

## AW FOR APS LCG – FA25 CHANGES GUIDE

### INCOME TAX & NIC

All chapters have been updated for changes in the rate of personal allowances and tax bands.

FA25 Ch	FA24 Ch	Topic	Major changes	Minor changes	No changes	Notes
1	1	Introduction to the UK tax system		✓		
2	2	Calculating the income tax liability			✓	
3	3	The taxation of dividend income			✓	
4	4	Relief for married couples			✓	
5	5	An introduction to self-assessment		✓		<p>Examples of who may have to file a tax return updated</p> <p>Taxpayers wishing to file a paper return can now download and print a copy from the Gov.UK website.</p> <p>Clarification re taxpayers who might be sent simple assessments.</p>

6	6	Payment dates, interest and penalties			✓	
7	7	Introduction to employment income and benefits		✓		From 6 April 2027, all benefits apart from living accommodation and beneficial loans must be reported and taxed via payroll.
8	8	Company car and fuel benefits		✓		4% supplement re diesel cars no longer examinable as most diesel company cars meet RDE2 standard.
9	9	Living accommodation – taxable benefits			✓	
10	10	Loans to employees and use of assets			✓	
11	11	Miscellaneous benefits and other points		✓		Exemptions for childcare schemes joined pre 4 October 2018 no longer examinable.

12	12	Expenses of employment			✓	
13	13	Introduction to PAYE		✓		<p>In 2025/26 a PAYE scheme will be required where at least one employee is paid at or above the secondary threshold for Class 1 NIC purposes, any employee has another job or receives any pension, or is receiving any benefits or expenses from the employer.</p> <p>From 6 April 2027, all benefits apart from living accommodation and beneficial loans must be reported and taxed via payroll.</p>
14	14	Operation of the PAYE system		✓		<p>In 2025/26 a PAYE scheme will be required where at least one employee is paid at or above the secondary threshold for Class 1 NIC purposes, any employee has another job or receives any pension, or is receiving any benefits or expenses from the employer.</p>
15	15	Class 1 National Insurance Contributions		✓		<p>From 2025/26, the employment allowance is available regardless of whether the amount of the previous year's Class 1 NICs liability exceeds £100,000.</p>
16	16	Class 1A and 1B National Insurance Contributions			✓	

17	17	Apprenticeship levy			✓	
18	18	Class 4 National insurance			✓	
19	19	Termination payments			✓	
20	20	Employed or self-employed?	✓			Updated to take account of current HMRC position following recent cases.
21	21	Off-Payroll working			✓	
22	22	Pension schemes		✓		FHL removed from the definition of net relevant earnings as regime abolished from 6 April 2025.
23	23	The Enterprise Investment Scheme			✓	
24	24	Venture Capital Trusts			✓	
25	25	Introduction to share schemes			✓	
26	26	Share incentive plans			✓	

27	27	Save As You Earn Share Option Schemes			✓	
28	28	Company Share Option Plans			✓	
29	29	Non-tax advantaged share option schemes			✓	
30	30	Enterprise Management Incentives			✓	
31	31	Employment Related Securities - Restricted securities			✓	
32	32	Residence – The Statutory Residence Rules			✓	
33	<i>n/a</i>	Taxation of Foreign Income: UK residents	✓			Brand new chapter

34	<i>n/a</i>	UK Residents: Relief for Overseas Tax	✓			Brand new chapter. Based on existing material but updated to take account of post April 2025 rules and FIG relief.
35	<i>n/a</i>	Taxation of Foreign Income: Non-UK residents	✓			Brand new chapter. Based on existing material but updated to take account of post April 2025 rules
36	<i>n/a</i>	Employment Income – Internationally Mobile Employees	✓			Brand new chapter
37	<i>n/a</i>	The Taxation of Remittances	✓			Brand new chapter
38	38	Construction industry deduction scheme		✓		Amends made for clarity

## CGT &amp; IHT

FA25 Ch	FA24 Ch	Topic	Major changes	Minor changes	No changes	Notes
39	41	Introduction to capital gains tax		✓		Change in rates of CGT from 30 October 2024 (10% to 18% and 20% to 24%)  Separate rate for residential property abolished from 30 October 2024.
40	42	Calculation of capital gains			✓	
41	43	Business Asset Disposal Relief and Investors' relief		✓		Change in rate of BADR from 10% to 14%.  Furnished holiday lettings (FHL) regime abolished from 6 April 2025. Disposals of FHL properties from 6 April 2025 do not qualify for BADR.
42	44	Reporting of gains and payment of CGT			✓	
43	45	Options			✓	
44	46	Gift relief			✓	
45	47	Gift relief – restrictions			✓	

