

# Foundations for the LPC, Twenty-Fifth Edition: Updates 2023

Updated Preface – August 2023

This supplementary document considers updates and changes in effect prior to 31 August 2023.

The updates on Revenue law chapters take into account the effects and planned changes of the [Budget](#) introduced by the Chancellor of the Exchequer on 15 March 2023. For changes that may have been made subsequently, readers should always review the Government's websites to confirm current applicable rates and allowances.

## Part 1

### 1 Ethics, professional conduct, and regulation

#### 1.1 Introduction to the current regulation

This chapter has been updated here to August 2023, but should always be read in conjunction with any updated guidance provided on the SRA website (<https://www.sra.org.uk>).

A printed version of the rules is currently available from the Law Society. However, the benefit of the online resources on the SRA website is that you can use the resources on that website to keep updated with any amendments made after the date of this publication and to keep up to date with the requirements of the profession.

The SRA website provides case studies and guidance on each of the Principles and various elements of the Codes of Conduct to help you understand your obligations. For example, updated guidance relating to professional ethics includes revisions to the guidance on conflicts of interest, undertakings, and non-disclosure agreements.

The Principles and Codes of Conduct are explained in further detail in **section 1.5**.

With reference to the *SRA Authorisation of Individuals Regulations*, changes have been made to the requirements for recognising professional qualifications. The SRA's website lists the options for previous RELs now the implementation period has ended.

This chapter refers to the disciplinary action that may be taken by the SRA following a breach of the *Standards & Regulations*. The *SRA Enforcement Strategy* should be read as part of the *Standards & Regulations*.

#### 1.2 A brief history of legal ethics

Please also see **section 1.5.1**.

##### 1.2.1 Why the need for so much change?

The onus is on solicitors to use their professional judgment to ensure compliance with the *Standards & Regulations*. There is a duty to report any breaches promptly. There is an SRA professional ethics helpline to offer advice on an anonymous basis to those who need it.

##### 1.2.2 The Introduction of the Standards & Regulations

Since their introduction in 2019, the SRA has made only a few minor amendments in December 2022. However, these relate largely to accounts, the giving of oaths and the provision of pro bono

services and not to the points discussed in this chapter. However, as noted above, we would encourage readers to check the SRA website for the up-to-date position.

#### **1.2.4 Changes to the route to the profession**

As noted here, the route to becoming a solicitor has been substantially reviewed. The move to the SQE is now in implementation, but the LPC does remain available for students as explained in **section 1.2.4**. Whilst the LPC route will remain open to those students who had already started working towards qualifying to be a solicitor before 31 August 2021, the number of providers delivering the LPC route is reducing as more students opt to take the SQE route. Students should check with the firms that they are applying to, to ensure which route will best suit them.

#### **1.3 What is covered in this chapter**

There are no updates or points to note in section 1.3.

#### **1.4 What being a member of the profession and a good solicitor means**

There are no updates or points to note in chapter 1.4, other than the point in relation to **chapter 1.4.2** below.

##### **1.4.2 SRA Admission**

References in this chapter to LPC should also include SQE and QWE.

Whilst there is no fee for the character assessment, as part of the process candidates currently also need a DBS check. There may be a small cost attached to this.

If your application to the SRA is refused, you can only re-apply if there has been a material change in your circumstances.

It is also worth noting that the need to meet the SRA's Character and Suitability Rules is ongoing. If anything relevant to this changes after you have been admitted, it must be disclosed to the SRA.

#### **1.5 The Principles and Codes of Conduct**

There are no points to note and updates in relation to chapter 5 other than those listed below.

##### **1.5.2 The Standards & Regulations and other online guidance resources**

The address for the SRA website is <https://www.sra.org.uk>

A printed version of the rules are currently available from the Law Society. However, the benefit of the online resources on the SRA website is that you can use the resources on that website to keep updated with any amendments made after the date of this publication and to keep up to date with the requirements of the profession.

##### **1.5.3 The Principles**

This chapter refers to the SRA Enforcement Strategy and the primary aim of the SRA to achieve the right outcome for the consumer, protecting the public. It is worth noting that the financial penalties for breach have recently become more severe.

##### **1.5.5 Compliance Officers**

Whilst not directly relevant to this chapter but may be of interest to students, the role of the COLP now includes signing off Qualifying Work Experience (QWE).

