



WESTCOTTS

CHARTERED ACCOUNTANTS
& BUSINESS ADVISERS

Autumn Budget 2025

Summary



1. Personal Tax**1.1 Tax Rates**

Personal allowances and the higher rate tax threshold had already been fixed until April 2028 and this has now been extended until April 2031.

The personal allowance will remain at £12,570 and the higher rate threshold will remain at £50,270.

1.2 Additional Rates

From the 6 April 2026 the additional rate threshold will be £125,140.

1.3 Property, interest and dividend tax rates

The tax rate on property and interest will be raised by 2% from April 2027 bringing the rates to 22%, 42% and 47%. Dividend rates will be increased from April 2026 to 10.75%, 35.75% and 39.35%.

1.4 UK Individual Savings Account (ISA)

The government will reduce the annual ISA allowance to £12,000 for cash contributions for the under 65's with the balance of the allowance up to £8,000 reserved for investment contributions. Over 65's will not be impacted by these provisions.

1.5 Additional Homeworking Expenses

From 6 April 2026 a deduction from earnings for additional household expenses incurred in employment duties, where those expenses are not reimbursed by the employer will no longer be available.

1.6 Abolition of the notional tax credit on dividends received by non-UK Residents

The notional tax credit granted on dividends received by non-UK-residents will be abolished from 6 April 2026.

2. National Insurance Contributions (NIC)**2.1 Thresholds**

The lower earnings level will remain at £6,396 and the small profits threshold will remain at £6,725.

The primary threshold will remain at £12,570 and the upper earnings and upper profits limit will remain at £50,270.

These thresholds will remain until April 2031.

2.2 Rates

From 6 April 2026 the main rate of primary class 1 National Insurance Contributions will remain at 8%.

The main rate of Class 4 National Insurance Contributions will remain at 6%.

2.3 Pension salary sacrifice

The amount a taxpayer can sacrifice from their salary to avoid paying NI on pension contributions will be capped at £2,000 a year from 2029

3. Business Tax

3.1 Corporation Tax Rates

The government will maintain the main rate of corporation tax at 25% and the small profits rate at 19%, until the end of this parliament.

3.2 Increases to Late Filing Penalties

For filings on or after 1 April 2026 the government will increase the level of fixed late filing penalties for Corporation Tax.

3.3 Enterprise Management Incentives

For eligible companies, the changes that will apply to Enterprise Management Incentive contracts granted on or after 6 April 2026 are the limit on:

- company options will be increased to £6 million
- gross assets will be increased £120 million
- the number of employees will be increased to 500 employees

3.4 Enterprise Investment Schemes and Venture Capital Trusts

From 6 April 2026 the gross asset limits in the enterprise investment scheme and venture capital scheme will be increased and the income tax relief will be reduced to 20% of the investment made.

3.5 First Year Allowances for Zero-emission cars and electric vehicles

The first-year allowances for zero-emission cars and for electric vehicle charge points will be extended by 12 months, to: 31 March 2027 for Corporation Tax purposes and 5 April 2027 for Income Tax purposes.

3.6 First Year Allowance

A new 40% first year allowance will be introduced for expenditure incurred on or after 1 January 2026.

3.7 Main Writing Down Allowance

A new reduced rate of WDA of 14% (previously 18%) on the main pool of plant and machinery will be effective from:

- 1 April 2026 for businesses within the charge to Corporation Tax
- 6 April 2026 for businesses within the charge to Income Tax

3.8 Plug-in Hybrid Electric Vehicles Benefit in Kind

Legislation will be introduced to provide for vehicles CO2 emission figure to be deemed a nominal value of 1 where it meets the following conditions vehicle was first registered on or after 1 January 2025

- vehicle's CO2 emissions figure is 51 or more
- vehicle was registered under any emission standard other than Euro 6d-ISC-FCM or Euro 6e
- car's electric range figure is 1 or more

3.9 Employee Car Ownership Schemes

From 6 April 2030 the benefit in kind rules will be amended to provide that vehicles provided through employee car ownership schemes will be deemed as taxable benefits.

3.10 PAYE Changes for the Umbrella Company Market

From 6 April 2026 recruitment agencies or end clients will be accountable for Pay as You Earn (PAYE) on payments to workers supplied through umbrella companies.

If the labour supply chain has:

- more than one agency, the rules apply to the agency that has the direct contract with the end client to supply the worker
- no agency, the rules apply to the end client

3.11 Expanding Workplace Benefits relief

From 6 April 2026 the reimbursement of costs for eye tests, home working equipment and flu vaccinations will be exempt from income tax and national insurance.

4 Value Added Taxes (VAT)

4.1 VAT – Registration and Deregistration thresholds

The current registration limit will remain at £90,000 and the deregistration limit will remain at £88,000.

5 Stamp Duty Land Tax (SDLT)

5.1 Stamp Taxes on Shares

The Securities Transfer charge will replace Stamp Duty and Stamp Duty Reserve Tax as part of modernisation of the Stamp Taxes on Shares framework.

6 Inheritance Tax (IHT)

6.1 Thresholds

The inheritance tax nil rate band and residence nil rate band and taper rate are frozen at £325,000, £175,000 and £2 million until 5 April 2031. The combined agricultural property relief and business property relief 100% allowance will also be fixed until 5 April 2031.

6.2 Agricultural and Business Property Relief

From 6 April 2026 the government will legislate to enable the transferability between spouses and civil partners of the £1 million allowance.

6.3 Infected Blood Compensation Payments

From 26 November 2025 any infected blood compensation payment will be exempt from inheritance tax charges.

6.4 Capping Inheritance Tax Trust Charges for Former non-UK Domicile Residents

From 6 April 2025 there will be a cap on relevant property inheritance tax charges for trusts which held excluded property on 30 October 2024. The relevant property charges are capped at £5 million over each 10 year cycle.

7 Capital Gains Tax (CGT)

7.1 Annual Allowance

The capital gains tax annual allowance will remain at £3,000.

7.2 Employee Ownership Trusts

From 26 November 2025, 50% of the gain on disposal to the trustees of an Employee Ownership Trust will be treated as the disposer's chargeable gain for CGT purposes. The remaining 50% of the gain will not be chargeable at the time of disposal but will continue to be held over to come into charge on any future disposal of the shares by the trustees of the Employee Ownership Trust.

7.4 Non-resident Capital Gains

From 26 April 2026 changes will be made to the capital gains rules that apply to disposals of UK land and property by non-UK resident persons (non-resident capital gains (NRCG)). Broadly these:

- amend the definition of a UK property rich entity to provide that in the case of protected cell companies (PCC) it is an individual PCC cell that is to be looked at for the purposes of the property richness and substantial indirect interest tests, rather than the PCC itself
- make a change to clarify when certain individuals must make double taxation treaty claims

8 Other Taxes

8.1 Tax Advisors to register with HMRC and meet minimum standards

From May 2026 tax advisers who interact with HMRC on behalf of clients will be legally required to register and meet minimum standards before doing so. There will be a transitional period of at least 3 months for all tax adviser groups.