



Budget Briefing Autumn 2025

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The background is a solid yellow color with several overlapping, semi-transparent yellow geometric shapes. These shapes include a large circle on the left and several triangles of various sizes and orientations scattered across the right side, creating a dynamic, abstract composition.

Good News!

Inheritance Tax

Inheritance Tax

No changes to:

- The rate – **still 40%**
- The Nil Rate Band (NRB) – **still £325,000** (until 2031)
- The residential NRB (RNRB) – **still £175,000** (until 2031)
- The gifting time period – **still 7 years**



Agricultural & Business Relief

- Currently unlimited APR/BPR
- Reformed from April 2026
- £1m cap on 100% relief
- 50% on balance (effective 20% tax)



Agricultural & Business Relief

Example - £5m business/farm

Value	Relief	Chargeable	Tax rate	IHT
£1,000,000	100%	£nil	40%	£nil
£4,000,000	50%	£2,000,000	40%	£800,000
£5,000,000		£2,000,000	40%	£800,000

Pay by instalments, 10 years , interest-free

Inheritance Tax

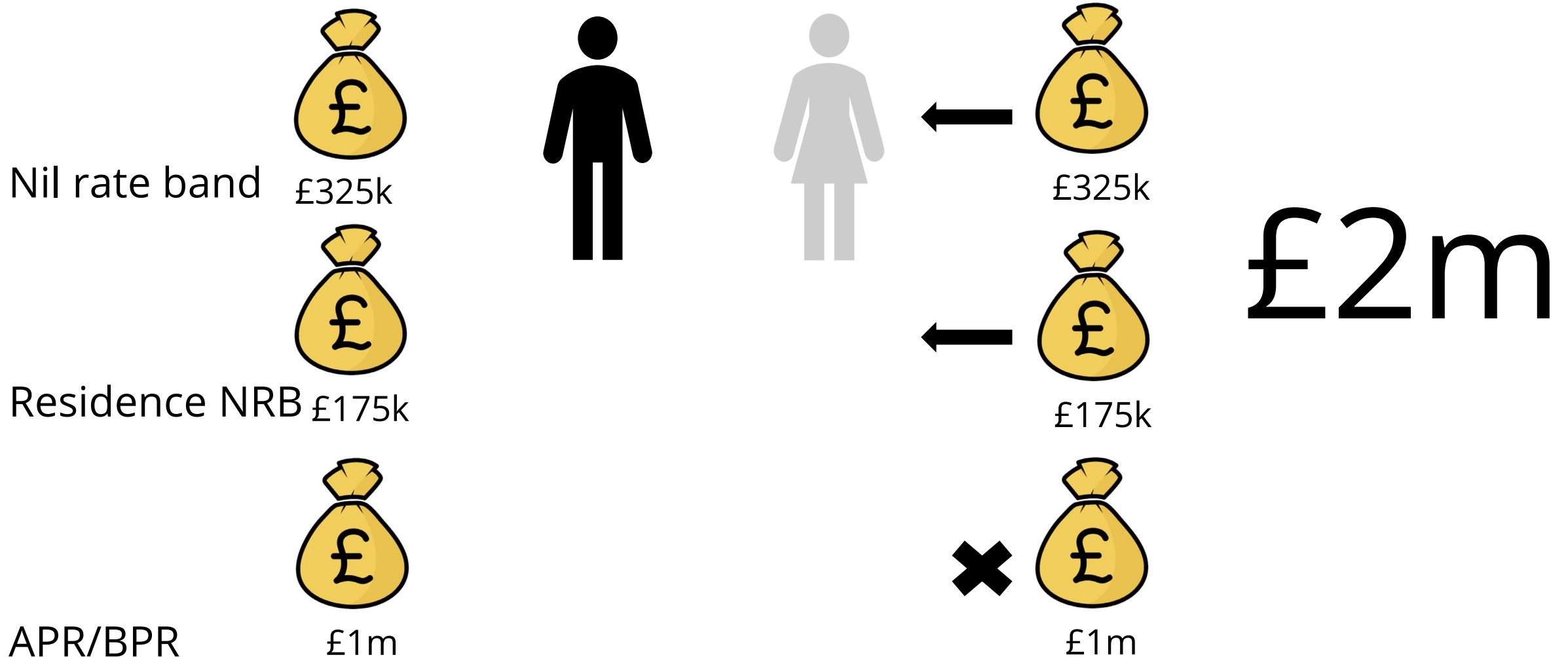
But a welcome change to

- £1m APR/BPR allowance

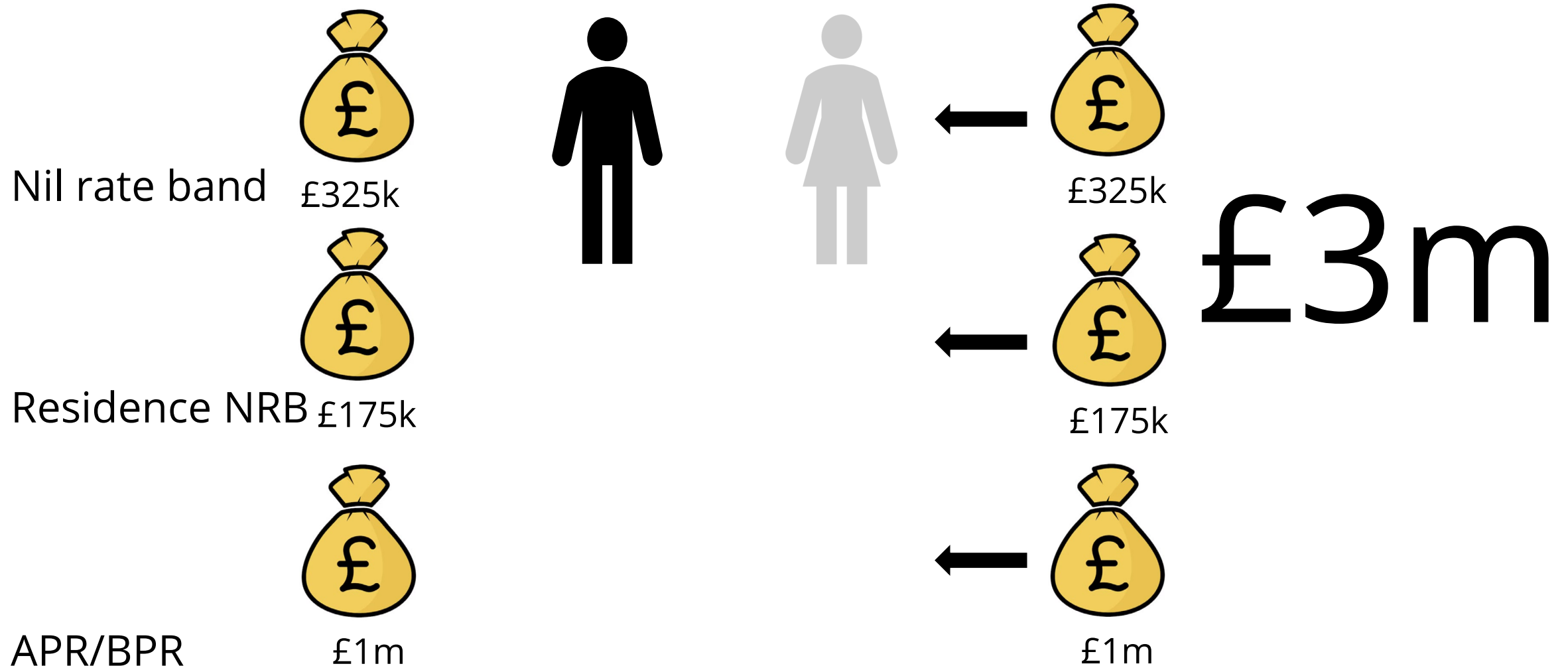


Now transferable between spouses!
(even where first death occurs before 6 April 2026)

