

Research Briefing

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Autumn Budget 2024 and Finance Bill 2024-25: Progress of the Bill



Summary

- 1 The Autumn 2024 Budget
- 2 Finance Bill 2024-25
- 3 How the Finance Bill goes through Parliament

Number

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Summary

The Autumn Budget and the introduction of the Finance Bill 2024-25

The Chancellor, Rachel Reeves, [presented the Autumn Budget on 30 October 2024](#).

The Treasury Select Committee held three [oral evidence sessions on the Budget 2024 announcements](#).

Prior to the introduction of the bill, the Commons decided on [62 'ways and means resolutions'](#) (PDF), each of which covered one measure to be included in the bill. On 6 November, [the House agreed to all resolutions](#) (some on division) and the Finance Bill 2024-25 was introduced.

The bill

The bill has 86 clauses and 13 schedules. The bill and its explanatory notes are available on the [Parliamentary bill pages](#). The bill extends to the whole of the UK.

Several of the measures announced in the Budget (such as the introduction of VAT on private school fees, and the increase in the rate of the energy profits levy) are [included in the Finance Bill 2024-25](#).

Some measures announced in the Budget are not included in the bill. Namely:

- the announcement that agricultural and business property reliefs (APR and BPR) for inheritance tax would be capped at a combined value of £1 million. This is proposed to be implemented from April 2026, and as such is not included in this bill.
- the increase in employer National Insurance contributions (NICs), is also not included in this bill. The Library has published a research briefing on the [National Insurance Contributions \(Secondary Class 1 Contributions\) Bill 2024-25](#).

Second reading

The bill [received its second reading on 27 November](#). While there were some areas of agreement with the measures in the bill from opposition MPs, several measures were criticised. The Official Opposition [tabled a reasoned amendment](#) to decline a second reading, citing a number of reasons. For example, because it would introduce VAT on private school fees. The Liberal Democrats also did not support the bill and had [tabled their own reasoned amendment](#), which was not selected for debate.

The Conservatives' reasoned amendment [was selected for debate](#) but [was negatived on division](#) (112 ayes to 333 noes), and the bill [passed its second reading](#) (332 ayes to 176 noes).

Committee of the whole house

It is customary with the Finance Bill for a selection of clauses to be debated in a 'committee of the whole house', where the Chamber sits as a committee, with a deputy speaker chairing. Following the bill's second reading, the [Commons agreed to a programme motion](#) committing the following issues to Committee of the Whole House:

- Changes to capital gains tax (clauses 7 to 12, schedules 1 and 2)
- Changes to the energy profits levy (clauses 15 to 18, schedule 3)
- The introduction of VAT on private school fees (clauses 47 to 49)
- Changes to stamp duty land tax (clauses 50 to 53)

The committee of the whole house stage is [scheduled to take place on 10 and 11 December 2024](#).

Relevant Library briefings

The Library has published research briefings on [VAT on private school fees](#); on the [taxation of North Sea oil and gas](#); on [Stamp Duty Land Tax: Current situation and developments since 2020](#); and on [capital gains tax: recent developments](#). The briefings reflect the government proposals included in the Finance Bill.

1 The Autumn 2024 Budget

The Chancellor, Rachel Reeves, presented the Labour government's first Budget on 30 October 2024.¹

The Budget included several announcements on tax and spending. Only tax measures are included in Finance Bills. Section 2.1 of the Library's background briefing on [the Budget and the annual Finance Bill](#) has more detail about the scope of Finance Bills.²

1.1 What happened following the Budget speech?

Following the Chancellor's speech, the Commons agreed to a resolution under the Provisional Collection of Taxes Act 1968, allowing certain tax changes to take place immediately, with provisional statutory powers.³ The Commons authorised changes to VAT on private school fees, increases in stamp duty land tax (SDLT) and increases in tobacco duty.⁴ The resolution grants temporary statutory power so that those measures can be enacted before the Finance Bill becomes an act. The act is necessary to give the changes permanent statutory power.

