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GUIDE TO THE

Autumn Budget 2025

A pivotal moment for the UK as Chancellor Rachel Reeves presents her second Budget

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Welcome

Chancellor says 'ordinary people' will have to pay 'a little bit more' as she defends Budget tax rises

Rachel Reeves, the Chancellor of the Exchequer, delivered her second Autumn Budget Statement 2025 on Wednesday, 26 November, alongside a revised economic forecast from the Office for Budget Responsibility. After weeks of speculation, she provided clarity on the government's tax, spending, and borrowing plans.

The chancellor faced the challenge of tackling another fiscal black hole and repeatedly affirmed her commitment to Labour's manifesto pledge not to raise income tax, value-added tax, or national insurance for working people. The government introduced several smaller, targeted measures to boost revenue, resulting in £26 billion of tax increases by 2029/30. Additionally, these measures give the chancellor an extra £22 billion in fiscal headroom.

Key announcements by the chancellor included changes to tax and savings regulations, such as a freeze on income tax thresholds, modifications to salary sacrifice schemes, and a reduction in the Cash ISA allowance.

Navigating the financial landscape after any Budget statement can be complicated, which is why it is essential to understand how any new measures might influence your long-term goals. Taking the time to review your financial plans provides peace of mind and helps ensure you stay on track.

WHAT DOES THE AUTUMN BUDGET STATEMENT 2025 MEAN FOR YOU?
Our comprehensive Autumn Budget 2025 guide highlights key announcements and their potential impact on your finances or business. If you'd like to learn more or discuss how the measures might affect you, please contact us.

This guide reflects our understanding of the 2025 Autumn Budget and does not constitute personal financial advice. Tax rules, rates, and allowances can change, and their benefits depend on your individual circumstances. Investments can both rise and fall in value, and you may receive less than you initially invested. Access to pension funds is generally restricted until age 55 (rising to 57 in 2028). ISA and pension rules may also change, and any benefits depend on your personal situation. Tax rates and bands differ for Scottish taxpayers. If you are unsure about the best course of action, seeking professional financial advice is recommended.

“Key announcements by the chancellor included changes to tax and savings regulations, such as a freeze on income tax thresholds, modifications to salary sacrifice schemes, and a reduction in the Cash ISA allowance.”

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Main Autumn Budget Statement 2025 announcements at a glance

Measures on tax, NI, and benefits affect single people, couples, families, and pensioners

What does the Autumn Budget Statement 2025 mean for your finances? The Chancellor of the Exchequer, Rachel Reeves, delivered Labour's second budget on Wednesday, 26 November. The chancellor's opening remarks were somewhat overshadowed by the Office for Budget Responsibility's (OBR) assessment of her budget's effects, which was accidentally published early due to an unprecedented error.

"We are rebuilding our economy," she said, pointing to trade deals with the US, India, and the EU, planning reforms, overhauling the visa system, and changing fiscal rules to increase public investment to a four-decade high."Working people demanded and deserved change," she said. "I said there would be no return to austerity and I meant it ... I said I would cut the cost of living and I meant it ... I said I would cut debt and borrowing and I meant it."

ECONOMY

- Office for Budget Responsibility (OBR) predicts the UK economy will grow by 1.5% this year, upgraded from a 1% forecast in March
- Inflation is predicted to average 3.5% this year, before falling to 2.5% next year, and returning to the government's 2% target in 2027
- Borrowing in 2025/26 is predicted to be £138.3bn, falling to £112.1bn the year after, then £98.5bn in 2027/28, £86.9bn, £67.9bn in 2028/29 and £67.2bn in 2030/31
- UK to cut debt, with the government finances reaching a surplus of £3.9bn in 2029, £21.7bn the year after and £24.6bn the year after that

TAXATION

- Basic rates of income tax, VAT, and national insurance will remain unchanged
- National insurance (NI) and income tax thresholds frozen for a further three years beyond 2028, gradually moving more people into higher bands over time
- Basic and higher income tax rates on property, savings and dividend income to increase by two percentage points
- Dividend tax rates will rise by two percentage points from April 2026, with the basic dividend tax rate increasing from 8.75% to 10.75%, and the higher rate going up from 33.75% to 35.75%
- The amount that under-65s can contribute to Cash ISAs (Individual Savings Accounts) will be limited to £12,000 annually from April 2027, with the remaining £8,000 of the £20,000 annual allowance allocated for investments
- The government will publish a consultation in early 2026 on implementing a new, simpler ISA product to support first-time buyers in buying a home

WAGES, BENEFITS AND PENSIONS

- The cap limiting households on universal or child tax credit from receiving payments for a third or subsequent child is to be abolished from April 2026
- Legal minimum wage for over-21s to rise 4.1% in April 2026, from £12.21 to £12.71 per hour
- Wages for 18- to 20-year-olds will increase by 8.5%, rising from £10 to £10.85 an hour, as part of a plan to create a single rate for all adults
- Basic and new state pension payments will increase by 4.8% from April 2026, exceeding the current rate of inflation, under the "triple lock" policy
- From 2029, there will be a £2,000 cap on salary-sacrifice into a pension, with contributions above that taxed in the same way as other employee pension contributions
- Removing tax benefits from salary-sacrifice pension schemes is expected to generate £4.7bn, the OBR states
- The Help to Save scheme, which offers people on universal credit a bonus on savings, has been extended and expanded beyond 2027

HOUSING

- Residential properties in England valued above £2m from April 2028, based on the Valuation Office's 2026 values, will face a High Value Council Tax Surcharge (HVCTS) - commonly known as a "Mansion Tax" ranging from £2,500 to £7,500 for a property valued in the highest band of £5m or more, following a revaluation of homes in bands F, G, and H

TRANSPORT

- 5p "temporary" cut in fuel duty on petrol and diesel extended again, until September 2026, before it rises again over a six-month period
- New excise duty on electric cars from 2028, payable alongside vehicle excise duty, at 3p a mile for electric cars and 1.5p for plug-in hybrids, to help double funding for road maintenance in England
- Regulated rail fares for journeys in England will be frozen next year for the first time since 1996 (although there have been times when prices increased by less than inflation)
- Premium cars will be excluded from the Motability scheme, which enables people receiving certain disability benefits to lease vehicles at a lower cost, including imposing VAT on payments for higher-value cars and ending relief from insurance premium tax

BUSINESS

- Expansion of entrepreneurial investment schemes and relief for UK stock market listings, with a three-year exemption from stamp duty
- Introduction of a 40% allowance to enable businesses to write off more of their upfront investment costs
- Capital gains tax relief on shares sold by business owners will be halved, as the decision to restrict employee ownership trust capital gains tax relief from 100% to 50%
- Permanently reduced business rates for 750,000 retail, hospitality, and leisure businesses, funded by increased rates on properties valued over £500,000, utilised by "warehouse giants"
- Customs duty will apply to parcels of any value, to stop online retailers from undercutting high street retailers on price
- Funding will be available to ensure apprenticeships are free for small and medium-sized enterprises