Transferable Allowances - original



Transferable Allowances - revised

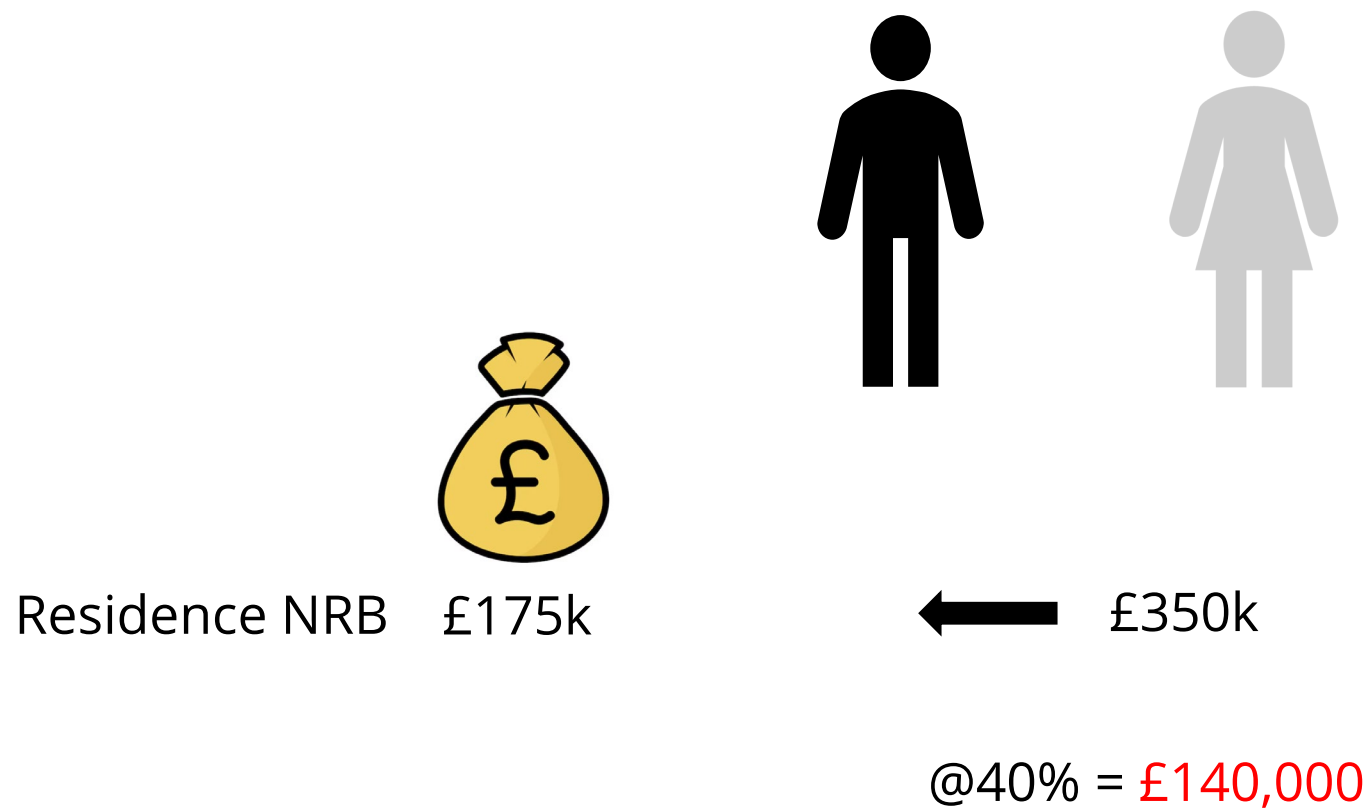


Agricultural & Business Relief

Still need to plan and spread around the family



Residence NRB



£350k is
tapered if Estate
> £2m

Residence NRB



The background consists of several overlapping geometric shapes in various shades of green. A large, dark green circle is positioned on the left side. To its right, there are several triangular and polygonal shapes in lighter shades of green, creating a layered, abstract effect.

Bad News





YOUR COUNTRY NEEDS

YOU

TO PAY MORE TAX





CHANCELLOR OF THE EXCHEQUER



WIN
LISTA



Ädla
lilla
perla

HOTELL
MÄRTENSON

SVENSKT SMÖRGÅSBORD
(VÄL, O MÄNNISKA, MEN VÄL DET BÄSTA!)

HALMSTAD



Hotell Mårtenson, största, bästa och centralaste Hotell i Halmstad.

ÖL
30 öre
halfvan



Östra och
Appeltöf
Pilsner
och Lager

2% tax increase
dividend,
property and
savings income

Reduction to
main rate
capital allowances

New mileage
charge for EV &
PHEV cars

Pension salary
sacrifice limited

Key Tax Announcements £26bn

Remote gambling
duty increase

Freezing of
personal tax
thresholds

CGT EOT relief
halved

New 'mansion tax'

Broken Promises?



Personal Tax Thresholds

	£	Tax rate
Personal allowance	12,570	0%
Higher rate threshold	50,270	20%
Additional rate threshold	125,140	40%

Further 3 years to 2030-31

Fiscal Drag

Office for
**Budget
Responsibility**

Economic and fiscal outlook

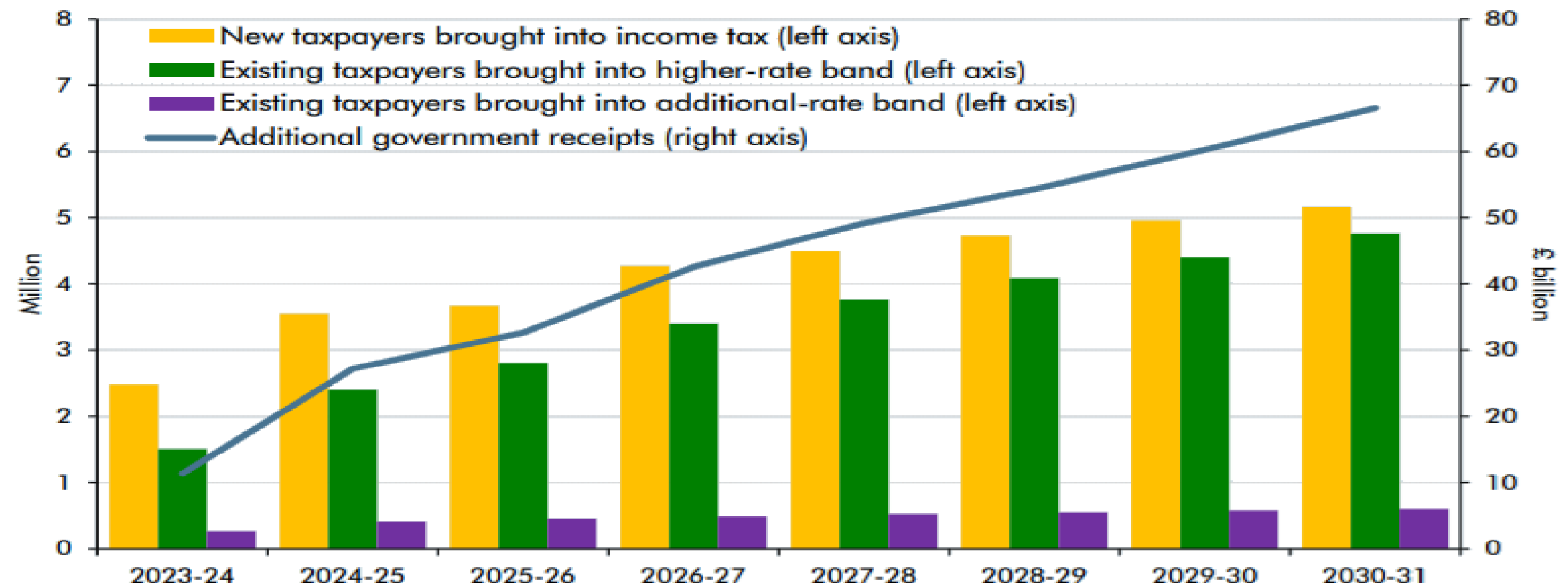
November 2025

CP 1439

Fiscal Drag

Freezing thresholds, rather than raising them in line with inflation, **increases tax receipts** as rising wages tip ever greater numbers of workers into the tax system or onto higher rates, which is known as 'fiscal drag'.

