

Chancellor's Budget 30 October 2024

Appendix 1

Please see below a summary of the main tax announcements set out in the Chancellor's Autumn Statement 2024 that may impact TfL. We will be discussing these developments with the relevant business areas but if you have any queries or require any further information please let us know.

National Insurance Contributions (NIC)

Although the rates of NIC payable by employees remain unchanged, the rate of NIC payable by employers will increase by 1.2 per cent from April 2025 to 15 per cent. The income level from which employer NIC becomes payable will also reduce from £9,100 per annum to £5,000.

TfL tax comment: *The changes in Employer NIC could represent a significant additional cost for TfL. However, we understand that the government intend to compensate public sector employers for the costs arising from this NIC change. We await formal confirmation and details have not yet been confirmed but this could mitigate the financial impact for TfL.*

Umbrella Company Reform

Legislation will change who has responsibility to account for PAYE where an umbrella company is used in a labour supply chain to engage a temporary worker. The recruitment agency that supplies the worker to the end client will be responsible for operating PAYE. If there is no agency, the responsibility will fall to the end client i.e. TfL. This measure will take effect from April 2026.

TfL tax comment: *Although TfL engage a significant number of temporary workers via umbrella companies they are generally engaged via Reed as our Managed Service Provider, or other recruitment agencies. This means the burden of operating PAYE will fall on the agency. However, care should be taken in engaging temporary workers or consultants directly to ensure TfL is not making payments to an umbrella company.*

Corporation Tax

No major changes were announced however the Chancellor did publish a Corporate Tax Roadmap. Although the commitments within this roadmap currently have limited impact for TfL there are some proposed simplifications and the certainty regarding future rates and reliefs is useful for budgeting purposes.

VAT

No major changes announced.

SDLT

Increase to the Higher Rates on Additional Dwellings - From 31 October 2024 the Higher Rates for Additional Dwellings (HRAD) surcharge on Stamp Duty Land Tax (SDLT) will be increased from 3 per cent to 5 per cent.

***TfL tax comment:** This change will have limited impact on TfL group, however occasionally residential property is bought for operational or property development reasons which may be impacted by these higher rates of SDLT.*