FOOD AND DRINK

- Tax on sugary drinks will be extended to pre-packaged milkshakes and lattes from 2028, reversing the exemption introduced when the tax was first implemented in 2018

SCHOOLS AND THE NHS

- As referred to in the last spending review, an additional £5m for secondary school libraries and £18m to improve playgrounds was reiterated
- The cost of a single NHS prescription in England stays at £9.90 for another year (they remain free in Wales, Scotland, and Northern Ireland)
- A saving of £4.9bn promised from a variety of efficiencies will be spent on more nurses and GP appointments, together with £300m of investment in tech to improve patient services and 250 new local patient health centres

GAMBLING DUTY

- From April 2026, the Remote Gaming Duty (RGD), levied on online casinos, will increase from 21% to 40%
- Bingo duty of 10% abolished
- New online-only rate of general betting duty, which is levied on operators' income from sports betting
- High street bookmakers will still pay the current 15% rate, but online, the duty will increase to 25%, with an exemption for horse racing
- Casino gaming duty bands will be frozen

DEVOLUTION AND REGIONS

- English regional mayors will be granted powers to tax overnight stays in hotels and holiday lets, mirroring existing plans in Scotland and Wales
- £13bn of flexible funding for seven mayors to invest in skills, business support and infrastructure
- An additional £370m for the Northern Ireland Executive, £505m for the Welsh government and £820m for the Scottish government
- Wales will establish two "AI growth zones", generating over 8,000 jobs, backed by a £10m investment in the semiconductor sector
- In Scotland, £14m will be allocated for low-carbon technologies in Grangemouth, £20m to renew infrastructure in Inverclyde, and £20m to revitalise Kirkcaldy town centre and seafront

Freezing the threshold means that even if your salary increases, the tax bands remain static. As a result, a pay rise could push you into a higher tax threshold, leading to a larger portion of your earnings going to tax.

Income tax threshold freeze

How this policy affects taxpayers at all income levels

The Chancellor of the Exchequer, Rachel Reeves, confirmed an extension of the freeze on income tax thresholds, a move set to reshape the financial landscape for millions. This decision to prolong the freeze until the 2030/31 tax year could have significant implications for your earnings, savings, and overall financial health. Understanding these changes is the first step towards protecting your finances.

UNDERSTANDING THE INCOME TAX THRESHOLD FREEZE

Income tax thresholds are the limits that decide which tax rate you pay. In the UK, there are different bands: the personal allowance (the amount you can earn tax-free), the basic rate, the higher rate, and the additional rate.

Freezing the threshold means that even if your salary increases, the tax bands remain static. As a result, a pay rise could push you into a higher tax threshold, leading to a larger portion of your earnings going to tax.

WHAT IS FISCAL DRAG?

The primary effect of freezing tax thresholds is known as 'fiscal drag'. This term describes what happens when inflation and wage growth pull more people into paying higher rates of tax. This is a way for the government to increase tax revenue without explicitly raising tax rates.

The impact of the tax threshold freeze is not uniform; it affects people differently depending on their income level. The consequences of fiscal drag extend beyond just your monthly payslip. Being pushed into a higher tax threshold can trigger several other financial changes that are easy to overlook.

CHANGES TO CAPITAL GAINS AND DIVIDEND TAX

The tax you currently pay on investments is also affected.

Capital gains tax (CGT): When you sell an asset that has increased in value, such as property or shares, the profit may be subject to CGT. The rate you pay depends on your income tax band.

Dividend tax: If you receive income from dividends (often from owning shares in a company), the tax rate also increases as you move up the income tax bands.

Being pushed into a higher threshold means any gains from your investments will be taxed more heavily, potentially affecting your long-term investment strategy. The tax system is complex, and the best strategy for you will depend on your individual circumstances.

Understanding how the income tax threshold freeze could specifically impact your wealth creation is important to ensure that your finances are arranged in a tax-efficient manner. ◂

"Freezing the threshold means that even if your salary increases, the tax bands remain static. As a result, a pay rise could push you into a higher tax threshold, leading to a larger portion of your earnings going to tax."

Cash ISA allowance cut

A shift designed to reshape how we save and invest for the future

Changes are coming for UK savers. The Chancellor of the Exchequer, Rachel Reeves, has announced that from April 2027, the annual Cash ISA allowance will be reduced to £12,000 for individuals under 65. She said she would "reform our ISA system, keeping the full £20,000 allowance while designating £8,000 of it exclusively for investment."

This shift is designed to reshape how we save and invest, with significant implications for your financial strategy.

UNDERSTANDING THE CASH ISA ALLOWANCE REDUCTION

A Cash ISA is a popular savings account that allows you to earn tax-free interest. Currently, you can save and invest up to £20,000 each tax year across all types of ISAs, including a Cash ISA, a Stocks & Shares ISA and an Innovative Finance ISA.

Starting from April 2027, the dedicated allowance for Cash ISAs will be reduced to £12,000 for savers under 65. However, the overall annual ISA allowance will stay at £20,000. This means you can still save and invest a total of £20,000 tax-efficiently, but a smaller part can be held in cash.

WHY IS THE GOVERNMENT MAKING THIS CHANGE?

The chancellor aims to encourage more people to invest their money in the stock market. The government believes that investing offers greater potential for long-term growth than simply saving cash. By limiting the amount you can hold in a Cash ISA, the policy intends to prompt savers to consider a Stocks & Shares ISA for the remaining part of their annual allowance.

INVESTMENT VS. CASH SAVINGS: WHAT'S THE DIFFERENCE?

While the government encourages investment, it is important to recognise that Cash ISAs still play a role in a well-rounded financial plan. The right choice depends on your personal circumstances, risk appetite, and financial goals.

A CASE FOR ISAS

Cash ISAs are suitable for individuals, especially for short-term goals. If you're saving for a home deposit, a wedding, or a new car in the coming years, the stability of a Cash ISA can be very advantageous. The money is protected from market fluctuations, ensuring your capital remains safe when you need it. Holding large cash sums outside a tax-efficient wrapper could lead to an unexpected tax charge.

Investing in a Stocks & Shares ISA means your money is put to work in the stock market, buying shares in companies, bonds, or other assets. While this comes with a higher level of risk, it also offers the potential for much greater returns over the long term.

Investing is generally suited for goals that are five years or more away. This timeframe allows your investments to recover from any short-term market downturns. The longer you invest, the more you can benefit from the effects of compounding, where your returns start to generate their own returns.