Chart B: Effect of threshold freezes on additional taxpayers and tax receipts

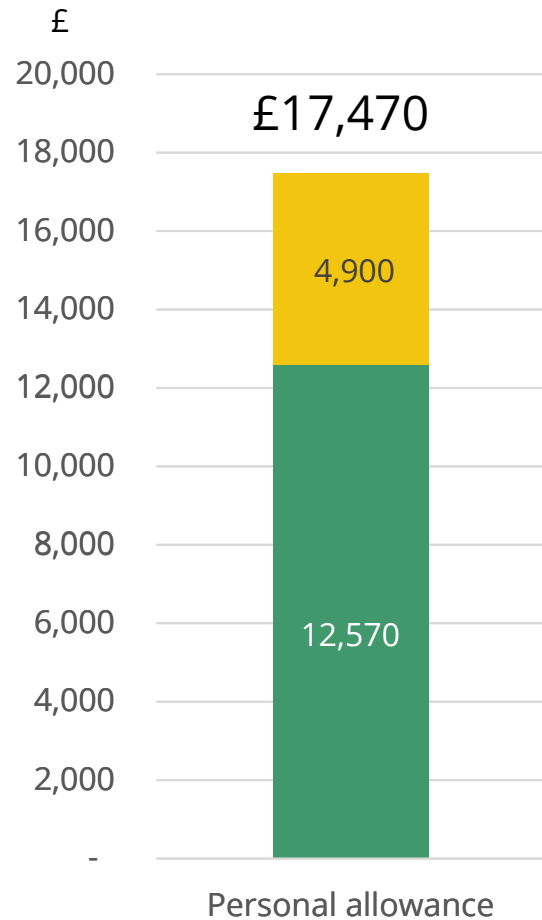


Note: The additional government receipts are the total value of all income tax and NICs measures outlined in Table A.
Source: OBR

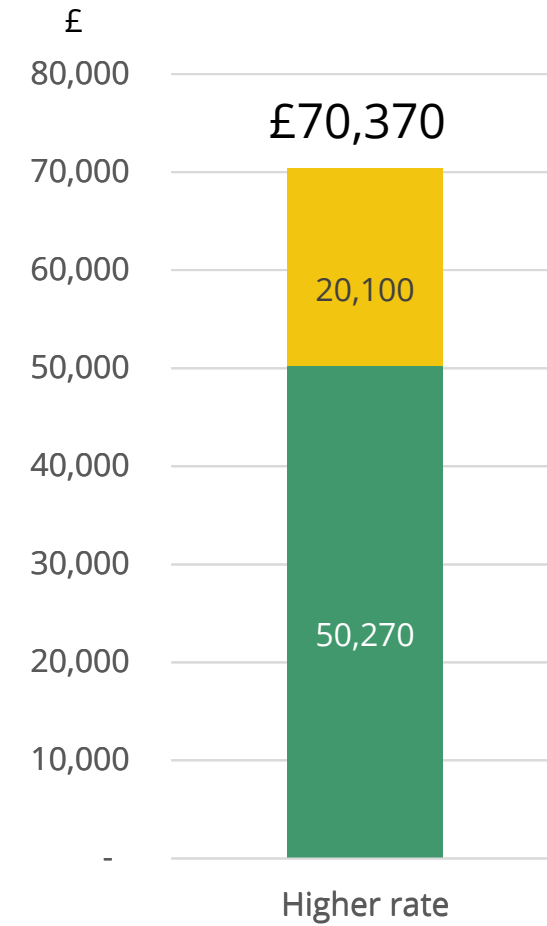
^a This freeze began in April 2019 for two tax years (2019-20 and 2020-21), then was unfrozen in April 21 for one tax year (2021-22) and was then frozen again since April 22 at £12,570. The analysis in this Box only considers the impact of the freezes from 2022-23 onwards.

^b The changes from our March 2025 forecast will largely be accounted for by the extension to the threshold freezes outlined in this Box but there will be further, smaller impacts from forecast and modelling changes.