## **1.6 Practical application of the Principles and Codes of Conduct**

### **1.6.1 Responsibility to your client generally**

1.6.1.1 Client care: see most recent client care letter guidance.

1.6.1.3 Costs in general: see also Transparency in Price and Service guidance issued by the SRA.

1.6.1.6 Complaints handling: see the SRA publishing complaints procedure guidance issued and updated in March 2023 and readers are again referred to the most recent client care letters guidance issues with the Standards & Regulations.

1.6.1.7 Client care instructions and resources: as above, readers are referred to the client care letters guidance and the guidance on “identifying your client” from the SRA website.

1.6.1.8 Client care in general: typing error: “services” at the end of paragraph 2 should read “circumstances”.

### **1.6.4 Confidentiality and disclosure**

Not only is it a principal part of the Code, but the duty of confidentiality exists also in common law and under data protection legislation.

The confidentiality of client data guidance note was updated in June 2022.

In addition, there is guidance on technology and legal services, which would include how to protect your client’s information and how to avoid it being stolen or disclosed. For example, when outsourcing the storage of client data to a 3<sup>rd</sup> party system or via the cloud.

The 3<sup>rd</sup> box on the right in Activity 11 should read, “You may still be able to show you have kept your clients' affairs confidential if you can prove to the SRA you had suitable arrangements in place to ensure adequate protection of client confidentiality.”

### **1.6.6 You and others: relations with third parties**

In relation to the giving of undertakings, following a recent Supreme Court decision, courts have no jurisdiction to enforce undertakings against incorporated practices, but it may still breach SRA regulation, so we refer you to the SRA guidance on undertakings given by or on behalf of incorporated practices (published August 2022) and the Law Society guidance on professional undertakings.

## **1.7 Professional conduct and the LPC core practice areas**

There are no updates or points to note in chapter 1.7.

## **1.8 Conclusion: checkpoints**

There are no updates or points to note in chapter 1.8.

## **1.9 Suggested solutions to Chapter 1 Activities**

In the suggested solution to **Activity 10** on page 31, please add the following in the 5<sup>th</sup> paragraph after the words “clients are competing for the same objective”, “for example, if both companies were part of the same tender to buy the buildings jointly,” to help to explain this exception from the rule.

In the suggested solution to **Activity 11**, the reader is referred to the update above in paragraph 1.6.4 which sets out the correct text for the second box on the right. Also, you should note that

outsourcing in this example would include storing data with a 3<sup>rd</sup> party via the Cloud or internet. You would need to ensure that such provider was secure enough to protect your client data.

## 2 Financial services

There are no updates or points to note in Chapter 2.

## 3 Money laundering

There are no updates or points to note in Chapter 3.

# Part 2 Revenue law

## 4 Introduction to revenue law

The author of this chapter has been unable to provide a full update on the contents of the chapter. It is possible that there are changes to the law in this chapter which have not been noted below.

### 4.3 The changing nature of taxation

This year's Finance Act is available on the government website:  
<https://www.legislation.gov.uk/ukpga/2023/1/contents/enacted>

### 4.6 Introduction to the main taxes

For any updates relating to each of the main taxes, please see the relevant chapter in this Part 2.

## 5 Income tax

### 5.1 Introduction to income tax

There are no updates or points to note in section 5.1.

### 5.2 Background to income tax law and the Finance Acts

The last budget took place on 15 March 2023.

The current [Finance Act 2023](#) was passed on 10 January 2023 and the Finance (No.2) Act 2023 was passed on 11 July 2023. You should always review the Government's websites to confirm current applicable rates and allowances.

### 5.3 The role of HMRC and the self-assessment process

5.3.2 The Self-assessment process: You also need to send a tax return if you are a partner in a business partnership or a trustee. You **may** also need to send in a return if you have any other untaxed income (including some COVID-19 grants or support payments). There is a useful guide as to when you are required to submit a self-assessment tax return on the government website ([www.gov.uk](http://www.gov.uk)).

5.3.2 The tax year: The tax year 2022/23 is from 6 April 2022 to 5 April 2023. For that tax year, an individual must submit their self-assessment tax return by either 31 October 2023 (paper tax return) or 31 January 2024 (online). The deadline to pay any tax due on that return would be 31 January 2024 and any advance payment would be paid by 31 July 2023.

### 5.4 Calculation of total income

5.4.4 Taxable social security benefits: The list of taxable benefits now includes pensions paid by the Industrial Death Benefit scheme. The relevant government website is <https://www.gov.uk/income-tax/taxfree-and-taxable-state-benefits>.

The Citizens Advice Bureau website is now <https://www.citizensadvice.org.uk>.