After agreeing these tax changes, the government introduced 62 ways and means resolutions, which cover the measures the government intends to include in the bill.⁵ This is a procedural step needed before the government can introduce the bill to the Commons.

1.2 What votes occurred on the resolutions?

On 6 November, the House considered each of the 62 resolutions. Most of them were agreed to 'on the nod'. Divisions occurred on several measures. The resolutions where the House divided are shown in the table below.

¹ HC Deb [30 October 2024](#), cc811-8

² Commons Library research briefing CBP-0813, [The Budget and the annual Finance Bill](#)

³ [Provisional Collection of Taxes Act 1968](#), as amended

⁴ House of Commons, [Votes and Proceedings](#), 30 October 2024, item 7

⁵ House of Commons, [Resolutions to be moved by the Chancellor of the Exchequer](#) (PDF), 30 October 2024

Budget resolutions the House divided on		
Resolution number, provision, and result		
Resolution	Provision	Result
6	Increase in the main rates of Capital Gains Tax (CGT)	Agreed to (401 to 120)
7	Increase in the rates of CGT for Business Asset Disposal Relief	Agreed to (400 to 120)
8	Increase in the rates of CGT for Investor's relief	Agreed to (400 to 122)
12	Increase of the Energy Profits Levy (EPL) rate	Agreed to (455 to 125)
13	Cancellation of the EPL investment allowance and reduction of the de-carbonisation allowance	Agreed to (454 to 124)
14	Extension of the sunset date of the EPL	Agreed to (450 to 120)
34	Introduction of VAT on private schools	Agreed to (383 to 184)
35	Increase in Stamp Duty Land Tax on the purchase of additional dwellings (during the temporary holiday)	Agreed to (378 to 116)
36	Increase in Stamp Duty Land Tax on the purchase of additional dwellings (after the temporary holiday ends)	Agreed to (373 to 110)
44	Increase in the main rates of alcohol duty, and reduction of duty on draught products	Agreed to (371 to 77)

Source: House of Commons, [Votes and Proceedings Wednesday 6 November 2024](#), 6 November 2024

None of the resolutions were rejected by the House.

1.3 Treasury Committee evidence sessions

The Treasury Select Committee held oral evidence sessions to scrutinise the Autumn Budget on 5 and 6 November. The sessions had the following witnesses:

- 5 November (morning): Richard Hughes (Chair of the OBR); Professor David Miles and Tom Josephs (Members of the Budget Responsibility Committee)
- 5 November (afternoon): Mike Brewer (Interim Chief Executive at the Resolution Foundation); Paul Johnson (Director of the Institute for Fiscal Studies); Yael Sefin (Vice Chair and Chief Economist at KPMG); and Andy King (Specialist Partner at Flint Global)
- 6 November: Rachel Reeves (Chancellor of the Exchequer); James Bowler (Permanent Secretary at HM Treasury); Will Macfarlane (Director of Strategy, Planning and Budget at HM Treasury); and Conrad Smewing

(Director General of Public Spending and Joint Head of the Government Finance Function at HM Treasury).⁶

⁶ Treasury Select Committee, [Budget 2024 – Inquiry](#), accessed 5 December 2024

2

Finance Bill 2024-25

The Finance Bill 2024-25 was introduced on 6 November, following the vote on the ways and means resolutions. The bill is published on a [dedicated webpage on parliament.uk](#), alongside the explanatory notes.

The bill has 86 clauses and 13 schedules.

Several measures announced in the Budget are included in the Finance Bill 2024-25. These include:

- the introduction of VAT on private school fees (clauses 47 to 49)
- the abolition of the special rules available to non-UK domiciled individuals (part 2; schedules 9 to 13)
- the increase of the energy (oil and gas) profits levy from November 2024 (clauses 15 to 18; schedule 3)
- the abolition of the furnished holiday lettings regime (clause 25; schedule 5).⁷

The bill includes several other measures relating to the UK tax system. Among other measures, it would set the income tax rates for the upcoming tax year (2025/26, starting in April); it would also set the rates for corporation tax, rates of vehicle excise duty, alcohol duty, tobacco duty, and plastic packaging tax.⁸

