

UK financial services, regulation and ethics

CF1: 2024–25 edition

Web update 1: 18 December 2024

As announced in the Autumn Budget 2024 on 30 October 2024:

- The lower main rate of capital gains tax (CGT) will increase to 18% and the higher main rate will rise to 24% for disposals made on or after 30 October 2024.
- From 31 October 2024, the higher rate for additional dwellings stamp duty land tax (SDLT) surcharge will be increased from 3% to 5%. The single rate of SDLT charged on the purchase of dwellings costing more than £500,000 by corporate bodies will also be increased by two percentage points to 17%.

Therefore, the following content should be updated as noted in **bold**.

Chapter 6, section C2A, page 6/12

Once total taxable gains are worked out, the annual exempt amount can be deducted. Gains in excess of the annual exempt amount are added to an individual's taxable income and if this amount is within the basic-rate income tax band, tax is typically payable at 10% for basic-rate taxpayers (or on the proportion of the gain that falls within the basic-rate band), and at 20% for higher-rate and additional-rate taxpayers (or on the proportion of the gain that falls into the higher-rate tax). **The rates of 10% and 20% apply for disposals between 6 April and 29 October 2024. The rates are 18% and 24% for disposals on or after 30 October 2024.**

Second Properties

Tax on gains from second properties, such as holiday homes and buy-to-lets, is also charged at 18% for a basic-rate taxpayer and 24% for a higher-rate or additional-rate taxpayer.



Example 6.9

Bethany makes a taxable gain of £10,000 in **August 2024** (after the annual exempt amount has been deducted). Assuming the gain is not from a second property, she will be taxed as follows:

If she is a basic-rate taxpayer the gain is taxed at 10%: $£10,000 \times 10\% = £1,000$.

If she is a higher-rate taxpayer the gain is taxed at 20%: $£10,000 \times 20\% = £2,000$.

If Bethany makes the gain on or after 30 October 2024, she will be taxed as follows:

If she is a basic-rate taxpayer the gain is taxed at 18%: $£10,000 \times 18\% = £1,800$.

If she is a higher-rate taxpayer the gain is taxed at 24%: $£10,000 \times 24\% = £2,400$.

You should note that the personal allowance for income tax can only be applied against income, so it is possible for a non-taxpayer for income tax purposes to pay CGT at **10% (or 18% from 30 October 2024) or even 20% (or 24% from 30 October 2024)**, if they make a sufficiently large gain.

Chapter 6, section C2A, page 6/13



Example 6.10

Bruce has total income of £9,000 in this tax year. He sells an asset in **January 2025** which he has held for two years. This provides a capital gain of £10,000 after the annual exempt amount has been deducted.

Bruce's income tax position will be:

	£
Total income	£9,000
Less personal allowance	£12,570
	0

Bruce has no liability to income tax. He also has some unused personal allowance. However, this cannot be used against his capital gain and his CGT position is therefore:

Capital gain: £10,000 × 18% = **£1,800**

You can see, therefore, that even people who are non-taxpayers for income tax purposes can be subject to CGT at a rate of 18% where gains exceed their annual exempt amount.

Chapter 6, section C2B, page 6/14



Example 6.12

Keith bought an old picture for £10,000 in January 1992. He had it cleaned and restored in July 2024, which cost him £1,000. This reveals that it is much more valuable than he originally thought. He then sells it at auction in **December 2024** for £100,000. The auctioneer's fees are £1,000. Keith has no other gains this year, but he does have earnings of £60,000, making him a higher-rate taxpayer.

The final line of the table in this example should be changed to:

Tax at 24%	£20,400
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Example 6.14

Belinda makes a gain of £20,000 on disposal of a share portfolio in 2024/25. In other transactions, she makes a loss of £7,000. What is her chargeable gain for the year?

Her chargeable gain is £20,000 – £7,000 = £13,000 taxable gain. The taxable gain is reduced by the annual exempt amount (£3,000) to £10,000.

As we saw earlier, the rate of tax Belinda will pay depends on her income: where the gain falls into the basic-rate band it will be 10% but if it falls into the higher-rate band it will be taxed at 20%; where it straddles the two tax bands, part will be taxed at 10% and part at 20%. **If the gain is made on or after 30 October 2024 the rates increase to 18% and 24%.**

Chapter 6, section E2, page 6/21

Table 6.4 Stamp duty land tax should be updated as follows:

Table 6.4: Stamp duty land tax			
Purchase Price	Rate %*	Rate % (additional properties until 30 October)	Rate % (additional properties from 31 October)
Up to £250,000	0	3	5
£250,001 to £925,000	5	8	10
£925,001 to £1.5m	10	13	15
Over £1.5m	12	15	17

The final paragraph on this page should be deleted:

'For purchases of second properties worth over £40,000, a 3% surcharge is added to the relevant SDLT rates shown in table 6.4.'

It should be replaced with:

Surcharge on additional residential properties

An additional 3% (until 30 October 2024) or 5% (from 31 October 2024) is charged on top of the normal SDLT rate(s) on purchases of second residential properties over £40,000, e.g. a second home or a buy-to-let property. There are a few exceptions where the charge will not apply; in particular, the surcharge is not paid if the property being purchased is replacing a main residence, which has already been sold.

Chapter 6, Key points, page 6/23

Capital gains tax (CGT)

[...]

- Capital gains are usually taxed at 10% for basic-rate taxpayers and 20% for higher- and additional-rate taxpayers, **if the gain is made between 6 April 2024 and 29 October 2024. The rates increase to 18% and 24% if the gain is made on or after 30 October 2024.**

Notes

- Any change related to the CGT or SDLT will be examined from 30 January 2025.
- This update has been incorporated into the digital copies of the study text, available on RevisionMate.