HOW TO PREPARE FOR THE APRIL 2027 CHANGES

The good news is that these changes won't happen right away. You have time to review your savings and investment plans and make any necessary adjustments.

MAXIMISE YOUR CURRENT ALLOWANCE

With the change still a few years away, if appropriate, now is the time to maximise your current £20,000 Cash ISA allowance. Take this opportunity to think about what you are saving for. Are your goals short-term or long-term?

If you have savings you will not need for at least five years, exploring a Stocks & Shares ISA could be a more appropriate next step.

SPECIAL CONSIDERATIONS FOR RETIREES

The new rules include a specific provision for individuals aged 65 and over, who will keep the full £20,000 annual Cash ISA allowance. This measure aims to support retirees, who often depend on larger cash reserves for income and security.

As individuals near or enter retirement, their financial strategy usually shifts from accumulating wealth to preserving it. This often involves "derisking" a portfolio by transferring assets from higher-risk investments, such as stocks and shares, into lower-risk assets, such as cash. The £20,000 allowance can help retirees make this transition without facing a tax liability.

YOUR NEXT STEPS

The upcoming cut to the Cash ISA allowance is a prompt to review your finances and ensure your strategy aligns with your long-term objectives.

Assess your current savings: Review how much cash you have and where it is held. Are you making the most of your tax-free allowances?

Define your goals: Clarify your short, medium, and long-term financial goals. This will help determine whether saving in cash or investing is the more appropriate path.

By taking proactive steps now, you can position yourself to navigate these changes confidently and continue building a secure financial future. ◂

The chancellor announced that the government will limit the amount of salary that can be sacrificed for pension contributions to £2,000 per year.

Salary sacrifice pension changes

Limiting the scope of national insurance contributions relief from 2029

The Chancellor of the Exchequer, Rachel Reeves, announced a significant change to how pension contributions work under salary sacrifice schemes. The primary goal of this policy shift is to increase government tax revenue by limiting the scope of national insurance relief.

The measure will raise £4.7bn in extra national insurance contributions (NICs), the Office for Budget Responsibility (OBR) has estimated. While the change isn't scheduled to take effect until April 2029, understanding its implications now can help you make informed decisions about your financial future.

WHAT IS SALARY SACRIFICE?

Before considering the changes, we need to understand what salary sacrifice is. A salary sacrifice arrangement is an agreement between you and your employer where you forgo part of your salary in exchange for a non-cash benefit, such as pension contributions. The schemes currently allow employees to pay 100% of their annual earnings, up to a maximum of £60,000, whichever is lower, into their pension before tax and national insurance are deducted.

The primary advantage of this method is the savings on NICs. Because the sacrificed portion of your salary is never technically paid to you, neither you nor your employer pays NICs on that amount. This means more of your money goes directly into your pension pot.

UPCOMING CHANGES TO SALARY SACRIFICE

The chancellor announced that the government will limit the amount of salary that can be sacrificed for pension contributions to £2,000 per year. This cap will come into effect in April 2029. Any amount you contribute above this £2,000 limit via salary sacrifice will no longer benefit from NICs relief.

This change announced specifically affects national insurance savings on salary sacrifice schemes. The good news is that standard income tax relief on pension contributions and the tax-free cash you can take from your pension at retirement (currently 25% of the pot) remain unchanged for now.

WHAT SHOULD YOU CONSIDER BEFORE 2029?

With the changes still several years away, you have a valuable window of opportunity to take action and bolster your retirement savings.

MAXIMISE YOUR CONTRIBUTIONS NOW

If you can afford it, now is the time to consider making the most of the current, more generous salary sacrifice rules. By increasing your contributions before April 2029, you could maximise the national insurance savings available for both you and your employer. This enables you to front-load your pension with extra funds that potentially have more time to grow.

Start a conversation with your employer about the upcoming changes. Find out if they have considered the impact of the new cap and what their strategy will be. Some employers might be willing to absorb the extra cost to maintain their current pension contribution levels, while others may not.

Understanding their position early will help you plan your own financial strategy more effectively. It could also encourage your employer to review their benefits package in a way that continues to support employee retirement goals.

REVIEW YOUR OVERALL FINANCIAL PLAN

Use this upcoming change as a prompt to conduct a full review of your retirement plan. Are you on track to meet your goals? Could you be saving more? By acting now, you can take advantage of the current system to give your retirement savings a valuable boost.

Don't wait until the rules change. Review your pension and create a plan to secure your financial future. The actions you take today can significantly impact your quality of life in retirement. ◄

The Chancellor, Rachel Reeves, announced that the two-child benefit cap will be fully abolished from April 2026.

Two-child benefit cap scrapped

Move estimated to lift 450,000 children out of poverty by 2029/30

The Chancellor, Rachel Reeves, announced that the two-child benefit cap will be fully abolished from April 2026. This policy change overturns a 2017 measure that restricted universal credit and tax credit claims to a family's first two children.

WHAT IS CHANGING?

The chancellor confirmed its removal, a move she estimated will lift 450,000 children out of poverty by 2029/30. She also stated that the decision was made because her party does "not believe that the solution to a broken welfare system is to punish the most vulnerable children." Explaining that the removal of the cap is "fully funded," she said, this will be achieved through measures to tackle welfare fraud, crack down on tax avoidance, and reform gambling taxes.

IMPACT ON FAMILIES AND POVERTY

The government projects that this single change will contribute to the largest reduction in child poverty since records began. But while the news was met with cheers in the House of Commons, it has also drawn criticism.

This policy shift is a central part of the government's welfare reform approach. Before the UK-wide announcement, the Scottish government had already put plans in motion to lessen the cap's impact by providing additional payments to affected families. ◄

Labour markets

Role of policy in shaping employment opportunities

NATIONAL LIVING WAGE AND NATIONAL MINIMUM WAGE INCREASES

Starting April 1, 2026, the National Living Wage will rise by 4.1% to £12.71 per hour. The National Minimum Wage will also increase: 8.5% for 18- to 20-year-olds (£10.85 per hour) and 6.0% for 16-to 17-year-olds and apprentices (£8.00 per hour). The accommodation offset will increase by 4.1% to £11.10 per day.

YOUTH GUARANTEE AND GROWTH, AND SKILLS LEVY

Over £1.5 billion will be allocated for employment and skills support, including the Growth and Skills Levy. This funding aims to provide young people with high-quality training opportunities and to streamline the apprenticeship system for greater efficiency. Further details are forthcoming.