Inflationary Thresholds by 2030-31



■ Current

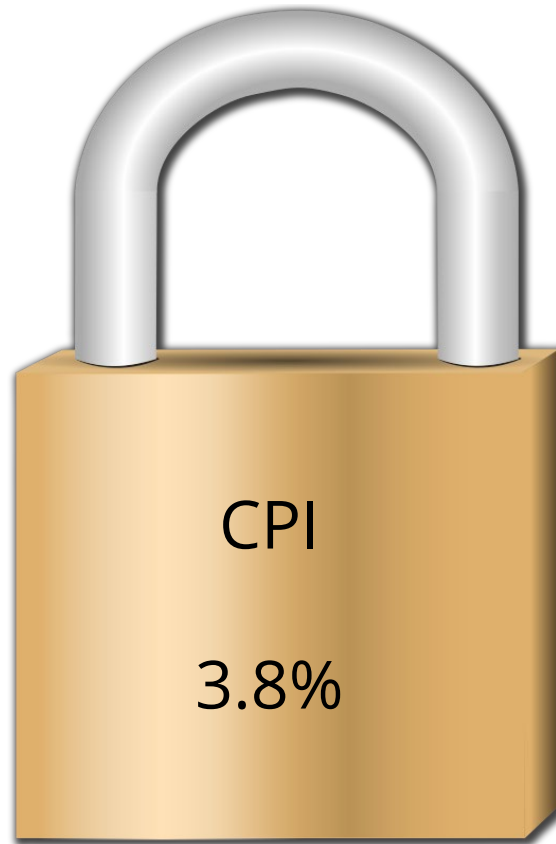


■ Inflation



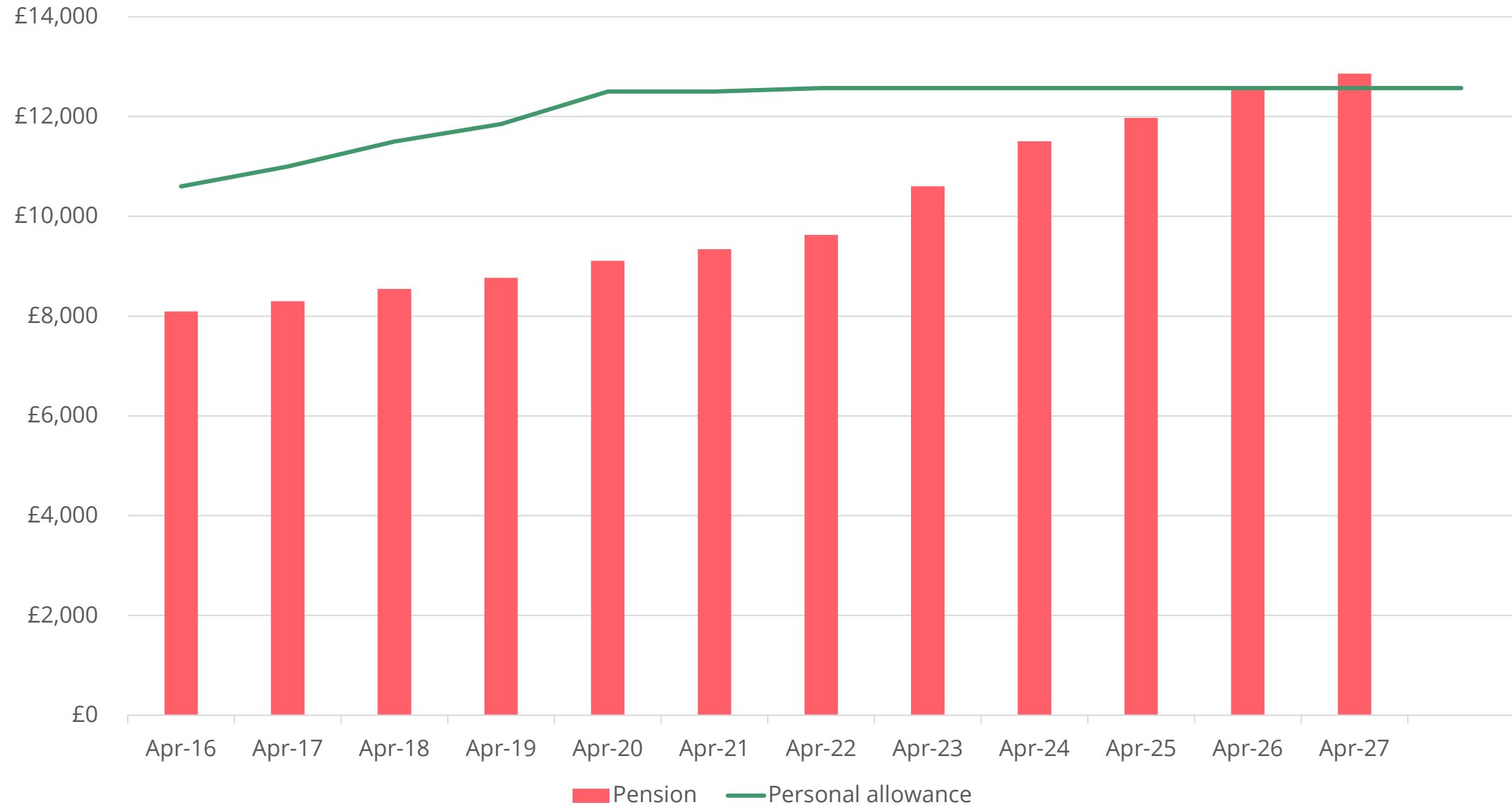
State Pension Growth

Higher of



2026-27 = £12,547.60

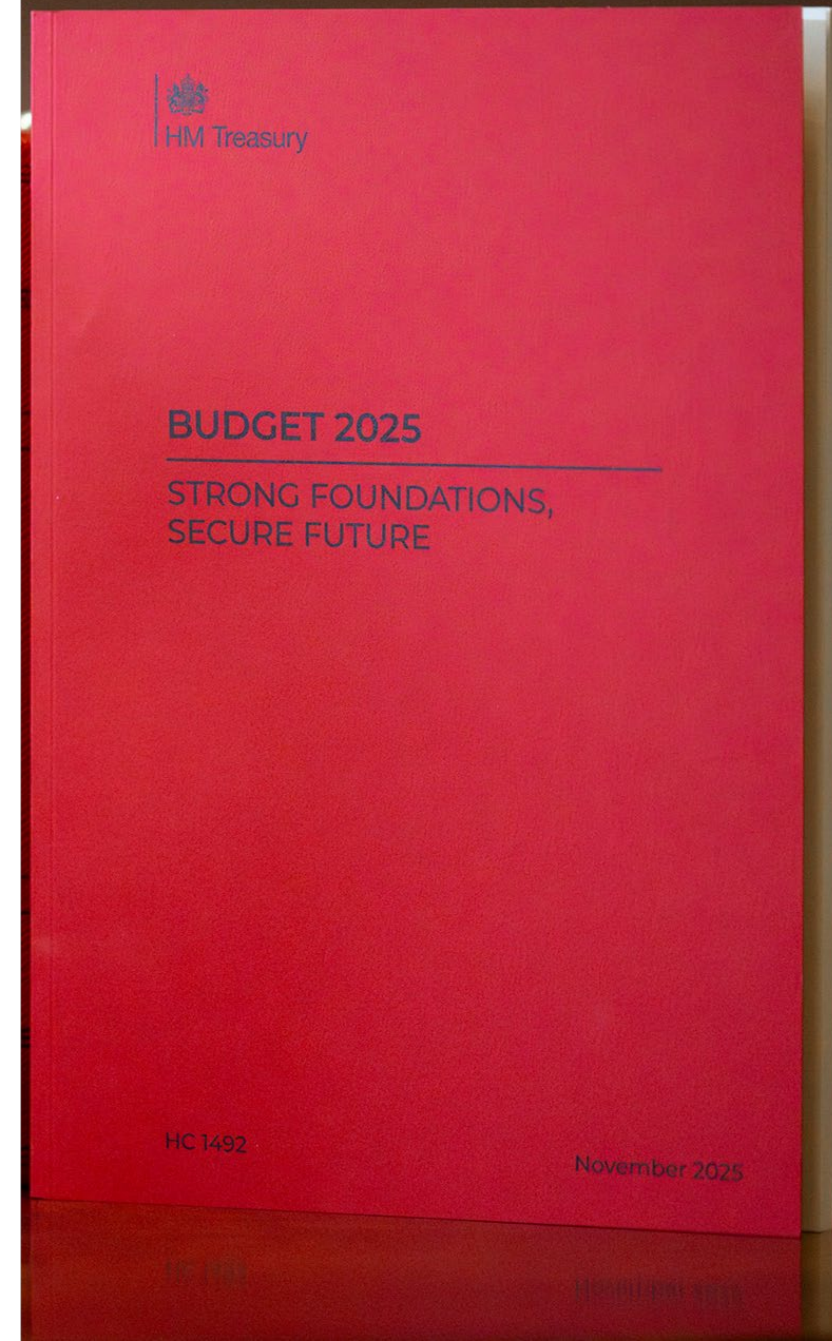
State Pension Growth



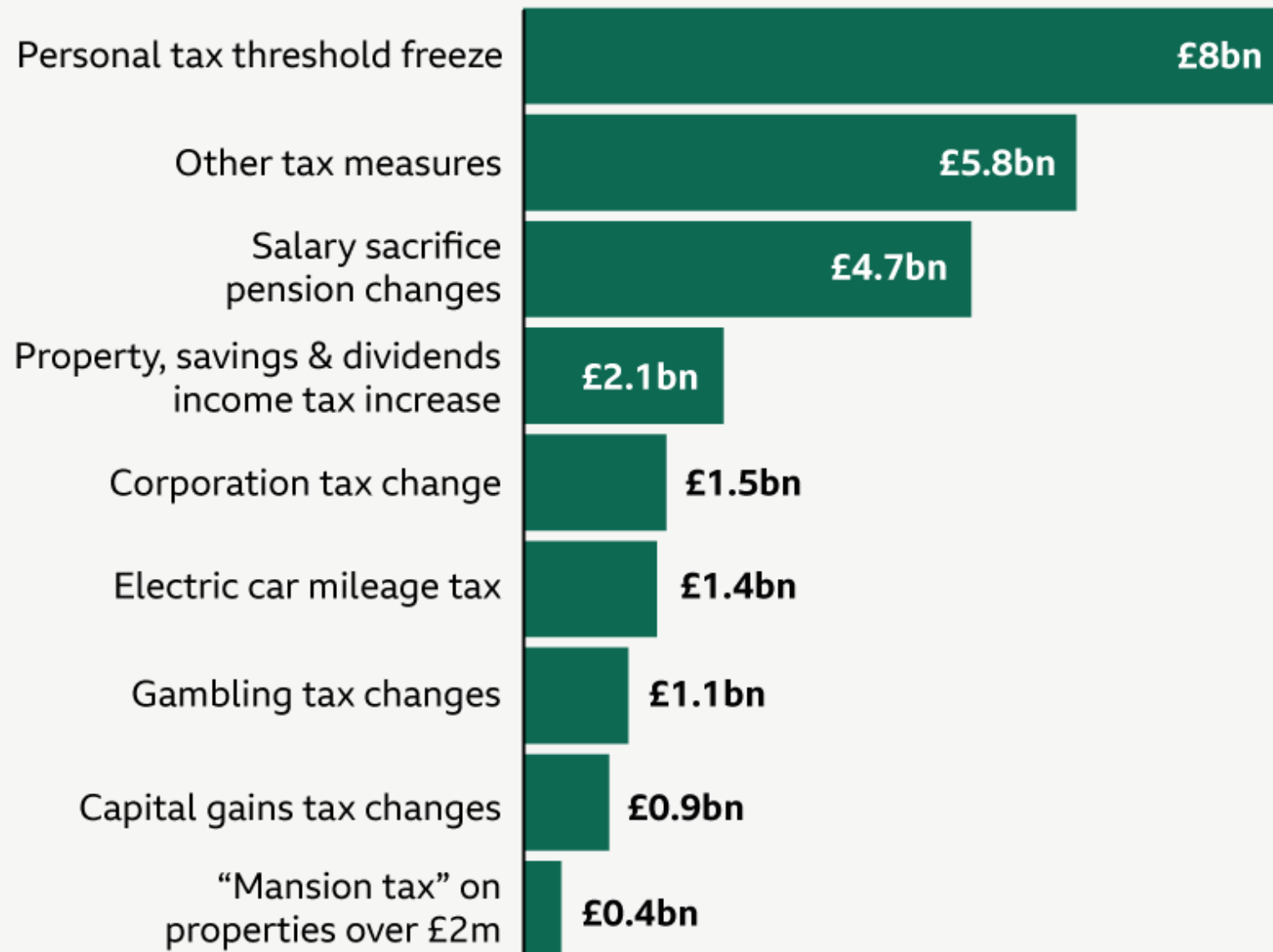
State Pension Exemption

4.167 State Pension and Simple Assessment

The government will ease the administrative burden for pensioners **whose sole income** is the **basic or new State Pension** without any increments so that they **do not have to pay small amounts of tax** via Simple Assessment from 2027-28 if the new or basic State Pension exceeds the Personal Allowance from that point. The government is exploring the best way to achieve this and will set out more detail next year.



How Budget will raise taxes by £26bn by 2029-30



Savings & Investments

Dividend Income

2% increase from 6 April 2026

Banding	Now	April 2026
Basic rate	8.75%	10.75%
Higher rate	33.75%	35.75%
Additional rate	39.35%	39.35%
Dividend allowance	£500	£500

EST £0.3bn of tax liabilities accelerated to 2025-26

S455 tax will go up too!

