Pension income options

J05 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.

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

Chapter 8, section A6A, page 8/8:

One of the key assets will be the main residence (and perhaps other property used by the client) and there are several key facts to note about this. Value is the most important, together with the position of any mortgage or other borrowings. A couple may own the property (or properties) jointly, but this is not always the case; and it is essential to know the ownership basis. In some cases, there could be a potential CGT liability on the sale of a property (e.g. a property that has been let or has been a second **home**).

Chapter 8, section J1A, page 8/45:

Capital gains in let property are subject **to CGT**, meaning that tax of up to 24% (2024/25) may be due on gains from residential property. If the property has been used as the owner's main residence, there may be a reduction in this potential tax liability.

Property purchase generally is subject to stamp duty land tax (SDLT). BTL and second properties over £40,000 are subject to an extra **5%** SDLT charge on the full purchase price.

Chapter 8, section J3D, page 8/49:

The current 10% rate of CGT for business owners who qualify for business asset disposal relief (formerly known as entrepreneurs' relief) makes investment in business assets a tax-efficient alternative to pensions, **though this rate will increase to 14% from 6 April 2025 and will increase again to 18% from 6 April 2026**.

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.