

Capital Gains Tax

Higher taxes on profits from selling assets like shares

As part of a broader tax-raising initiative, the Chancellor, Rachel Reeves, confirmed that the lower Capital Gains Tax (CGT) rate will rise from 10% to 18%, while the higher rate will increase from 20% to 24%. This change means you might face higher taxes on profits from selling assets like shares. Previously, those with gains above the threshold had to pay 20% on profits from assets such as shares, or 24% from selling additional property. Rates on residential property will remain at 18% and 24%, respectively.

'We need to drive growth, promote entrepreneurship and support wealth creation, while raising the revenue required to fund our public services and restore our public finances,' Reeves said.

'This means the UK will still have the lowest capital gains tax rate of any European G7 economy.'

CGT is paid on profits of more than £3,000 (2024/25) made when an asset is sold, and rates depend on how much you usually pay in Income Tax, and how large the gain is.

The Chancellor also announced that the CGT charged on carried interest would rise to 32% from 28%, saying that the fund management industry provided 'a vital contribution to our economy but... there needs to be a fairer approach to the way carried interest is taxed.' She said that in order to encourage entrepreneurs to invest in their businesses, the lifetime limit for Business Asset Disposal Relief would be kept at £1 million and would remain at 10% this year, rising to 14% in April 2025 and 18% in 2026/27.

'The OBR say these measures will raise 2.5 billion pounds by the end of the forecast,' the Chancellor said. CGT raised 15 billion pounds in the last financial year, and is currently worth around 4% of receipts from all taxes on income. CGT is not normally payable when a person sells their primary residence, but is payable if on the sale of second properties. ■

IS IT TIME TO ACT NOW TO SAFEGUARD YOUR INVESTMENTS AND WEALTH?

Prepare for the upcoming changes in Capital Gains Tax rates announced by Chancellor Rachel Reeves, which could significantly impact your finances. Don't navigate these complexities alone—consult us to optimise your tax strategy. Take control of your financial future by planning proactively to manage increased potential tax liabilities effectively. Act now to safeguard your investments and wealth.

THIS ARTICLE DOES NOT CONSTITUTE TAX, LEGAL OR FINANCIAL ADVICE AND SHOULD NOT BE RELIED UPON AS SUCH. TAX TREATMENT DEPENDS ON THE INDIVIDUAL CIRCUMSTANCES OF EACH CLIENT AND MAY BE SUBJECT TO CHANGE IN THE FUTURE. FOR GUIDANCE, SEEK PROFESSIONAL ADVICE.

THE VALUE OF YOUR INVESTMENTS CAN GO DOWN AS WELL AS UP, AND YOU MAY GET BACK LESS THAN YOU INVESTED.

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