

Investment principles and risk

R02 2024–25 edition

Web update 1: 18 December 2024

Panel on Takeovers and Mergers (PTM) levy

The Panel on Takeovers and Mergers (PTM) has decided to increase the rate of the PTM Levy from £1.00 to £1.50.

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

Chapter 2, section A2A, page 2/5

The **PTM levy** is a flat rate charge of £1 (**rising to £1.50 from 2 December 2024**) that is applied to all trades of £10,000 or more to generate income for the PTM. The panel is the regulatory body that oversees all takeovers and mergers of companies listed on the London Stock Exchange.

Stamp duty land tax (SDLT)

As announced in the Autumn Budget 2024 on 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 2, section B1, page 2/19:

However, the market continues to experience significant change; both the stamp duty land tax (SDLT) surcharge (**3% on completions to 30 October 2024 increasing to 5% on 31 October 2024**) on second properties and the changes to income tax relief on finance costs have put off some new investors in the market and some existing landlords have exited as investment returns have reduced.

Chapter 2, section B3A, page 2/21:

Table 2.13: SDLT rates for 2024/25							
Residential SDLT				First-time buyers' SDLT		Commercial property SDLT	
Slice of property value	Rate %	Rate % (additional properties until 30 October)	Rate % (additional properties from 31 October)	Slice of property value	Rate %	Slice of property value	Rate %
Up to £250,000	0	3*	5*	Up to £425,000	0	Up to £150,000	0
£250,001 to £925,000	5	8	10	£425,001 to £625,000	5	£150,001 to £250,000	2
£925,001 to £1.5m	10	13	15			Over £250,000	5
Over £1.5m	12	15	17				

[...]

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 BTL 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.

Capital gains tax (CGT)

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 7, section C11, page 7/13:

- the taxable gain remaining after the annual exempt amount has been deducted is taxed at 10% or 20% (**depending on other income for the year**) for disposals **between 6 April and 29 October 2024** and 18% or 24% (**depending on other income for the year**) for disposals on or after the **30 October 2024**.

[...]

The gain will be taxed at 10% or 20% depending on Anna's other income for the year.

Please note: If Anna had disposed of the unit trust holding on or after the 30 October 2024, the gain would be taxed at 18% or 24%, depending on Anna's other income for the year.

Chapter 8, section A27C, page 8/28:



Be aware

CGT on the gain

If the gain exceeds the CGT annual exempt amount, taking into account any other gains that year, the excess is subject to CGT at 10% or 20% (**if the gain was made between 6 April and 29 October 2024**) and 18% or 24% (**if the gain was made on or after 30 October 2024**), depending on other income for the year.

Chapter 8, section A28A, page 8/28:

- The investor can switch from one fund to another without a personal CGT charge arising. Therefore, bonds are potentially attractive for investors who want to switch frequently between funds and who would otherwise be subject to CGT at either 10% or 20% **(for gains made between 6 April 2024 to 29 October 2024) and 18% or 24% (for gains made from 30 October 2024)**. The funds underlying the investment bonds are generally those managed by the insurance company itself, but an increasing number of insurance companies offer links to funds operated by other investment groups.

Chapter 9, section A1J, pages 9/12 and 9/13:**Table 9.5: Tax features of accounts (2024/25)**

Account	Tax on income derived from				Tax on capital gains
	Cash deposits	Fixed interest	Property	Equities	
Direct	0%, 20%, 40%, 45%*	0%, 20%, 40%, 45%*	20%, 40%, 45%*	8.75%, 33.75%, 39.35%*	10% or 20% [†] / 18% or 24%

[...]

[†] Capital gains in excess of the annual exempt amount on equities and fixed-interest securities (other than gilts and qualifying corporate bonds) are added to the individual's taxable income in the relevant tax year. If the aggregate exceeds the higher rate income tax threshold, a rate of 20% applies to the amount of gains above the threshold, while a rate of 10% applies to the amount of gains below the threshold **for disposals between 6 April and 29 October 2024. For disposals made on or after 30 October 2024, the rates are 18% for a basic-rate taxpayer and 24% for a higher-rate taxpayer.**

Chapter 10, section G2, page 10/17:

Many tax wrappers have a greater impact on the returns from rolled-up income than from capital gains, especially for 40% and 45% taxpayers. For example, in an ISA, the tax saving on capital gains is a maximum of **24%** of the gain **from 30 October 2024 (and 20% for disposals between 6 April and 29 October 2024)**, whereas, for income, the tax saving is worth up to 40% or 45%. The tax savings on non-dividend income are greater than the tax savings on dividends from equities.

Chapter 10, Key points, page 10/28:

- Clients (whether higher-rate or basic-rate taxpayers) who may face capital gains tax (CGT) **liabilities will** also benefit to a greater extent from the tax exemption of gains within ISAs and pension funds.

Notes

- Any change related to the CGT and SDLT will be examined from 30 January 2025.
- Any change related to the PTM levy will be examined from 2 March 2025.
- This update has been incorporated into the digital copies of the study text, available on RevisionMate.