Which Is Better?

Income Tax

Dividend

VS

Salary

10.75% / 35.75%

20% / 40%

National Insurance

N/A

8% / 2%

Corporation Tax Relief

N/A

(19%/25%)

Depends on personal
circumstances

Salary can be more tax efficient
(if view company & personal taxes as one)

Especially if get employer NIC allowance

ISA's

6 April 2027

Overall limit
staying at
£20,000

Cash ISA limit
reducing to
£12,000

Over 65's not
affected
(£20k cash ISA)

Savings income

2% increase from 6 April 2027

Banding	Now	April 2027
Basic rate	20%	22%
Higher rate	40%	42%
Additional rate	45%	47%
Savings allowance	£1,000 / £500	£1,000 / £500

Savings income

Savings allowance examples

Basic rate - £25,000 @ 4% = £1,000 = 0%

Higher rate - £12,500 @ 4% = £500 = 0%

Savings income

Starting rate still £5,000

- Individuals with less than £17,570 of non-savings income
- Up to £5,000 taxed at 0%

Example retired pensioner

£12,547 of pension income & £5,000 of interest = £0 tax on interest

So £125k @ 4% = £5,000

Starting Rate Band

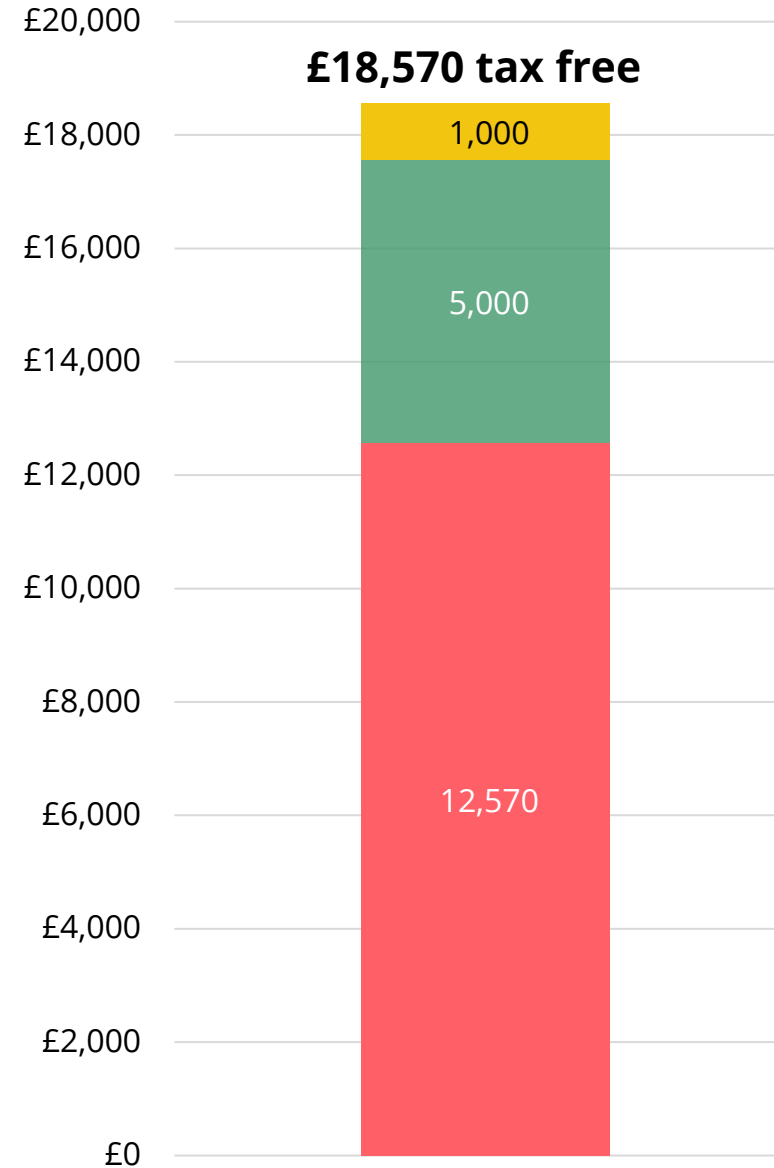
Directors' loan account?



Interest £6,000

Salary £12,570

Total £18,570



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Property

Rental income

2% increase from 6 April 2027

Banding	Now	April 2027
Basic rate	20%	22%
Higher rate	40%	42%
Additional rate	45%	47%
Property allowance	£1,000	£1,000

Why April 2027?



Personal Allowance Order

Non Savings

Savings

Dividends

Personal Allowance Order

Personal allowance



Non Savings
(non property)

20%
40%
45%

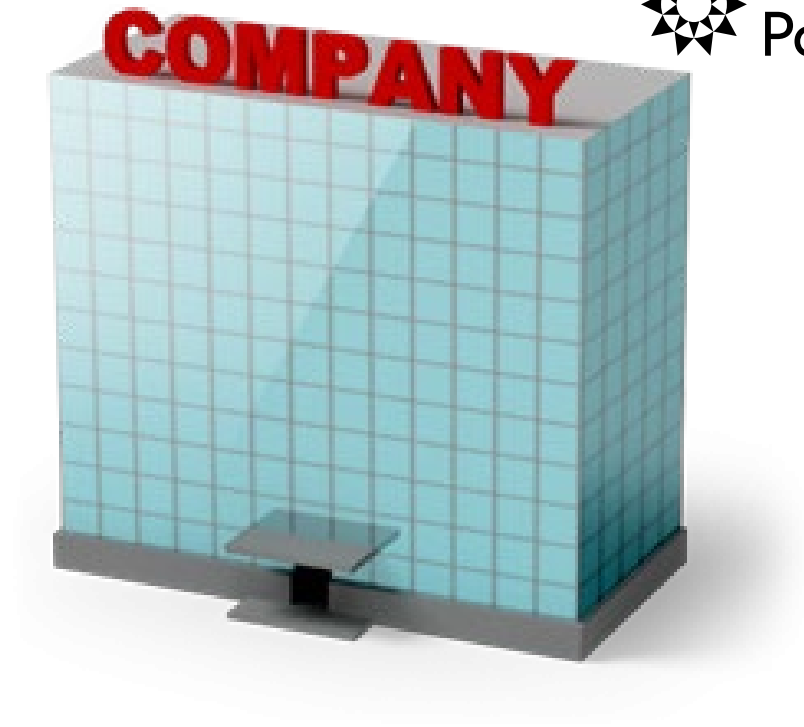
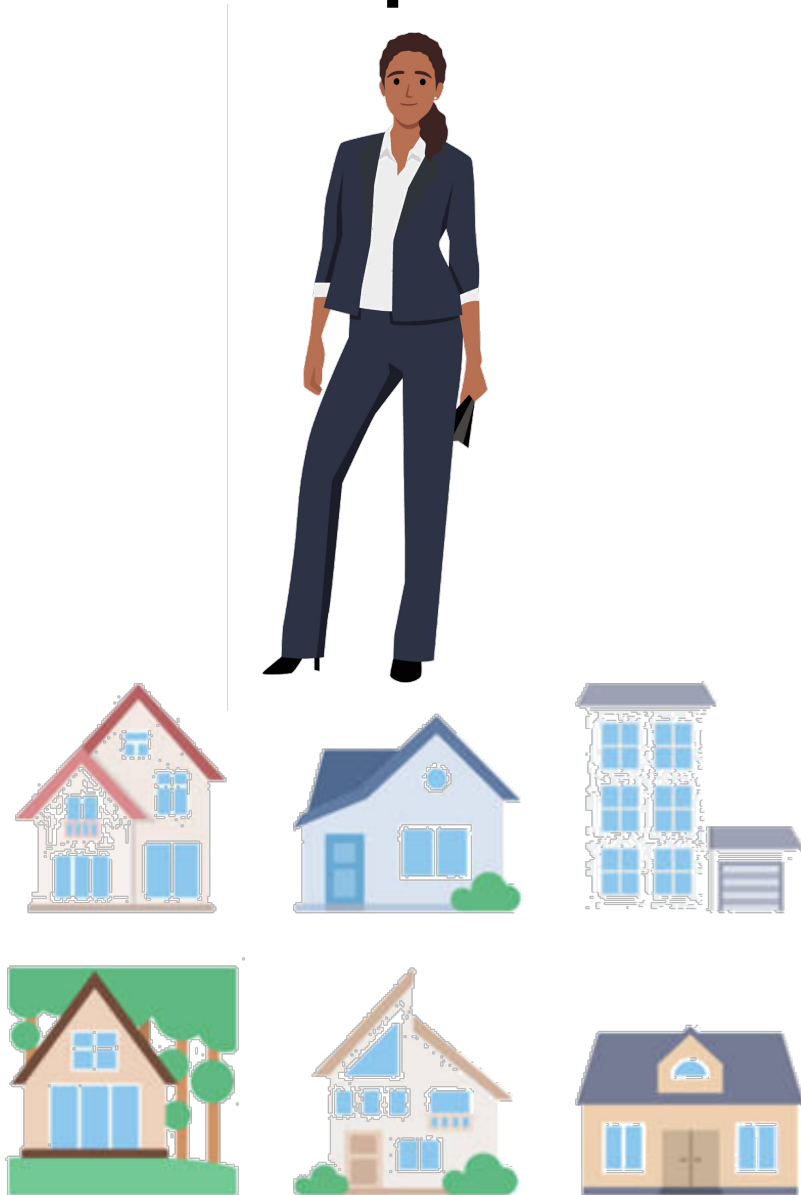
Property