Some measures announced in the Budget are not included in the bill as they will be implemented in a future tax year. For example, the announcement that agricultural and business property reliefs (APR and BPR) for inheritance tax would be capped at a combined value of £1 million.⁹ This is proposed to be implemented from April 2026, and as such is not included in this bill.¹⁰

The biggest tax-raising measure in the Budget, the increase in employer National Insurance contributions (NICs), is also not included in this bill.¹¹ Because of how the NICs system is structured, separate legislation is

⁷ [Finance Bill 2024-25, as introduced](#)

⁸ As above

⁹ HM Treasury, [Summary of reforms to agricultural property relief and business property relief](#), 30 October 2024

¹⁰ HM Revenue and Customs (HMRC), [Autumn Budget 2024 – Overview of tax legislation and rates \(QOTLAR\)](#), updated 11 November 2024

¹¹ HMRC, [Changes to the Class 1 National Insurance Contributions Secondary Threshold, the Secondary Class 1 National Insurance contributions rate, and the Employment Allowance from 6 April 2025](#), 13 November 2024

required. The government introduced the National Insurance Contributions (Secondary Class 1 Contributions) Bill 2024-25 to legislate for these changes.¹² The Library has published a briefing on the bill, the second reading of which took place on 3 December 2024.¹³

2.1 Second reading

The bill's second reading took place on 27 November 2024.¹⁴

Opening the debate, the Exchequer Secretary to the Treasury, James Murray, gave an overview of the tax measures included in the bill – such as changes to the tax status of non-domiciled individuals, and the introduction of VAT on private school fees.¹⁵ He described the Budget as a “historic, once-in-a-generation Budget to deliver economic stability, fix the public finances, and improve investment.”¹⁶

He focussed part of his speech on the government's aim to avoid tax increases on working people's payslips:

In this Finance Bill, there are no tax rises on working people's payslips, nor on many pensioners' incomes, like those the Conservatives put into law. We have made no changes to the basic, higher and additional rates of income tax. We have made no change to the rate of VAT. And in next week's National Insurance Contributions (Secondary Class 1 Contributions) Bill, we will make no increase to working people's contributions. We said that we would fix the public finances while protecting working people, and that is exactly what we are doing.¹⁷

The Exchequer Secretary also outlined the government's plan to increase investment in HM Revenue and Customs' (HMRC) capabilities to tackle the tax gap, to “rais[e] £6.5 billion of additional tax revenue by 2029-30.”¹⁸

Speaking for the Official Opposition, the Shadow Chancellor, Mel Stride moved a reasoned amendment to decline the bill's second reading. The text of the amendment gives the reasons why the Conservatives wished to decline to read the bill a second time:

[That] this House declines to give the Finance Bill a Second Reading because it derives from the 2024 Autumn Budget which will lead to jobs being lost, curtailed investment and prices being raised; because the Finance Bill constitutes an assault on business by increasing taxes on investment; because it will reduce the competitiveness of the United Kingdom's tax regime; because

¹² [National Insurance Contributions \(Secondary Class 1 Contributions\) Bill 2024-25](#)

¹³ Commons Library research briefing CBP-10149, [National Insurance Contributions \(Secondary Class 1 Contributions\) Bill 2024-25](#); for the debate, see HC Deb [3 December 2024](#), c199

¹⁴ HC Deb [27 November 2024](#), c812

¹⁵ As above, cc812-821

¹⁶ As above, c812

¹⁷ As above, c812

¹⁸ As above, c814

it levies the first ever tax on educational choice and will increase pressure on state schools; because it will drive up rents by increasing tax on homeownership; because it will substantially increase the size of the state without a sustainable plan to fund it; and because it will reduce living standards, increase borrowing and debt, drive up inflation and interest rates, with the result that the OBR growth forecast for the Autumn Budget is lower than that accompanying the Spring Budget of the last Government.¹⁹