YOUTH GUARANTEE: JOBS GUARANTEE SCHEME

A six-month paid work placement will be guaranteed for eligible 18- to 21-year-olds who have been on Universal Credit and have been actively seeking work for 18 months. This program will cover 100% of employment costs for 25 hours per week at the relevant minimum wage, along with additional support services. ◄

Navigating the new savings and dividend tax changes

Protecting your returns and making your money work more efficiently

Upcoming changes to the tax on dividends and savings income announced by the Chancellor of the Exchequer, Rachel Reeves, will directly affect savers and investors across the country. Understanding these new rules is the first step in protecting your returns and making your money work more effectively.

The chancellor announced two key changes: one related to dividend income and the other to savings interest. Both involve a 2% increase, but they apply to different types of income and take effect at different times.

INCREASE IN DIVIDEND TAX

For investors who hold shares outside of a tax-efficient wrapper like an Individual Savings Account (ISA), the tax you pay on your dividend income is set to rise.

From April 2026, the tax on dividends will rise by 2% for both basic and higher rate taxpayers. This policy is expected to raise significant revenue for the government from a wide range of investors. Anyone receiving dividends above the annual allowance will be affected by this change.

INCREASE IN SAVINGS INCOME TAX

Savers earning interest on cash held in standard savings accounts will also see a change. From April 2027, the higher and additional rates of tax on savings income will increase by 2%.

While this change is targeted at higher-income individuals, it's a crucial adjustment to be aware of, especially if your earnings or savings push you into a higher tax threshold.

WHAT THIS MEANS FOR YOUR MONEY

These tax increases may seem small at first glance, but they can compound over time, slowly eroding the value of your investments and savings. The core implication is simple: if your assets are not held in a tax-efficient account, a larger portion of your returns will be subject to tax.

For investors, the dividend tax increase makes it more important than ever to review where your investments are held. For savers, especially those with substantial cash holdings, the savings tax increase could reduce the real return you make on your money, particularly in a low-interest-rate environment.

HOW TO PROTECT YOUR SAVINGS AND INVESTMENTS

Fortunately, there are established and effective strategies you can use to shelter your money from these tax increases. The primary tool at your disposal is the Individual Savings Account (ISA).

MAXIMISE YOUR ISA ALLOWANCE

An ISA is a "tax wrapper" that protects your money from income tax and capital gains tax. There are different types of ISAs, but the two most relevant for these changes are the Stocks & Shares ISA and the Cash ISA.

In the current 2025/26 tax year, you have an ISA allowance of £20,000. Any money you place into an ISA, up to this limit, can grow completely tax-efficiently. By using your allowance, you can immediately shield your investments and savings from the upcoming tax increases.

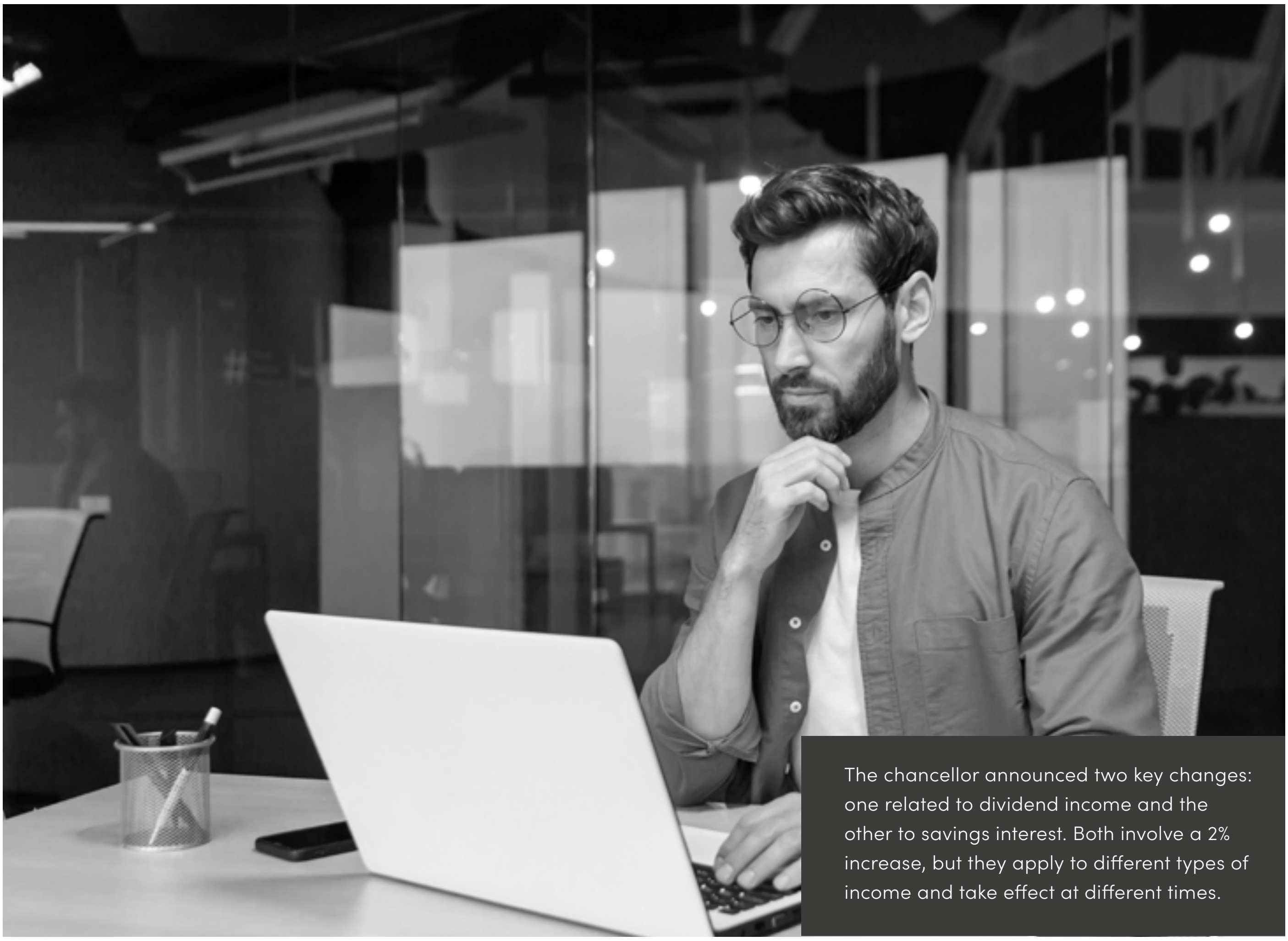
STOCKS & SHARES ISAS

If you hold shares that pay dividends, it may be worth considering transferring them into a Stocks & Shares ISA. Once within the ISA, any dividends you receive are exempt from dividend tax. Additionally, you won't have to pay any capital gains tax when you decide to sell your investments.