22%
42%
47%

Savings

Dividends

BTL Incorporation?



BTL Incorporation

Benefits

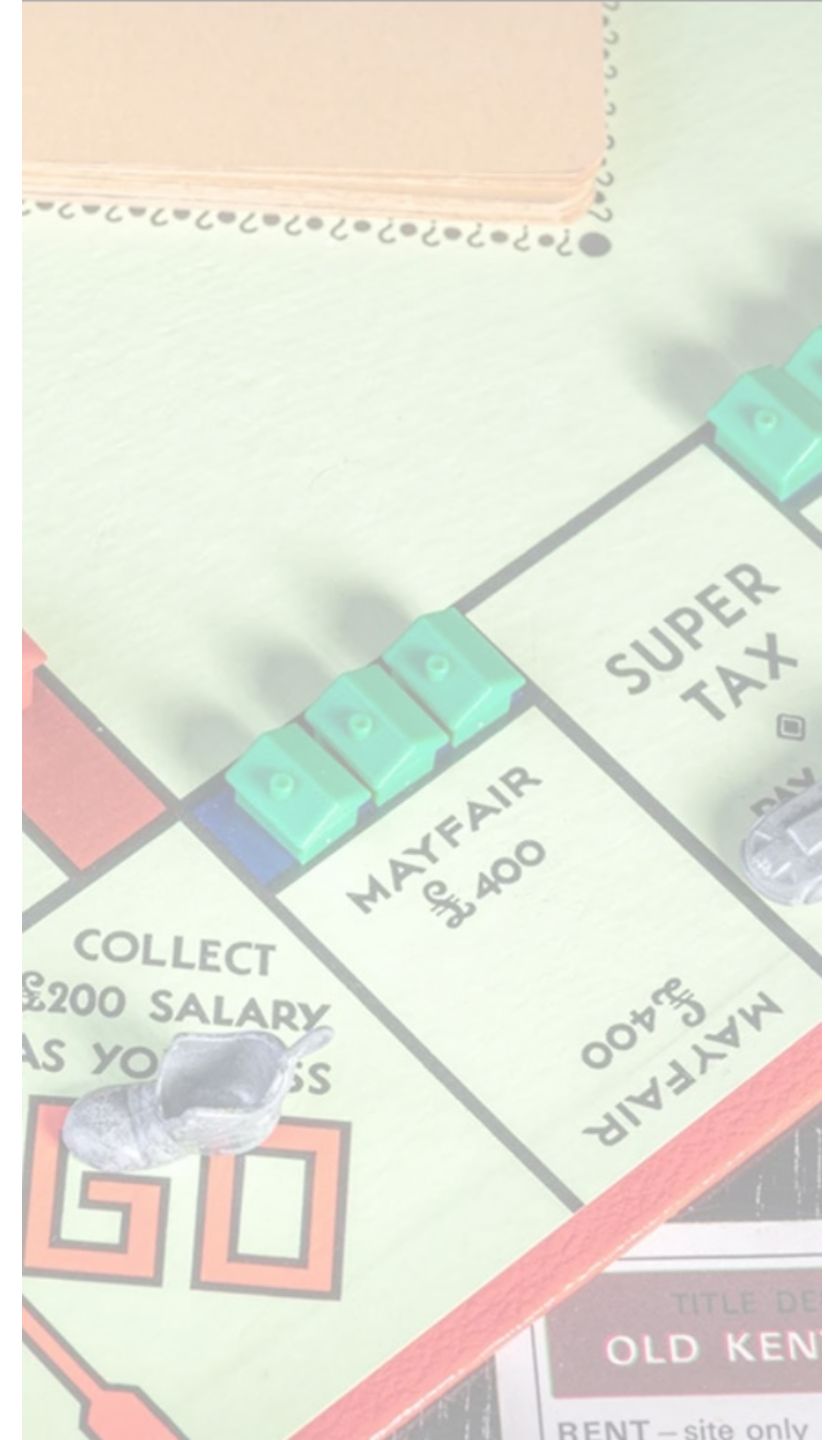
- Corporation tax 19% (£50k profits)
- No finance cost restriction
- Flexible estate planning options (FIC)

Council Tax Surcharge

‘Mansion Tax’ England

Banding	Charge
£2m - £2.5m	£2,500
£2.5m - £3m	£3,500
£3m - £5m	£5,000
£5m+	£7,500

- Levied on the owners not the occupiers
- Tax goes to central Government, not local
- Valuation exercise 2026 (valuations office)



Employment Taxes

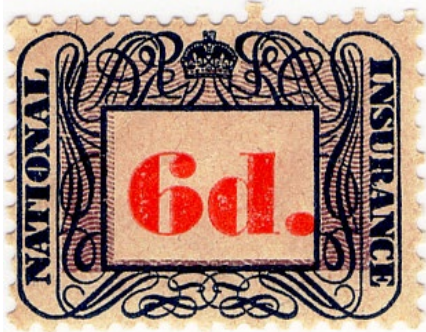
National Minimum Wage

1 April 2026

	2025	2026	Increase	
			%	Annual equivalent
21 and over (NLW)	£12.21	£12.71	4.1%	£1,040
18 to 20	£10.00	£10.85	8.5%	£1,768
Under 18	£7.55	£8.00	6%	£936
Apprentice	£7.55	£8.00	6%	£936

Employer National Insurance

Single director companies 2026-27 rates



£6,708



Employer National Insurance

Single director companies 2026-27 rates

Employee	Rate
Below £12,570	0%
£12,570 - £50,270	8%
Above £50,270	2%

Employer	Rate
Below £5,000	0%
Above £5,000	15%

Employee	
£6,708 - £12,570	0%

Employer	
£6,708	£256.20

No employment allowance

Pension Salary Sacrifice

April 2029

- Only first £2,000 NIC free
- Excess subject to Er & Ee NIC
- Still income tax free



Salary Sacrifice

Pension salary sacrifice example

	Bonus = cash	Bonus = pension
Cash received	£5,000	
Pension cont		£5,000
Tax at 40%	(£2,000)	-
NI at 2%	(£100)	-
Net cash / contribution	£2,900	£5,000
Emp NI saved at 15%		£750

Salary Sacrifice

Pension salary sacrifice example

	Bonus = pension
Salary sacrificed	£5,000
NI free	(£2,000)
	£3,000
Employee NI at 2%	£60
Employer NI at 15%	£450



Pension Salary Sacrifice

Alternatives

- 'Normal' pension contributions still NIC free
- Increase employer contributions in lieu of wage growth?
- No choice? No Sacrifice!