The Shadow Chancellor argued against what he described as “the [...] growth-destroying policies in which the government are engaged”, saying that the Office for Budget Responsibility was forecasting a lower level of growth, and higher inflation, following the Budget than they had under the previous Conservative Budget.²⁰ He also singled out several policies the Official Opposition did not agree with, including changes to capital gains tax, to the energy profits levy, to stamp duty land tax, and to VAT on private schools.²¹

Speaking for the Liberal Democrats, deputy leader and Treasury spokesperson Daisy Cooper expressed her party’s agreement with several initiatives the government was undertaking, such as “borrow[ing] for productive investment”, increasing the rates of the energy profits levy, and increasing investment in the NHS.²²

However, she added the Liberal Democrats would not support the bill as, for example, the Budget would not “reverse the tax cuts given to the big banks by the Conservatives”, nor would it increase taxation on digital services or multinational tech companies, nor would it increase “remote gaming duty.”²³ She argued those measures would have raised significant levels of funding to support the NHS and the social care system, and that money could have also been used to reverse the changes to the winter fuel payment enacted by the incoming Labour government.²⁴

In their contributions to the debate, MPs from opposition parties relayed concerns about several measures in the Budget, such as VAT on private schools; the increase to the energy profits levy; and increases to alcohol duty.²⁵ In his speech, Damian Hinds (Conservative) said he would argue for changes to be introduced at the bill’s committee stage in relation to VAT and private schools, to grant exemptions for pupils with special educational needs.²⁶

¹⁹ House of Commons, [Votes and Proceedings Wednesday 27 November 2024](#), 27 November 2024

²⁰ HC Deb [27 November 2024](#), c824

²¹ As above

²² As above, c829

²³ As above

²⁴ As above

²⁵ For VAT on private schools, Graham Stuart (Conservative, HC Deb [27 November 2024](#), c837), Damian Hinds (Conservative, cc844-48), Neil Shastri-Hurst (Conservative, c856); for the Energy Profits Levy, Graham Stuart (c838), Dave Doogan (Scottish National Party, cc849-50) Harriet Cross (Conservative, c858) on alcohol duty, Will Foster (Liberal Democrat, c842), Dave Doogan (c852);

²⁶ HC Deb [27 November 2024](#), c848

Adrian Ramsay (Green Party) said he would seek to amend the bill to account for “the compelling case for a wealth tax”. He argued that the scope for achieving such amendment was restricted by the lack of an ‘amendment of the law’ resolution in the government’s list of Budget resolutions.²⁷

More information about the amendment of the law resolution and its role in parliamentary financial procedure can be found in sections 1 and 5.5 of the Library briefing on [the Budget and the annual Finance Bill](#).²⁸

Votes following second reading

Following the end of the debate, the Commons voted on the Official Opposition’s reasoned amendment. The amendment was negated on division (112 ayes to 333 noes).²⁹

The House then divided on whether the bill should be read a second time. The bill’s second reading was agreed to (332 ayes to 176 noes).³⁰

2.2

Committee of the Whole House

Because of the size and variety of measures included in the annual Finance Bill, a selection of clauses is selected for debate in a committee of the whole house. The selection of clauses to be debated in this way has to be included in a programme motion which the House has to agree to.

Broadly speaking, a committee of the whole house occurs where the Commons sits as a committee, with a deputy speaker acting as chair.

Following the bill’s second reading, the Commons agreed to a programme motion committing the following clauses to a committee of the whole house:

- Clauses 7 to 12 and schedules 1 and 2, relating to capital gains tax
- Clauses 15 to 18 and schedule 3, relating to the energy profits levy
- Clauses 47 to 49, relating to VAT on private schools
- Clauses 50 to 53, relating to stamp duty land tax³¹

All the remaining clauses and schedules will be debated separately in a public bill committee, where a smaller number of MPs (usually 17) make up the membership.