5.4.6 Property income: See guidance HS223 issued by HMRC on 6 April 2023 for the most recent guidance on the government's Rent-a-Room scheme.

5.4.9 Charitable donations and Gift Aid: On a donation of £100, the charity would claim gift aid to increase the donation to £125 and so a higher rate taxpayer could personally claim back £25 (being 20% of £125).

5.4.10 Total income calculation and application of tax bands

#### *Table 5.2*

For 2022-23 the rates and bands were the same as for 2021-2022

For 2023/24, Table 5.2 is updated as follows:

Basic rate 20%	£0-£37,700
Higher rate 40%	£37,701 - £125,140
Additional rate 45%	over £125,140

Note: The Finance Act 2023 confirms that the basic rate threshold will remain up to £37,700 and the additional rate threshold will be over £125,140 until tax year 2027/28.

## **5.5 Allowances, reliefs, and rates of income tax**

### 5.5.2 Personal allowances

The personal allowance remained as £12,570 and the marriage allowance remained £1260 in 2022/23 and 2023/24. The Finance Act 2023 confirms that the personal allowance will remain at £12,570 until tax year 2027/28.

The blind person's allowance increased to £2600 in 2022/23 and £2870 in 2023/24.

### 5.5.3 Savings allowance and starting rate for savings

No update in 2022/23 or 2023/24.

### 5.5.4 Dividend allowance

The £2000 tax free dividend allowance was halved to £1000 from tax year 2023/24. The Finance Act 2023 confirms that the dividend allowance will be further halved to £500 in tax year 2024/45 and subsequent tax years.

From the tax year 2022/23 and ongoing, *Table 5.3* is updated as follows:

Basic rate	8.75%
Higher rate	33.75%
Additional rate	39.35%

The range of income that fall within each of the tax bands are updated as per [Table 5.2](#) above for each of the tax years 2022/23 and 2023/24.

### 5.5.6 Summary of allowances, reliefs and rates

Table 5.4 is updated as follows:

Blind person's allowance increased to £2600 in tax year 2022/23 and then to £2870 in tax year 2023/24. All other details remain unchanged.

[Table 5.5](#) is updated as follows for tax years 2021/22 and 2022/23:

#### NSNDI

Basic rate (£0 - £37,700)
Higher rate (£37,701 - £150,000)

All other details remain the same.

[Table 5.5](#) is updated as follows for tax year 2023/24:

Basic rate (£0-£37,700)
Higher rate (£37,701 - £125,140)
Additional rate (over £125,140)

#### Savings income

No change for 2022/23

For tax year 2023/24, the income thresholds are updated as for NSNDI above, but the personal savings allowances remain unchanged.

#### Dividend income

No change for 2022/23

For tax year 2023/24, all bands have a dividend allowance of £1,000 and the thresholds are to be updated as for NSNDI above.

## 5.6 Calculation of income tax—worked examples

### 5.6.1 The steps in an income tax calculation

[Table 5.6](#)

Steps 1 – 4a remain unchanged.

Steps 4b and 4c – update the applicable rates as follows:

For tax years 2021/22 and 2022/23

Basic rate	20%	£0-£37,700
Higher rate	40%	£37,701 – £150,000
Additional rate	45%	over £150,000

For tax year 2023/24

Basic rate	20%	£0 - £37,700
Higher rate	40%	£37,701 - £125,140
Additional rate	45%	over £125,140

Steps 4c –6 remain unchanged.

### 5.6.2 Worked examples

Example 1 : no update necessary for tax years 2022/23 or 2023/24

Example 2: no update necessary for tax years 2022/23 or 2023/24

Example 3: no change is necessary until you get to Step 4b (Dividend income). At this point in tax year 2023/24, the dividend allowance is reduced to £1,000. Therefore, the calculation will be:

£6,000

(£1,000) dividend allowance

=

£5,000

As Jane is a higher rate taxpayer, the dividend will be taxed at the higher rate of 33.75% = £1687.50

Step 5: Calculate total tax liability: £7,540 +£292 + £1687.50 = £9,519.50

Example 4: no update necessary for tax years 2022/23 or 2023/24

Example 5: no update necessary for 2022/23, but for 2023/24 update as follows:

Step 1-3 no change

Step 4a: £37,700 taxed at 20% = **£7,540**

£86,450 taxed at 40% = **£34,580**

£40,350 taxed at 45% = **£18,157.50**

Step 4b no change

Step 4c will change as follows: There is now a dividend allowance of only £1000,

£1500

(£1,000)      dividend allowance

=

£500

As Michael is an additional rate taxpayer, so this dividend income is taxed at the dividend additional rate of 39.35% = **£196.75**

Step 5: calculate total tax liability: £7,540+ £34,580+£18,157.50+ £1,350 +£196.75= **£61,824.25**

## 5.7 Conclusion: checkpoints

No update

## 6 Capital gains tax

Whilst the author of this chapter has been unable to provide an update on the contents of the chapter the following changes in this chapter have been noted. However, it is possible that there are other changes to the law in this chapter.

