

The Spring Budget 2024 in brief

The Chancellor announced a number of changes in his Spring Budget. Here's a quick summary of the changes most relevant to pensions, benefits and employment.

For a more comprehensive overview of the Budget, please see the full PK Budget Bulletin [here](#)

National Insurance (NI)

The rate of National Insurance payable by employees on earnings between £12,570 per annum to £50,270 will reduce from 10% to 8% from April 6th 2024.

The NI rate of 2% on all earnings above £50,270 will remain unchanged.

This will reduce the efficiency of Salary Sacrifice schemes, including pension contributions for those earning below the Higher Rate threshold and increase workers' take-home pay. For those that can afford it, this may be an opportunity to increase their pension investment.

Pensions

The full Basic State Pension will increase from April 2024 to £11,502.40 per annum.

An individual's State Pension entitlement may be less, or more than this, depending on their National Insurance record. You can check your own State Pension entitlement here: <https://www.gov.uk/check-state-pension>

Pensions Lifetime Allowance: This is being replaced by the 'Lump Sum Allowance' and the 'Lump Sum and Death Benefit Allowance'. These will restrict the maximum tax-free retirement lump sums and tax free death benefits for those without HMRC 'protection' to 25% and 100% of the previous Lifetime Allowance of £1,073,100 respectively. This is a complex area and those potentially affected should investigate the detail before making any decisions.

Benefits

Most working-age benefits, such as Universal Credit, will increase by 6.7% in April 2024.

High Income Child Benefit Charge (HICBC)

This is a tax charge that applies to higher earners, or their partners, who receive Child Benefit.

The income threshold at which HICBC starts will be raised from £50,000 to £60,000 from April 2024. The rate at which it is charged will be reduced from 1% of the Child Benefit payment for every £100 of income above the threshold to 1% for every £200.

This means that the Child Benefit will not be withdrawn in full until income reaches £80,000 per annum.

National Living Wage & National Minimum Wage

Increases will apply from April 2024 and the NLW will be extended to 21 and 22 year olds.

The new rates will be:

Age	NLW	18-20	16-17	Apprentices
From 1 st April 2024	£11.44	£8.60	£6.40	£6.40

Income Tax

Income Tax rates and thresholds are unchanged for the 2024/25 Tax Year

Income	Income Tax bands 2024/25
£0 to £12,570	0%
£12,571 to £50,270	Basic rate: 20%
£50,271 to £125,140	Higher rate: 40%
Over £125,140	Additional rate: 45%

Scottish Income Tax

Income	Income Tax bands 2024/25
£0 to £12,570	Zero rate: 0%
£12,571 to £14,732	Starter rate: 19%
£14,733 to £25,688	Basic rate: 20%
£25,689 to £43,662	Intermediate rate: 21%
£43,663 to £75,000	Higher rate: 42%
£75,000 to £125,140	Advanced rate: 45%
Over £125,140	Top rate: 48%



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