Home Working Expenses

Removal of income tax relief

- Required to WFH – increased household costs
- £6 per week allowance (or actual expenditure)
- Employer reimbursed - OK
- Employee claim – abolished 6 April 2026



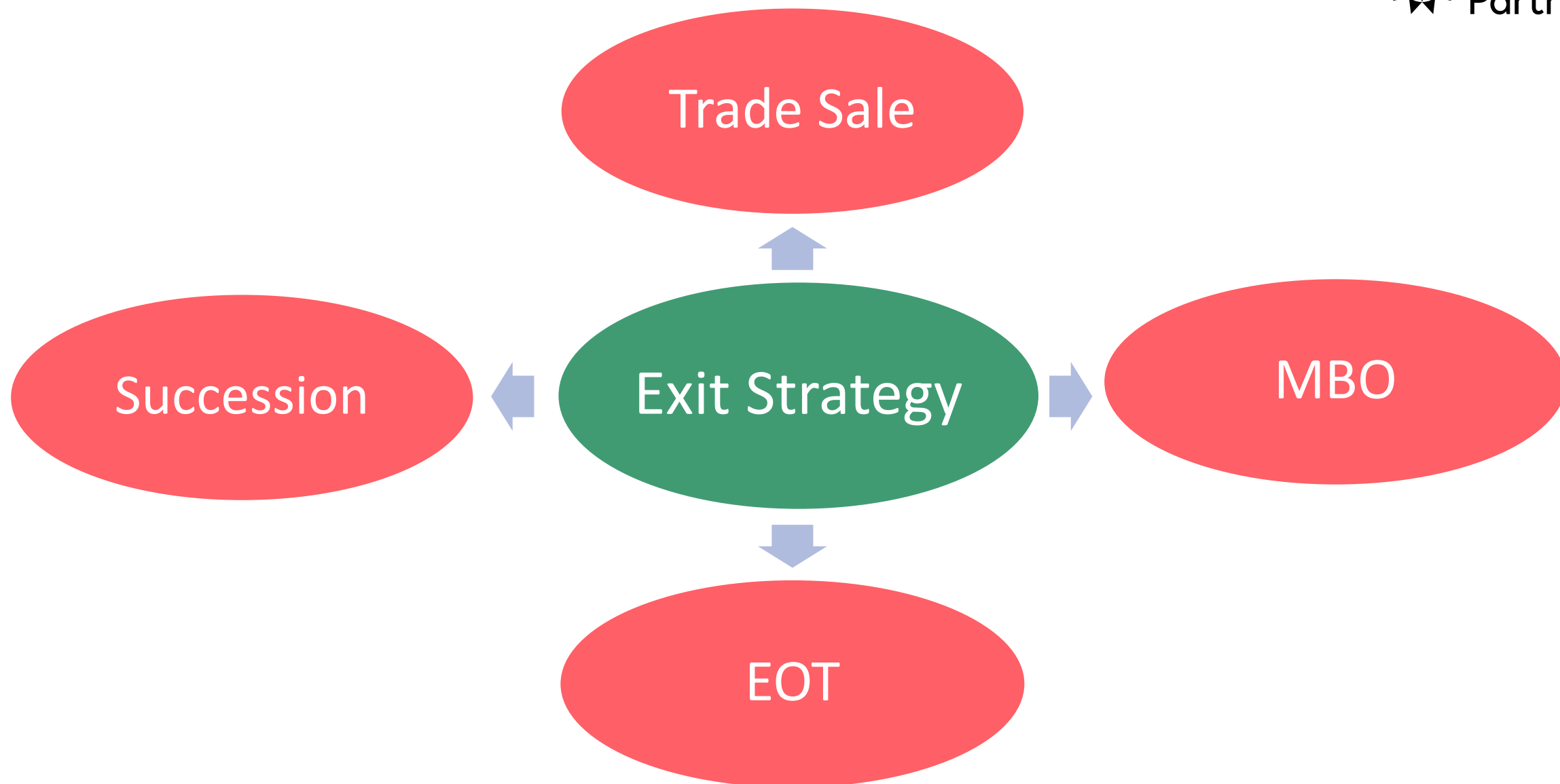
Capital Gains Tax

Employee Ownership Trust

26 November 2026

- 100% relief reduced to 50%
- Immediate effect
- 50% subject to CGT (no BADR)

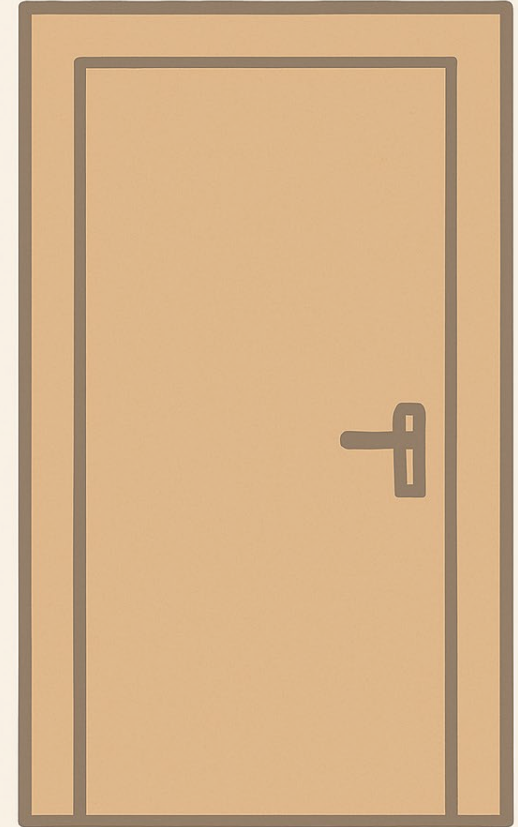




EOT

- Trust for the benefit of employees
- Strong management / culture
- Deferred sale proceeds
- 50% tax exempt, 50% @ 24%

