

With this likely to be the final Budget before a General Election, the scene had already been set in the autumn for significant announcements this time around. The question is, would it be enough to move the dial in the opinion polls, or at the ballot box in (probably) the autumn?

We will know more in a few months. For now, however, in what was a boisterous House of Commons throughout a longer-than-usual speech, there was some more meat put on the bones of the pre-Budget leaks; sorry, I mean briefings. As usual, there were announcements affecting both sides of the ledger: spending and taxing.

At first glance, there were a selection of major items, with both short-term and longer-term intentions and, in common with all Budget speeches, of course there are opportunities and threats for anyone reviewing and planning their own personal or business finances.

For their part, the Office for Budget Responsibility provided forecasts for inflation to be below the 2% target "within a few months", bringing some hope that interest rates will start to fall sooner rather than later. Chancellor Hunt agreed with many in the country when he recognised that the journey to lower inflation and interest rates "has been painful" and that we're not done yet. The Office for Budget Responsibility (OBR) also noted that public borrowing is on course to fall consistently over the next five years, and that GDP growth as a whole should be ahead of forecast this year and next.

On specific measures, on top of announcements in the autumn for rates relief, businesses will benefit from an increase in the VAT threshold to £90,000, and the ability for full expensing on business capital investment will be extended to leased assets, although not immediately. Extended tax reliefs for the arts, film and TV production were confirmed, to help maintain the UK as a "global capital of creativity". As expected, however, the windfall tax on gas & oil profits has been extended to 2029.

Putting the Public Sector in the spotlight – what UK politician doesn't like an NHS soundbite? – Hunt spoke about the need to "spend better, not just spend more" and introduced the NHS Productivity Plan, investing £3.5bn into IT and AI systems for "digital transformation", to free up doctors and nurses from paperwork and red tape. Similar plans were tabled for the Court system and Police. Will your first responder be a drone in years to come?

A number of significant inward investments were trumpeted across the regions of the UK, and the Chancellor followed up by noting additional funding will be passed to the devolved UK Governments: £300m extra for Scotland, £170m for Wales, £100k for Northern Ireland.



## Spring Budget 2024: moving the election dial?

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To encourage further investment in UK companies, additional reform will be pushed through in the pension and investment industries:

- Extra incentives will be consulted on to encourage pension funds to invest in UK firms, and there will be new requirements for pension funds to disclose their level of UK investment vs overseas.
- A new fixed term British Savings Bond will be launched
- An additional £5,000 ISA allowance will be introduced this Spring, specifically for investment into UK firms.

It will be interesting to see the detail on the Invest in Britain proposals, given that most UK FTSE 100/250 listed companies have significant overseas exposure! That said, the ability to save and invest more on a tax-free basis is to be welcomed and explored with your financial advisers.

At the tail end of the Budget speech, significant personal measures confirmed included:

- Amidst backlash from the opposition benches, and in an attempt to pop a Labour bubble, the resident non-domicile regime is to be abolished and replaced with a residency-based system, with transitional arrangements adopted for those already in the UK.
- The Child Benefit thresholds are to be reformed from April 2025, with a move to a household-based assessment. For 2024/25, the personal income threshold will move up to £60,000 per year from £50,000 currently, with tapering rates reduced, meaning anyone earning less than £80,000 will be able to qualify for Child Benefit in some way.
- National Insurance rates for both employees and the self-employed will reduce by 2% in April – making a total 4% reduction in NIC rates since January. Interestingly, for Scottish resident taxpayers, they will see the benefit of this tax cut from Westminster, whereas changes to income tax rates are devolved entirely to Holyrood.
- Hunt also signposted a preferred direction of travel to further reduce or abolish NICs and remove the 'double taxation' of earned income.
- For those investing in property, news was mixed. There is to be a reduction in the higher rate of property Capital Gains Tax from 28% to 24%. However, multiple dwelling stamp duty relief is to be abolished, as is the Holiday Lettings regime for those choosing to let their investment property on a short-term rather than long-term basis. Again, a time to reflect for those currently or considering investing in property.
- The freeze on fuel and alcohol duties has been extended for another year.
- Extra duty to be levied on both tobacco and vaping products.

Initial responses by the markets to the Budget have been muted. This is unsurprising, given that there were no surprises. Undoubtedly a calculated move by Hunt's team to avoid a repeat of September 2022.



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In summary, with no changes once again to income tax thresholds (more fiscal drag) and CGT allowances set to fall again in April, the overall tax burden on personal finances remains high in historic terms. No changes also to Inheritance Tax – perhaps one for the election manifestos?

As a financial planner with many years' experience, one thing is certain on the back of any Budget statement. There will be both opportunities and threats to your finances. Take time to sit down with your financial advisers, talk it through and model out what it means for you. They will take time to understand what is important to you and help you navigate the years to come.

Final thought of the day... or will it be May?

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