



2025 Autumn Budget Overview & Commentary

26 November 2025



Personal Taxes

Dividends, Savings & Rental Income

- Tax on **dividends**: from 6 April 2026, the basic-rate dividend tax rises by 2% (to **10.75%**) and the higher-rate dividend tax rises by 2% (to **35.75%**). Additional-rate dividend tax remains unchanged.
- Tax on **savings income** (interest, etc.): from 6 April 2027, savings-income tax rates increase by 2% across all bands.
- Tax on **property income** (rental income): from 6 April 2027, new separate tax rates apply: basic rate 22%, higher rate 42%, additional rate 47%.

Personal Allowance

- The personal allowance (the amount you can earn before paying income tax) and the equivalent NIC thresholds are being **frozen from April 2028 until April 2031**.
- Where allowances and threshold remain frozen, any inflation erodes the value of take-home pay. Even if gross pay rises, higher tax and NIC deductions mean net income grows slower than prices.

Additional Changes & National Living Wage

Pension – Salary Sacrificed Contributions

- From April 2029, salary-sacrificed pension contributions above £2,000 per year will no longer be exempt from National Insurance.
- Those excess contributions will attract both employer and employee NICs, generating an estimated £4.7 billion in revenue in 2029–30.

ISA Restructure

- From April 2027, the cash ISA allowance for individuals under 65 will be reduced from £20,000 to £12,000, with the remaining £8,000 of the total £20,000 remaining available but restricted to Stocks & Shares ISAs.
- Over-65s will retain a full £20,000 cash ISA allowance, as a concession for their retirement savings.

National Living/Minimum Wage

- From April 2026, the National Living Wage (NLW) for workers aged 21+ increases from £12.21 to £12.71 per hour, a 4.1% rise.
- Simultaneously, the National Minimum Wage for 18–20 year-olds will increase from £10.00 to £10.85 per hour, an 8.5% uplift.

Business Taxes

Corporation Tax & VAT

- Main rate remains at 25%, maintaining stability for businesses.
- Small profits rate continues at 19% for qualifying companies.
- No alterations to VAT rates or the VAT registration threshold.

Capital Allowances

- New 40% first-year allowance (FYA) for main-rate plant & machinery expenditure introduced.
- Main rate writing-down allowance (WDA) reduced from 18% to 14%.

Capital Gains Tax (CGT) – Employee Benefit Trusts

- Relief reduced to 50% for share disposals to Employee Ownership Trusts (EOTs), effective immediately.
- 50% of the gain is chargeable on disposal; the remainder is deferred until the trust sells the shares.

Enterprise Management Incentive Scheme (Eligibility)

- Company gross assets cap doubles from £3 million to £6 million.
- Threshold for gross assets increases from £30 million to £120 million.
- Employee limit raised from 250 to 500.
- Option exercise window extended from 10 to 15 years, with retrospective effect for current grants.

EIS and VCT Schemes

- Company-level cap on both EIS and VCT raised to £10 million, or £20 million for Knowledge Intensive Companies (KICs).
- Lifetime cap increased to £24 million (standard companies) and £40 million (KICs).
- Income tax relief reduced, with VCT relief dropping from 30% to 20%

Other Matters

Council Tax Surcharge on High-Value Homes

- From 2028, properties valued over £2 million will incur an annual surcharge of £2,500.
- For homes over £5 million, the surcharge rises to £7,500.
- This measure aims to increase revenue from luxury property owners without altering standard council tax bands.

Mileage Tax on Electric Vehicles

- Starting April 2028, a road usage levy will apply:
- EVs: 3p per mile
- Plug-in hybrids: 1.5p per mile
- Designed to offset declining fuel duty revenues as EV adoption grows.

Remote Gaming and Betting Duties

- Remote Gaming Duty will rise sharply from 21% to 40%.
- Online Betting Duty will increase from 15% to 25%.

UK Listing Relief

- A three-year stamp duty exemption for companies choosing to list on UK exchanges.
- Intended to make London more competitive as a global listing destination and attract high-growth firms.

Key Considerations

Salary-Sacrifice Pension Schemes

Employers operating salary-sacrifice arrangements should review structures now, particularly for higher earners. From 2029, contributions above £2,000 annually will attract NICs, increasing payroll costs and reducing tax efficiency.

Action: Model the impact on remuneration packages and consider alternative benefit strategies.

Dividend, Rental, and Savings Income

Individuals with investment income should prepare for higher tax rates on dividends, property income, and savings. This may drive demand for tax-efficient wrappers (pensions, ISAs, EIS/VCT) or restructuring of income streams.

Action: Proactive personal tax planning is essential.

Rising Wage Costs

The National Living Wage increase will raise costs for employers with lower-paid staff. Budgeting for pay rises or adjusting staffing models will be critical to maintain margins.

Action: Forecast payroll impact and explore efficiency measures.

High-Value Property Surcharge

From 2028, properties over £2m face an annual surcharge, escalating for homes above £5m. This introduces a new tax exposure for high-net-worth individuals and property investors.

Action: Model long-term cash flow implications and consider ownership structures or mitigation strategies.