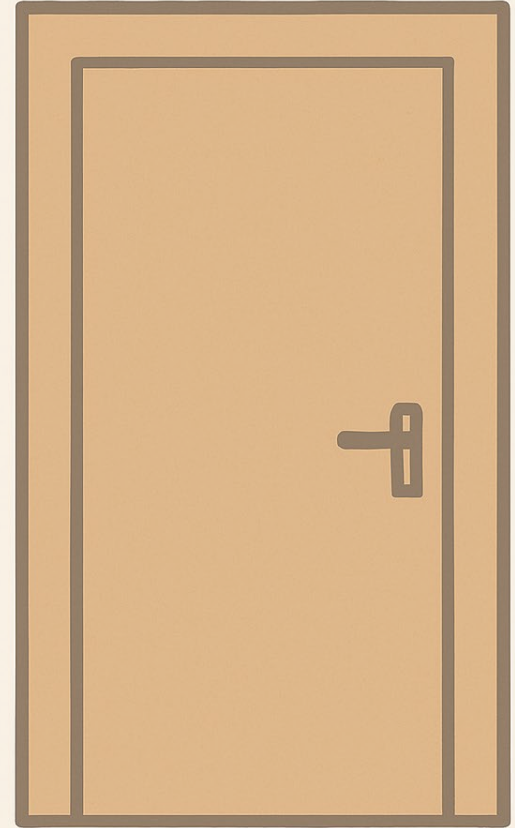
EXIT



Succession

- Family in the business?
- Gift relief available – no CGT
- Can receive cash

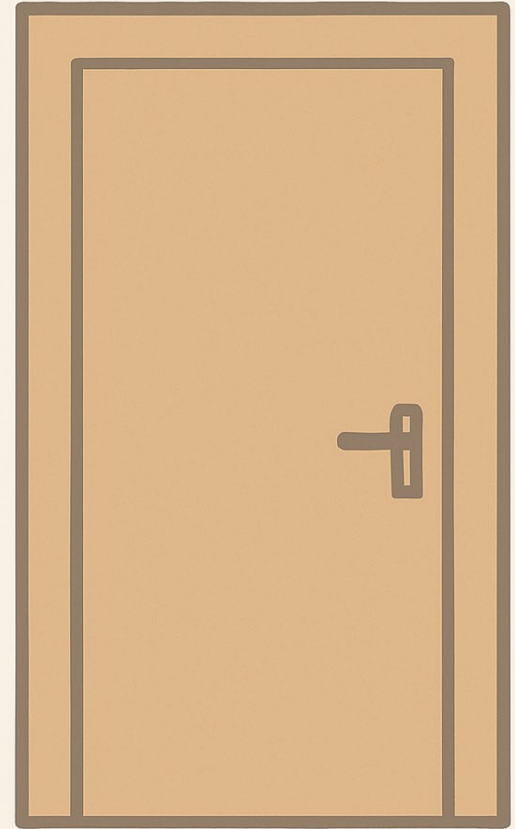
EXIT



MBO

- Strong management team?
- Cheap buy-in price
- Deferred sale proceeds
- BADR

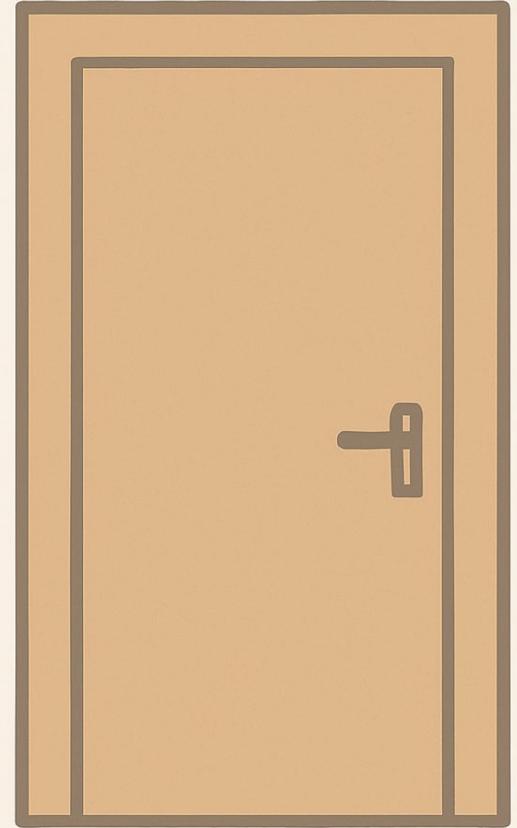
EXIT



Trade Sale

- Immediate proceeds (mostly)
- Full value achieved
- BADR

EXIT



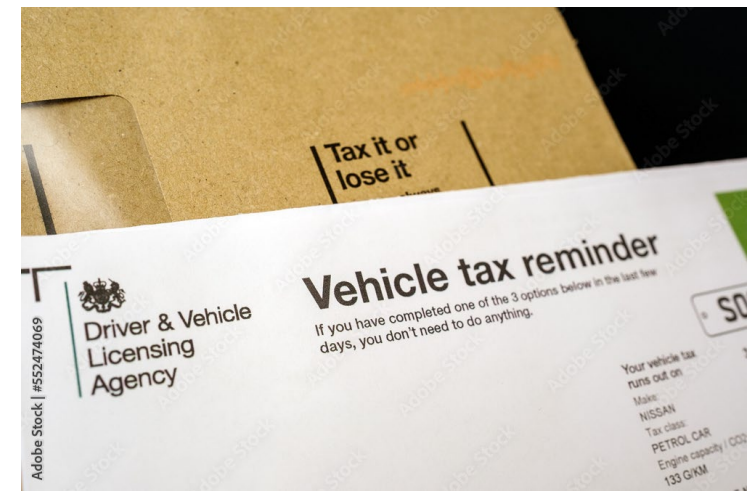
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Cars

Electric VED

April 2028

- New tax for EV & PHEV
- 3p per mile / 1.5p per mile
- Payable alongside road tax
- Mileage estimated



EV Capital Allowances

100% FYA

- Full write off against tax
- New & unused
- Extended for another year
- But not the usual two!



Capital Allowances

Writing Down Allowances

April 2026

- Main rate WDA cut to 14% (from 18%)



First Year Allowances

January 2026



New 40%
FYA



Already have:

- AIA - £1m
- Full expensing

First Year Allowances

January 2026

- Businesses that hire out assets
- Unincorporated business (no full expensing)



Pensions

Pensions

No changes to:

- NIC free contributions (exc SS)
- Annual allowance limit
- Tax free lump sums (draw & gift?)
- IHT inclusion from April 2027



Pensions

April 2027

- Death in service benefits excluded
- PRs report & pay IHT, but can direct pension scheme to
 - Withhold 50% of taxable benefits for 15 months
 - Pay the IHT before releasing the balance to beneficiaries



Share Investments

EMI Share Options

Tax efficient way for employees to acquire shares

E.g. wish to incentivise / retain key employee(s)

- Current share price = £5 when options granted
- Share price on exercise of options = £8, but
- Employee pays £5
- £3 Discount is tax & NIC free

EMI Share Options

Options granted 6 April 2026

Banding	Now	April 2026
Value of options	£3m	£6m
Company gross assets	£30m	£120m
Number of employees	250	500
Exercise period	10 years	15 years

Exercise period can apply retrospectively to existing EMI contracts

EIS & VCT

6 April 2026

Investor tax relief on share investments

Banding	Now	April 2026
Company gross assets - before	£15m	£30m
Company gross assets - after	£16m	£35m
Annual Investment limit	£5m (£10m KI)	£10m (£20m KI)
Lifetime Investment limit	£12m (£20m KI)	£24m (£40m KI)

VCT income tax relief cut from 30% to 20% - EIS remains at 30%



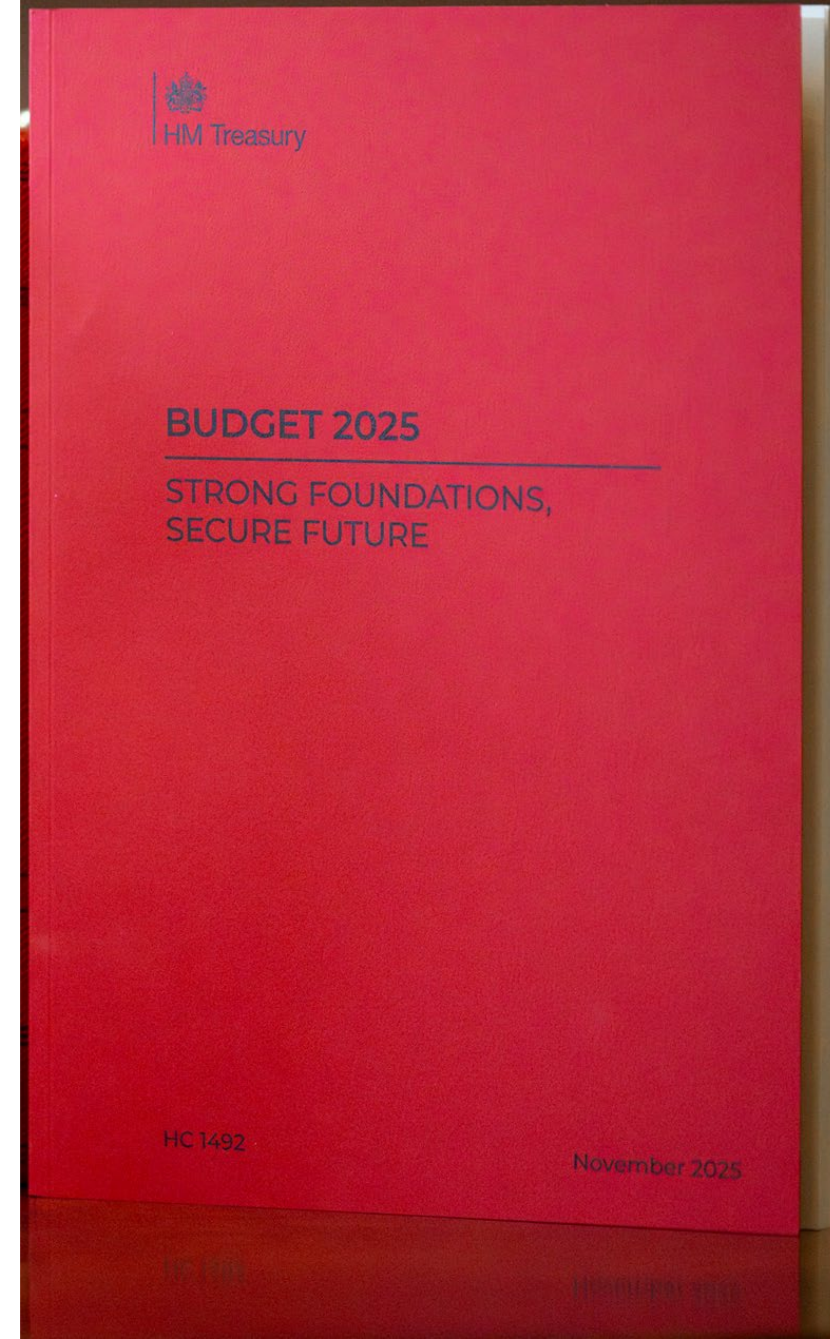
Tax Payment

April 2029

4.149 More timely payment for Self Assessment

The government will require income tax Self Assessment taxpayers with Pay As You Earn (PAYE) income **to pay more of their Self Assessment liabilities in-year** via PAYE from April 2029.

The government will publish a consultation in early 2026 on delivering this change, and on timelier tax payment for those with only Self Assessment income.





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