46	48	Gains and Losses on EIS and VCT shares			✓	
47	49	Private residence relief			✓	
48	50	PRR – further aspects			✓	
49	n/a	Foreign aspects of CGT - The FIG regime	✓			Brand new chapter.
50	n/a	Foreign Aspects of CGT - Miscellaneous Rules	✓			Brand new chapter.
51	53	Annual tax on enveloped dwellings (ATED)			✓	
52	54	Transactions in securities			✓	
53	55	Basic Principles of IHT	✓			'Long term UK resident' replaces 'domiciled' in introductory section and section on 'exempt transfers'

## CORPORATION TAX

FA25 Ch	FA24 Ch	Topic	Major changes	Minor changes	No changes	Notes
54	56	Close company definition		✓		Treatment of associates clarified where their shareholdings are attributed to another participator.
55	57	Close company implications		✓		Statement of entities within the charge to s.455 tax clarified and statutory references to bed and breakfasting rules updated for FA 2025.
56	58	Purchase of own shares		✓		Change in CGT rate.
57	59	Informal winding up	✓			Explanation of informal winding-up procedure restructured and more explanatory detail given (with extra illustration added).

## VAT & STAMP TAXES

FA25 Ch	FA24 Ch	Topic	Major changes	Minor changes	No changes	Notes
58	60	VAT General Principles			✓	
59	61	Registration	✓			<p>VAT can be recovered on services incurred prior to registration if the services were used wholly for supplies that would have been taxable had the business been registered. Where they relate to supplies after registration, VAT can be recovered subject to normal rules</p> <p>Generally a person has one month to submit their final VAT return after de-registering. Under an SI, HMRC now have the power to extend this time limit</p> <p>Paragraphs added re private schools and when they need to register and recovery of VAT when they started making taxable supplies of education (broadly from 1.1.25). Pre registration VAT on goods can have a pro-ration of 5 years economic life</p>
60	62	Definition of Supplies			✓	
61	63	Liability of the Supply			✓	
62	64	Schedule 8 VATA 1994 – Zero-Rating		✓		Update to the British Standard for caravans so they still qualify for zero-rating
63	65	Schedule 9 VATA 1994 – Exemptions		✓		Private schools charge VAT on supplies of education fees and board and lodging from 1.1.25 (subject to special pre-payment rules)

64	66	Deemed Supplies & Self-Supplies			✓	
65	67	Value of the Supply			✓	
66	68	Time of Supply		✓		A section has been added on Private Schools and tax points
67	69	Input Tax – When to Recover		✓		Advisory fuel rates have been updated – they are on the tax tables
68	70	Partial Exemption		✓		A sentence has been added about Private Schools being partially exempt from 1.1.25
69	71	VAT Records & Returns			✓	
70	72	Accounting for VAT			✓	
71	73	Bad Debt Relief			✓	
72	74	HMRC Powers, Appeals & Assessments			✓	
73	75	Penalties for Incorrect Returns			✓	
74	76	Penalties for Failure to Notify			✓	

75	77	Penalties for Late Returns & Late Payment	✓			Penalty percentages have risen: 15-30 days is 3% (2% prior to 1.4.25) 30 days is 3% (2% prior to 1.4.25) 31 days and over is 10% (4% prior to 1.4.25)
76	78	International Aspects – Goods			✓	
77	79	International Aspects – Services	✓			There are no technical changes but the chapter has been reordered and some points have been added for clarity
78	80	Land & Buildings – Zero & Reduced Rating			✓	
79	81	Land & Buildings – Exemption & Standard-Rating			✓	
80	82	Land & Buildings – Option to Tax			✓	
81	83	Capital Goods Scheme	✓			HMRC plans to increase the limits for CGS - £600k for buildings and removal of computers from the scheme  A new section has been added on Private Schools and recovering VAT on capital assets from 1 January 2025 due to school fees becoming standard rated from that date
82	84	Transfer of a Going Concern			✓	

83	85	The Flat-Rate Scheme			✓	
84	86	Second-hand goods margin scheme		✓		<p>Roscoe Noonan FTT case 2025. Do not have the required documentation for the second hand goods scheme and VAT will be due on turnover</p> <p>HMRC has removed some of its guidance and example of how the scheme works for Northern Ireland</p>
85	87	Groups			✓	
86	88	Agency		✓		<p>Sonder went to the UT in 2024. Decision of FTT reversed. The leases were not supplies of travel services for the direct benefit of travellers, but long term property interests that Sonder modified, furnished and converted into short term holiday accommodation</p> <p>Bolt went to the UT in 2025. Agreed with FTT that the taxi services were within TOMS</p>
87	89	Stamp duty reserve tax			✓	