If you haven't used your £20,000 allowance for this tax year, you can do so now before 5 April 2026. You will then receive a new £20,000 allowance at the start of the next tax year in April, allowing you to shelter more of your portfolio before the dividend tax increase takes effect.

PRIORITISE HIGH-DIVIDEND SHARES

If your investments exceed your available ISA allowance, you will need to be strategic about what you move into the tax wrapper. It makes the most sense to prioritise moving the shares that generate the highest dividends.



The chancellor announced two key changes: one related to dividend income and the other to savings interest. Both involve a 2% increase, but they apply to different types of income and take effect at different times.

By sheltering your high-yield investments first, you minimise the impact of the dividend tax increase. This leaves your growth-oriented investments (those that pay low or no dividends) outside the ISA. While these may be subject to capital gains tax in the future, some of this tax can often be managed through your annual capital gains allowance.

CONSIDER A CASH ISA FOR SAVINGS

If you have cash savings, a Cash ISA offers a straightforward way to protect your interest from the savings tax increase. The interest you earn in a Cash ISA is tax-efficient, regardless of your income level.

With the higher and additional savings tax rates set to rise in April 2027, moving your cash into a Cash ISA now can ensure your interest remains yours to keep.

STRATEGY FOR MARRIED COUPLES

Married couples and registered civil partners have an additional advantage. You can transfer assets, including shares and cash, between each other without triggering a tax bill.

This means if one partner has used their ISA allowance, they can transfer assets to the other partner, who can then use their own £20,000 allowance. By combining your allowances, you can currently shelter up to £40,000 in investments and savings each tax year.

TAKING ACTION NOW

The upcoming tax changes are still some time away, but the key to managing them effectively is to act early. By taking advantage of your ISA allowances now and in the coming tax years, you can structure your finances to be as tax-efficient as possible.

Review your current savings and investments. Identify which assets are generating taxable income and consider whether they could be moved into an ISA. Planning ahead will ensure you are in the best possible position when these new tax rules come into force. ◂

> “If you have cash savings, a Cash ISA offers a straightforward way to protect your interest from the savings tax increase. The interest you earn in a Cash ISA is always tax-free, regardless of your income level.”

Chancellor's revenue raising

Measures to boost national income

INCOME TAX PERSONAL ALLOWANCE AND HIGHER RATE THRESHOLDS

The government will keep the income tax Personal Allowance at £12,570 and the higher rate threshold at £50,270 from April 2028 to April 2031. The additional rate threshold remains at £125,140. These thresholds apply across the UK, with specific applications for non-savings, dividend, and property income. Legislation will be in the Finance Bill 2025/26.

INHERITANCE TAX THRESHOLDS

Inheritance Tax nil-rate bands will stay fixed until April 2031. The £1 million combined allowance for agricultural and business property relief will also remain unchanged until 5 April 2031. Legislation will be in the Finance Bill 2025/26, effective from 6 April 2030.

NATIONAL INSURANCE CONTRIBUTIONS THRESHOLDS FOR EMPLOYEES AND THE SELF-EMPLOYED

National insurance contributions (NICs) Primary Threshold and Lower Profits Limit will stay at £12,570, and the Upper Earnings and Profits Limits at £50,270, from April 2028 to April 2031. Employer NICs relief thresholds aligned with the UEL will also remain unchanged. Legislation will follow in early 2028.

EMPLOYER NATIONAL INSURANCE CONTRIBUTIONS – SECONDARY THRESHOLD

The Secondary Threshold for employer NICs will remain at £5,000 per employee from April 2028 to April 2031. This measure will be legislated through secondary legislation in early 2028.

STUDENT LOANS: FREEZING PLAN 2 REPAYMENT THRESHOLD FOR THREE YEARS FROM APRIL 2027

The repayment threshold for Plan 2 student loans will be frozen at £29,385 for three years starting April 2027.

CHANGES TO TAX ON PROPERTY INCOME

From 2027/28, property income tax rates will be 22% (basic), 42% (higher), and 47% (additional). These rates apply in England, Wales, and Northern Ireland. Devolved governments may set their own rates. Legislation will be in the Finance Bill 2025/26.

CHANGES TO TAX ON DIVIDEND INCOME

From 2026/27, dividend tax rates will rise by 2 percentage points: the ordinary rate to 10.75% and the upper rate to 35.75%. The additional rate remains at 39.35%. Legislation will be in the Finance Bill 2025/26.

CHANGES TO TAX ON SAVINGS INCOME

From 2027/28, savings income tax rates will increase by 2 percentage points: the basic rate to 22%, the higher rate to 42%, and the additional rate to 47%. Legislation will be in the Finance Bill 2025/26.

ORDERING OF INCOME TAX RELIEFS AND ALLOWANCES

From 6 April 2027, reliefs and allowances will apply to property, savings, and dividend income only after being applied to other income sources. Legislation will be in the Finance Bill 2025/26.

NATIONAL INSURANCE CONTRIBUTIONS RE-RATING

From 2026/27, the Lower Earnings Limit and Small Profits Threshold will rise by 3.8% CPI. Voluntary Class 2 and Class 3 NICs rates will also increase. Legislation will follow in early 2026.

VOLUNTARY NATIONAL INSURANCE CONTRIBUTIONS (NICS) ABROAD

From 6 April 2026, access to pay voluntary Class 2 NICs abroad will end, and a 10-year residency or contributions requirement will apply. A review of voluntary NICs will launch soon.

SALARY SACRIFICE FOR PENSION CONTRIBUTIONS

From 6 April 2029, employer and employee NICs will apply to pension contributions made via salary sacrifice above £2,000 annually. Legislation will follow in due course.

NON-RESIDENT DIVIDEND TAX CREDIT

From 6 April 2026, the dividend tax credit for non-UK residents with UK income will be abolished, aligning their treatment with UK residents. Legislation will be in the Finance Bill 2025/26.

The government will keep the income tax Personal Allowance at £12,570 and the higher rate threshold at £50,270 from April 2028 to April 2031. The additional rate threshold remains at £125,140.

AIR PASSENGER DUTY (APD) RATES

From 1 April 2027, all APD rates will increase in line with RPI and be rounded to the nearest penny.

AIR PASSENGER DUTY: EXTENSION OF THE HIGHER RATE

The higher APD rate will apply to private jets weighing more than 5.7 tonnes. Following consultation, the government will proceed with this change and has published a summary of responses.

TOBACCO DUTY RATES

From 26 November 2025, tobacco duty rates increased by RPI + 2 percentage points. A one-off increase and annual uprating will follow in October 2026.

