



# What Family Law Practitioners and Separating Families Need to Know About the Spring Budget 2024 – A Family Lawyer's Perspective

The Spring Budget 2024 was announced on 6 March 2024.

Whilst the Budget did not help to fill the public's wallet as much as hoped, it nevertheless introduced changes about which family law practitioners, and separating families should be aware of\*.

\*With a general election this year, these policies might change prior to their implementation.

## **Abolishment of non-UK domiciled individuals tax regime**

On 6 April 2025, subject to the results of the General Election and any consequent policy changes, the tax regime for non-UK domiciled individuals ("*non-doms*") will be replaced with a residence-based regime, and individuals, moving to England will only be exempt from UK tax on non-UK profits for the first four years of UK residency. They will then be taxed on all profits as standard UK taxpayers. This differs considerably from the current "*remittance basis*" of taxation non-doms enjoy, which for an annual charge, in many cases enables non-doms to avoid paying UK tax on non-UK profits for many years, sometimes as long as 15 years.

Although changes to the non-dom tax position had been anticipated and are usually watched carefully by those impacted, it will be important to encourage such clients or individuals, to



ascertain whether they will have a foreseeably higher tax bill arising within any period of implementation of a financial order, and to factor this liability into any disclosure/negotiations.

It might also have a bearing on their future intentions to remain in the UK. This might impact children, as well as financial matters including their family's future "needs".

## **NIC cuts**

There will be a change to Class 1 National Insurance Contributions from 10% to 8%. This will provide some additional resources to employees and is aimed at helping with the cost-of-living crisis and price increases that families are facing across the country. It is estimated that an average worker will gain around £450 per annum from this change. This, combined with the cuts announced in the Autumn Statement 2023, provide some financial relief for workers.

Those self-employed, will also see a difference to their Class 4 NIC which will be cut to 6%. This was introduced in place of otherwise expected income tax cuts.

Family law practitioners will therefore need to review the parties' net pay in financial disclosure and negotiations.

## **Childcare support**

Additional support in terms of free childcare was announced back in the Spring Budget 2023. The first stage is now being rolled-out, and working parents of two-year-olds will be entitled to 15 hours of childcare per week. This is helpful for those families considering whether it is financially worthwhile for a parent to return to the workforce after maternity or paternity leave.

With earning capacity being a significant feature of family law practitioners' work, additional childcare support is relevant to the issues we negotiate, including spousal maintenance.

## **Child Benefit**



The threshold for the Child Benefit has been increased from £50,000 to £60,000. This means more families should qualify for this support. Plans were also announced for the modernisation of the administration of Child Benefit, by April 2026, so that the calculation is done on a household basis rather than an individual basis. This might assist some single parents and provide a fairer approach.

Parents and family law practitioners should however still be aware of the risk of potential repayments of Child Benefit when the recipient's income is towards the higher end of the threshold. Too often parents remain unaware of the income restrictions or overlook it as their income increases. This can result in the recipient having to reimburse the government for overpayments. These liabilities need to be considered in disclosure and negotiations.

## **Stamp Duty Land Tax**

The Multiple Dwellings Relief will be abolished.

This will impact families or individuals buying multiple properties to let and might mean additional tax costs for them.

Therefore, where clients are considering such purchases, family law practitioners should encourage their clients to take tax advice before doing so and all tax liabilities associated with such purchases should be included in their financial disclosure.

## **Capital Gain tax**

The top rate for Capital Gain Tax will be cut from 28% to 24% on the disposal of residential properties.

This will be a welcomed change for separating families with property portfolios, where consideration needs to be given to the costs and taxes payable upon any sale, transfer, or disposal of their property assets.

The lower rate regime will remain at 18%.

Private Residence Relief will also remain in place.



## Digital investments

There were several mentions in the Spring Budget about investments into digital resources.

Most crucially for family lawyers, was the government saying they planned to commit £170 million to deliver a justice system fit for the current times, including £55 million for the Family Courts.

Minimal details have been given so far, but it is said that some of this money is to be used to provide public resources, to encourage greater, non-court dispute resolution, guidance, and early legal advice, which should shorten court waiting times.

This would be a welcome injection of funds, however how it will be utilised and whether it will be sufficient, remains to be seen.

The family court has already undergone a significant modernisation, partially accelerated by the needs of the public during the pandemic, however with technology developing daily and AI being on everyone's mind, one wonders if much bigger injections of funds are needed.

## Early Legal Advice Pilot

As part of the movement towards encouraging people towards out of court settlements, the Government is investing £12 million to provide Legal Aid for early legal advice to parties with private children law issues, who are considering applying to the court for child arrangements orders. What form this will take, and what will the parameters for qualification be. It remains to be seen.

## One-Stop Shop

There was also further mention of a *One-Stop Shop* to assist parties with information and guidance in relation to family disputes and alternative methods of resolution to court. This is a potentially very helpful and much needed resource. Family law practitioners will be keen to see how this develops, and how it is utilised.



Although other fiscal announcements and budgetary proposals were made in the Spring Budget, those highlighted above are thought to be of most relevance to separating families and family law practitioners.

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