Examples 2 and 3 at **6.7**, example 4 at **6.8** and example at **6.10.2** should be adjusted accordingly.

**6.7** individual allowance (annual exemption) for the tax year 2023/24 is £6,000. The figures for the annual exemption, the chargeable gain and the CGT payable in examples 2 and 3 at **6.7** should be adjusted accordingly.

**6.8** The figure for the annual exemption in example 4 at **6.8** should be adjusted accordingly.

**6.10** individual allowance (annual exemption) for the tax year 2023/24 is £6,000. The figure for the annual exemption, in example 7 at **6.10.2** should be adjusted accordingly.

## 7 Inheritance tax

There are no updates or points to note in Chapter 7 Inheritance tax, other than the note made below in 7.1

### 7.1 Introduction: basic structure of inheritance tax

The rates and bands of tax remain the same as for the tax year 2022/23.

These rates will apply to the end of the 2027/28 tax year.

## 8 Corporation tax

The author of this chapter has been unable to provide an update. It is possible that there are changes to the law. For the latest tax rates, please consult the [government website](#).

## 9 Value added tax

The author of this chapter has been unable to provide an update. It is possible that there are changes to the law. For the latest tax rates, please consult the [government website](#).



## 10 Taxation of sole proprietors and partnerships

The author of this chapter has been unable to provide an update. It is possible that there are changes to the law. For the latest tax rates, please consult the [government website](#).

## 11 Taxation of trusts and settlements

There are no updates or points to note in Chapter 11 Taxation of trusts and settlements, other than the note made below in 11.3 and 11.4 below

### 11.3 Capital gains tax

11.3.4 The rates of tax remain the same as for the tax year 2022/23.

11.3.4.1 (a) *Annual exempt amount* for trustees for the tax year 2023/24 £3,000 (one half of the annual exempt amount for an individual – see Chapter 6 6.7 individual allowance (annual exemption) for the tax year 2023/24 is £6,000.

### 11.4 Income tax

11.4.2 The rates and bands of tax remain the same as for the tax year 2022/23.

## Part 3 Wills and administration of estates

### 12 Introduction to wills and administration of estates

There are no updates or points to note in Chapter 12

### 13 Entitlement to the estate

There are no updates or points to note in Chapter 13 (Entitlement to the estate), other than the note made below in 13.12 and 13.17 below

#### 13.12 Entitlement where there is a surviving spouse (or a surviving civil partner) of the intestate

13.12.2.1 The 'fixed net sum' is £322,000 for deaths on or after 26 July 2023 The Administration of Estates Act 1925 (Fixed Net Sum) Order 2023 SI 2023 No. 758

#### 13.17 Intestacy: checkpoints

Figure 13.1 Increase of the fixed net sum from £270,000 to £322,000 for deaths on or after 26 July 2023

### 14 Application for a grant of representation

There are no updates or points to note in Chapter 14 (Application for a grant of representation), other than the note made below in 14.21

#### 14.21 Probate application: Common information

14.21.2.14 Inheritance Tax The forms ask for the gross and net values of the estate to be entered. These are taken from the appropriate IHT form that has been completed.

Where the IHT form has been completed online with HMRC the IHT identifier is also entered.

### 15 Post-grant practice

There are no updates or points to note in Chapter 15 (Post-grant practice), other than the note made below in 15.9 below

## **15.9 Collecting/realising the assets**

15.9.2.2 The annual exemption in 2023/24 is £6,000.

## **Part 4 Human rights**

### **16 Human Rights**

There are no updates or points to note in Chapter 16 (Human Rights)

### **Appendix 1 Answers to self-test questions**

There are no updates or points to note in Appendix 1 Answers to self-test questions

### **Appendix 2 Investments**

There are no updates or points to note in Appendix 2 Investments, other than the note made below in relation to ISA.

ISA For tax year 2023/24 the limits for ISA Lifetime ISA and Junior ISA remain the same as for tax year 2022/23