CLIMATE CHANGE LEVY (CCL) (MAIN AND REDUCED) 2027/28 RATES

From 1 April 2027, the main CCL rates for gas, electricity, and solid fuels will rise with RPI. LPG rates will remain frozen, and reduced rates will stay fixed.

CARBON PRICE SUPPORT 2027/28 RATES

The Carbon Price Support rates in Great Britain will remain frozen at £18 per tonne of CO_2 in 2027/28.

ALCOHOL DUTY RATES

From 1 February 2026, Alcohol Duty rates will rise with RPI inflation. Small Producer Relief discounts will also be uprated to maintain relative reductions.

CAPITAL ALLOWANCES: WRITING-DOWN ALLOWANCES

From 1 January 2026, a 40% First Year Allowance for main rate expenditure will be introduced. Writing-down allowances will reduce from 18% to 14% from April 2026. ◄

“The government will keep the income tax Personal Allowance at £12,570 and the higher rate threshold at £50,270 from April 2028 to April 2031. The additional rate threshold remains at £125,140.”

The basic and new State Pension will rise by 4.8% in April 2026, benefiting over 12 million pensioners by up to £575. Pension Credit will also increase by 4.8%.

Modernising the tax system

The hidden costs of overhauling the tax system

STATE PENSION AND SIMPLE ASSESSMENT

From 2027/28, pensioners with only basic or new State Pension exceeding the Personal Allowance will no longer pay small tax amounts via Simple Assessment. Details will follow next year.

STATE PENSION AND PENSION CREDIT UPRATING FOR 2026/27

The basic and new State Pension will rise by 4.8% in April 2026, benefiting over 12 million pensioners by up to £575. Pension Credit will also increase by 4.8%.

QUALIFYING CARE RELIEF

Foster and shared lives carers' tax relief will rise by 3.8% CPI from April 2026, legislated in Finance Bill 2025/26.

MARRIED COUPLE'S ALLOWANCE AND BLIND PERSON'S ALLOWANCE

Both allowances will increase by 3.8% CPI from April 2026 via Treasury Order.

EMPLOYEE OWNERSHIP TRUSTS

Capital gains tax relief for Employee Ownership Trusts will drop from 100% to 50% from November 2025.

INHERITANCE TAX: UNUSED ALLOWANCE FOR AGRICULTURAL AND BUSINESS PROPERTY RELIEFS

Unused £1 million allowances for agricultural and business property reliefs will be transferable between spouses from April 2026.

INHERITANCE TAX TREATMENT OF UNUSED PENSION FUNDS

Personal representatives can withhold 50% of taxable pension benefits for up to 15 months to pay Inheritance Tax from April 2027.

OFFSHORE ANTI-AVOIDANCE

The government commits to simplifying Personal Tax Offshore Anti-Avoidance Legislation, with the next steps outlined.

INHERITANCE TAX: ANTI-AVOIDANCE

Legislation will close loopholes, including taxing UK agricultural property held via non-UK entities, effective from April 2026.

INFECTED BLOOD COMPENSATION PAYMENTS

Compensation payments will be Inheritance Tax-free, with a two-year gifting window for living recipients. Legislation applies from November 2025. ◂

"Legislation will close loopholes, including taxing UK agricultural property held via non-UK entities, effective from April 2026."

Saving and investing

Wealth creation for the future: A losing battle?

INDIVIDUAL SAVINGS ACCOUNT (ISA) REFORM

From 6 April 2027, the annual Cash ISA limit will be set at £12,000, within the overall £20,000 ISA limit. Subscription limits for ISAs (£20,000), Lifetime ISAs (£4,000), Junior ISAs, and Child Trust Funds (£9,000) will remain unchanged until 5 April 2031. Savers over 65 can still save £20,000 annually in cash ISAs.

STARTING RATE FOR SAVINGS

The Starting Rate for Savings will stay at £5,000 for 2026/27 and remain unchanged until 5 April 2031. This allows individuals with less than £17,570 in employment or pension income to earn up to £5,000 in savings income tax-free.

LIFETIME ISA REFORM

A consultation in early 2026 will explore a simpler ISA product to support first-time homebuyers. This new product will replace the Lifetime ISA once introduced.

HELP TO SAVE REFORM

The Help to Save scheme will become permanent. From April 2028, eligibility will expand to include all Universal Credit claimants receiving the child or caring element, or both.

COLLECTIVE MONEY PURCHASE (CMP)

The government will allow unconnected, multiple-employer CMP schemes to register with HM Revenue & Customs (HMRC) and enable HMRC to refuse or de-register unauthorised schemes. ◂

Inflation and the cost of living

Ripple effects of inflation on households

HOUSEHOLD ENERGY BILLS

The government is withdrawing its Energy Company Obligation funding after March 2026, but is providing a £1.5 billion lifeline to households struggling with fuel poverty. Additionally, they're stepping in to cover 75% of the Renewables Obligation costs for three years. While this sounds like a win for vulnerable households, it's hard not to wonder if this is a patchwork solution rather than a long-term strategy for energy affordability.

FUEL DUTY: 2026/27 MAIN RATES

The temporary 5p fuel duty cut receives a brief extension, but the government plans to gradually phase it out, starting in September 2026. By March 2027, rates will revert to pre-2022 levels, with inflation-linked increases beginning from April 2027. It's a mixed picture; drivers get temporary relief, but there will be a steady return to higher rates.

FREEZING NHS PRESCRIPTION CHARGES

Prescription charges in England will remain frozen at £9.90 for 2026/27. While this is a welcome relief for those relying on regular medication, it's important to note that it is a freeze, not a reduction, so the cost remains considerable for many.

WORKING-AGE BENEFIT UPRATING

Benefits will increase by 3.8% in line with inflation, which is a positive step for those relying on this support. However, with Universal Credit rates fixed until 2029, there is a sense of rigidity in the system that might not adapt to future economic challenges.

RAIL FARES FREEZE

Regulated rail fares in England will be frozen for a year starting from March 2026. There will be no price increases for season tickets or peak fares, but this is a temporary measure that does not address the wider affordability and service quality issues in the rail network. ◂

Tackling child poverty and reforming welfare

Announcing a series of policies to break the cycle of poverty

UNIVERSAL CREDIT: REMOVING THE TWO-CHILD LIMIT

The two-child limit in the Universal Credit Child Element will be removed starting April 2026.

DWP FRAUD AND ERROR: EXTEND TARGETED CASE REVIEW OF UNIVERSAL CREDIT CLAIMS TO 2031

The government will extend the Targeted Case Review program, which identifies incorrect Universal Credit claims, until 2031.

DWP FRAUD AND ERROR: IMPROVING ACCURACY IN PENSION CREDIT CLAIMS

From 2026 to 2029, the government will introduce reviews of Pension Credit claims that are at risk of being incorrect.

