Finance Bill 2024-25: Employee-ownership trusts

OMB



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The government tabled amendments to Finance Bill 2024-25 Schedule 6, making changes to employee-ownership trusts. These increase the scope of the new statutory relief for payments, which would otherwise be treated as distributions, from trading companies to their employee-ownership trust shareholders.

Following the October Budget, the CIOT made representations expressing concern about the narrow focus of the new distributions relief, along with the need to claim it, and the lack of any guidance from HMRC (www.tax.org.uk/ref1423). We also provided a briefing to Parliamentarians on this part of the Finance Bill (www.tax.org.uk/ref1457).

The tabled amendments to the Finance Bill broadened that relief to cover valuation fees and other direct acquisition expenses. The CIOT welcomes this as a step in the right direction, but the changes still do not address ongoing costs (such as professional trustees' fees) nor the administrative burden likely to be caused by

having to claim the relief. The lack of any HMRC guidance since the Budget also remains a great concern.

We reported more fully on the changes to employee-ownership trusts in February's edition of Technical Newsdesk.

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