²⁷ HC Deb [27 November 2024](#), c879

²⁸ Commons Library research briefing CBP-0813, [The Budget and the annual Finance Bill](#)

²⁹ HC Deb [27 November 2024](#), cc882-84

³⁰ As above, cc886-88

³¹ As above, cc888-89

Relevant Library briefings

The following Library briefings include detailed information on the following topics, including the developments included in the bill:

- on [VAT and private school fees](#);
- on [Stamp Duty Land Tax: Current policy and developments since 2020](#)
- on the [taxation of North Sea oil and gas](#)
- on [capital gains tax: recent developments](#)³²

The Committee of the Whole House stage is scheduled for Tuesday 10 and Wednesday 11 December 2024.³³ The public bill committee stage of the Finance Bill has not been scheduled yet.

³² Commons Library research briefing CBP-10125, [VAT and private school fees](#); CBP-9814, [Stamp Duty Land Tax: Current policy and developments since 2020](#); CBP-0341, [Taxation of North Sea oil and gas](#); CBP-5572, [Capital gains tax: recent developments](#)

³³ HC Deb [28 November 2024](#), c923

3

How the Finance Bill goes through Parliament

The Finance Bill can only be introduced in the House of Commons. Because of the Commons' privilege on financial matters, the House of Lords cannot amend the Finance Bill, although it does hold a second reading on the bill. Once the bill has gone through both Houses it can receive Royal Assent and become law.

3.1

Commons stages

A bill that is introduced in the House of Commons will go through the following stages.

- First reading sees the formal introduction of a bill, when a clerk reads out the name of the bill in the Commons chamber. The first reading of the Finance Bill 2024-25 took place on 6 November 2024. There is no debate at this stage. Bills cannot be published before their introduction. Government bills are usually published immediately after introduction.
- Second reading debate is the first time MPs debate a bill. They discuss the purpose of the bill. Debates are usually scheduled to take a full day (five to six hours). The second reading of the Finance Bill 2024-25 took place on 27 November 2024. At the end of the debate, MPs decide whether it should pass to the next stage. Sometimes a 'reasoned amendment', which sets out the reasons to reject a bill, is tabled. If this is agreed to, or if the bill is simply voted down, the bill cannot make any further progress. No amendments are made to the bill itself at this stage.
- A selection of clauses are selected for debate in a committee of the whole house. The selection of clauses to be debated in this way has to be included in a motion which the House has to agree to. In a committee of the whole house, the Commons Chamber sits as a committee, with a deputy speaker chairing. All MPs are members of this committee. The remaining clauses of the bill are debated in public bill committee like most other bills. In a public bill committee, a smaller number of MPs (usually 17) conduct the committee stage. The committee stage (whether in the Chamber or in public bill committee) debates and decides whether amendments should be made to the bill and whether each clause and schedule should be included.

- Report stage takes place in the Commons Chamber and involves MPs considering the bill as agreed at committee stage. MPs can also propose further amendments which can be voted on.
- Amendments at committee and report stage can leave out words, substitute words and add words, including whole clauses and schedules. They can be proposed by backbench and frontbench MPs. The Speaker or the chair of the committee selects and groups amendments to debate.
- Third reading, usually on the same day as report stage, is the final chance for MPs to debate the contents of a bill before it goes to the House of Lords. It's usually a short debate and changes cannot be made at this stage in the Commons. At the end of the debate, the House decides whether to approve the bill and therefore pass it onto the House of Lords.

3.2 Lords stages

The House of Lords respects the Commons' primacy on financial matters and does not have the power to amend Finance Bills (those that implement the Budget) or money bills.

The House of Lords holds a second reading debate for the Finance Bill but cannot amend it. Therefore, the text of the bill agreed by the Commons is most likely the final iteration of the bill that will become an act.

3.3 Further information on bill procedure

The [MPs' Guide to Procedure](#) has a [section on bills](#).

The Library research briefing on [the Budget and the annual Finance Bill](#) has a detailed analysis of the parliamentary scrutiny of the Finance Bill specifically.

MPs who have questions about the procedure for bills or want advice on how to amend them should contact the [Public Bill Office](#).

The Library can provide information on the background and potential impact of a bill and of amendments but cannot help MPs with drafting amendments.

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