HOUSING BENEFIT: REDUCING THE FINANCIAL CLIFF EDGE FOR CLAIMANTS IN SUPPORTED HOUSING AND TEMPORARY ACCOMMODATION

Starting Autumn 2026, adjustments will be made to how earnings are treated for Housing Benefit and Universal Credit claimants in supported housing and temporary accommodation, improving work incentives by reducing income reductions for working more hours.

UNIVERSAL CREDIT: EXTEND THE £2,500 SURPLUS EARNINGS THRESHOLD FOR ONE YEAR FROM APRIL 2026

The surplus earnings threshold for Universal Credit claimants will remain at £2,500 for an additional year, until April 2027.

OPERATIONAL IMPROVEMENTS TO HEALTH AND DISABILITY ASSESSMENTS

The government will increase Work Capability Assessment capacity, extend the review periods for Personal Independence Payment, and expand face-to-face health assessments.

REASSESSING CARER'S ALLOWANCE OVERPAYMENTS CAUSED BY OFFICIAL ERROR

The government will reassess Carer's Allowance overpayments caused by incorrect guidance, cancel existing debts, or return previously collected debts to affected carers.

PATHWAYS TO WORK EMPLOYMENT SUPPORT

Under the Pathways to Work Guarantee, disabled individuals or those with health conditions claiming out-of-work benefits will have access to 1,000 specialist advisers and tailored support, including an expanded Connect to Work program in England and Wales.

MOTABILITY SCHEME: REFORMING TAX RELIEFS

From July 2026, vehicles leased through the Motability Scheme will be subject to 20% VAT on top-up payments and a 12% Insurance Premium Tax, except for vehicles designed or adapted for wheelchair or stretcher users.

UNIVERSAL CREDIT: INCREASING THE MAXIMUM AMOUNT FOR CHILDCARE COSTS

The maximum reimbursable childcare costs for eligible Universal Credit claimants will increase by £736.06 for each additional child above the current cap for two children.

BRINGING TOGETHER THE ADMINISTRATION OF HOUSING BENEFIT AND PENSION CREDIT

From Autumn 2026, the administration of Housing Benefit and Pension Credit for pension-age individuals will be streamlined, with phased implementation reflected in updated forecasts.

DEFINED BENEFIT PENSIONS – INFLATION PROTECTION FOR PRE-1997 PENSIONS IN THE PENSION PROTECTION FUND (PPF) AND FINANCIAL ASSISTANCE SCHEME (FAS)

From January 2027, CPI-linked increases (capped at 2.5% annually) will be introduced for pre-1997 pension accruals in the PPF and FAS, ensuring pensions keep pace with inflation where original schemes provided this benefit. ◂

Local growth and devolution

Removing barriers to effective economic development

KERNOW INDUSTRIAL GROWTH FUND

A £30 million fund is being established to invest in Cornwall's key sectors, such as critical minerals, renewable energy, and marine innovation, pending a full business case.

MAYORAL REVOLVING GROWTH FUND

A share of £500 million will be provided to Mayoral Strategic Authorities (Greater Manchester, West Midlands, Liverpool City Region, North East, West Yorkshire, and South Yorkshire) to overcome finance barriers, accelerate investment, and boost growth.

LOCAL GROWTH FUND

£902 million over four years will be distributed among Mayoral Strategic Authorities to support local infrastructure, business, employment, and skills programs.

INDUSTRIAL STRATEGY ZONES

Approval of business cases for Flintshire & Wrexham Investment Zone, Anglesey Freeport, and Forth Green Freeport, with details on Northern Ireland's Enhanced Investment Zone.

LOCAL ROADS MAINTENANCE FUNDING

Over £2 billion annually will be committed by 2029/30 to repair and maintain local roads, doubling previous funding and exceeding the manifesto commitment to fix an additional 1 million potholes annually.

LOWER THAMES CROSSING

£891 million committed for publicly funded works in 2027/28 and 2028/29, with private sector involvement for construction and operation.

PORT TALBOT LAND REMEDIATION

£4.2 million allocated for brownfield land remediation in Port Talbot, supporting the Harbourside Innovation District and the Celtic Freeport.

WALES DSIT SPENDING

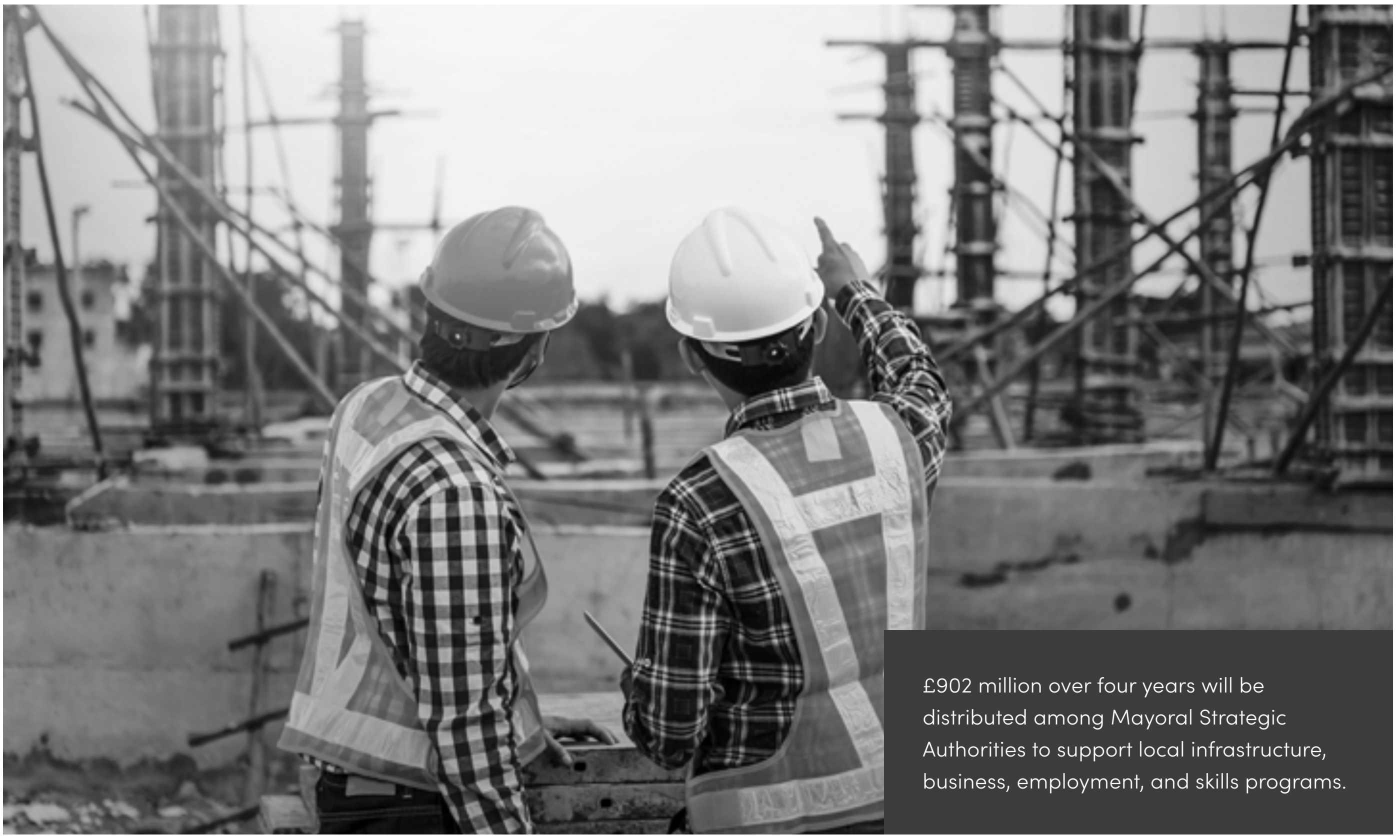
£10 million investment in South Wales' semiconductor technologies cluster to drive economic growth and high-skilled jobs.

UK INTERNAL MARKET PACKAGE FOR NORTHERN IRELAND

£16.55 million over three years (from 2026/27) to boost trade between Northern Ireland and Great Britain, supporting businesses under the Windsor Framework.

VISITOR LEVY

Mayors in England will gain powers to introduce a visitor levy on overnight accommodation, with consultations underway to potentially extend this power to other strategic authorities. ◂



£902 million over four years will be distributed among Mayoral Strategic Authorities to support local infrastructure, business, employment, and skills programs.

Growth, business, and enterprise

The challenges of creating economic growth

ACCELERATING CAPITAL INVESTMENT

The government is expediting capital investment from the Spending Review 2025 (SR25) to fast-track major infrastructure projects, including £890 million for the Lower Thames Crossing.

ENTERPRISE MANAGEMENT INCENTIVE (EMI) SCHEME COMPANY ELIGIBILITY EXPANSION

From April 2026, employee and asset limits for EMI schemes will increase, alongside other reforms to enhance flexibility and reduce administrative burdens.

VENTURE CAPITAL AND ENTERPRISE INVESTMENT SCHEMES

Investment limits for VCTs and EISs will rise significantly from April 2026, with reduced tax relief for VCTs.

BRITISH BUSINESS BANK

The British Business Bank will consult on VentureLink to encourage institutional investment in UK venture capital.

ENTREPRENEURSHIP

The British Business Bank aims to increase annual capital deployment to £2.5 billion, with a focus on Industrial Strategy sectors.

UK LISTING RELIEF

A three-year Stamp Duty Reserve Tax relief will apply to securities transfers for companies listing on UK-regulated markets.

ADVANCE TAX CERTAINTY SERVICE

Launching in July 2026, this service will offer tax certainty for major investment projects.

CHARITY TAX RELIEF

From April 2026, VAT relief will apply to business donations of goods to charities.

CROSS-BORDER VAT GROUPING

Rules for cross-border VAT grouping will revert to the UK's previous position from November 2025.

BRITISH COAL STAFF SUPERANNUATION SCHEME

The government will transfer the Investment Reserve Fund to the scheme's Trustees for additional pension payouts.

BUSINESS ENERGY PRICES

New schemes will reduce energy costs for businesses, funded by changes to energy system levies.

DIGITAL ADOPTION PACKAGE

Initiatives include expanding AI programs, supporting the adoption of gigabit broadband, and mandating e-invoicing.

DECARBONISING THE PUBLIC SECTOR

Private finance options, including Public Private Partnerships, will be considered for decarbonising public sector estates.

ECONOMIC CRIME LEVY

From April 2026, a new band structure will apply, with charges set at 0.1% of revenue for businesses at the bottom of each band.

TARIFF SUSPENSION EXTENSION

Tariff-free imports will continue until December 2026, with applications for new suspensions open.

REINVESTING WATER COMPANY FINES

£29 million from water company fines will fund projects to clean up rivers, lakes, and seas.

SIZEWELL C RECLASSIFICATION

Sizewell C will be classified as a Mega Projects Capital Annually Managed Expenditure project.

FOOD STANDARDS AGENCY REGULATION

The FSA will implement nationwide regulations to decrease administrative burdens on large food retailers.

RETAIL, HOSPITALITY, AND LEISURE PLANNING

Further planning reforms will support the growth of hospitality and high street businesses.

PLANNING CAPACITY AND CAPABILITY

£48 million allocated to boost planning system capacity and capability over three years.

HIDDEN ECONOMY: FAIR WORK AGENCY

A new team within the Fair Work Agency will tackle employment rights breaches and tax issues in April 2026.

NATIONAL MINIMUM WAGE ENFORCEMENT

Measures include closer collaboration with unions, direct employer follow-ups, and the exploration of new enforcement powers. ◂

Various schemes will cap bill increases for small businesses and those losing reliefs, with additional support for retail, hospitality, and leisure sectors.

Business Rates

REVALUATION AND MULTIPLIERS
From April 2026, business rates will reflect updated property values, with reduced multipliers to ease the tax burden. A £4.3 billion package will support businesses during the transition.

TRANSITIONAL RELIEF
A redesigned £3.2 billion scheme will cap rate increases for properties based on their value, offering more generous support.

TRANSITIONAL RELIEF SUPPLEMENT
A 1p tax rate supplement will partially fund the relief for one year starting April 2026.

SUPPORTING SMALL BUSINESS SCHEMES
Various schemes will cap bill increases for small businesses and those losing reliefs, with additional support for retail, hospitality, and leisure sectors.

RETAIL, HOSPITALITY, AND LEISURE MULTIPLIERS
Permanently lower multipliers will be introduced for eligible properties with a rateable value below £500,000.

HIGH-VALUE MULTIPLIER
Properties with rateable values above £500,000 will face a higher multiplier of 50.8p.

FILM STUDIOS RELIEF
Eligible film studios will receive a 40% reduction in business rates until 2034.

SBRR GRACE PERIOD EXTENSION
Small businesses expanding into a second property will retain relief for three years.

BRR ZONES AND RETENTION
New zones in Leeds and other areas will allow local authorities to retain business rate growth, with extended pilots in select regions. ◀

Autumn Budget Statement 2025: How will your finances and business be impacted?

If you want to understand how the recently announced measures could affect your finances or business, please contact us.

We look forward to hearing from you.

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