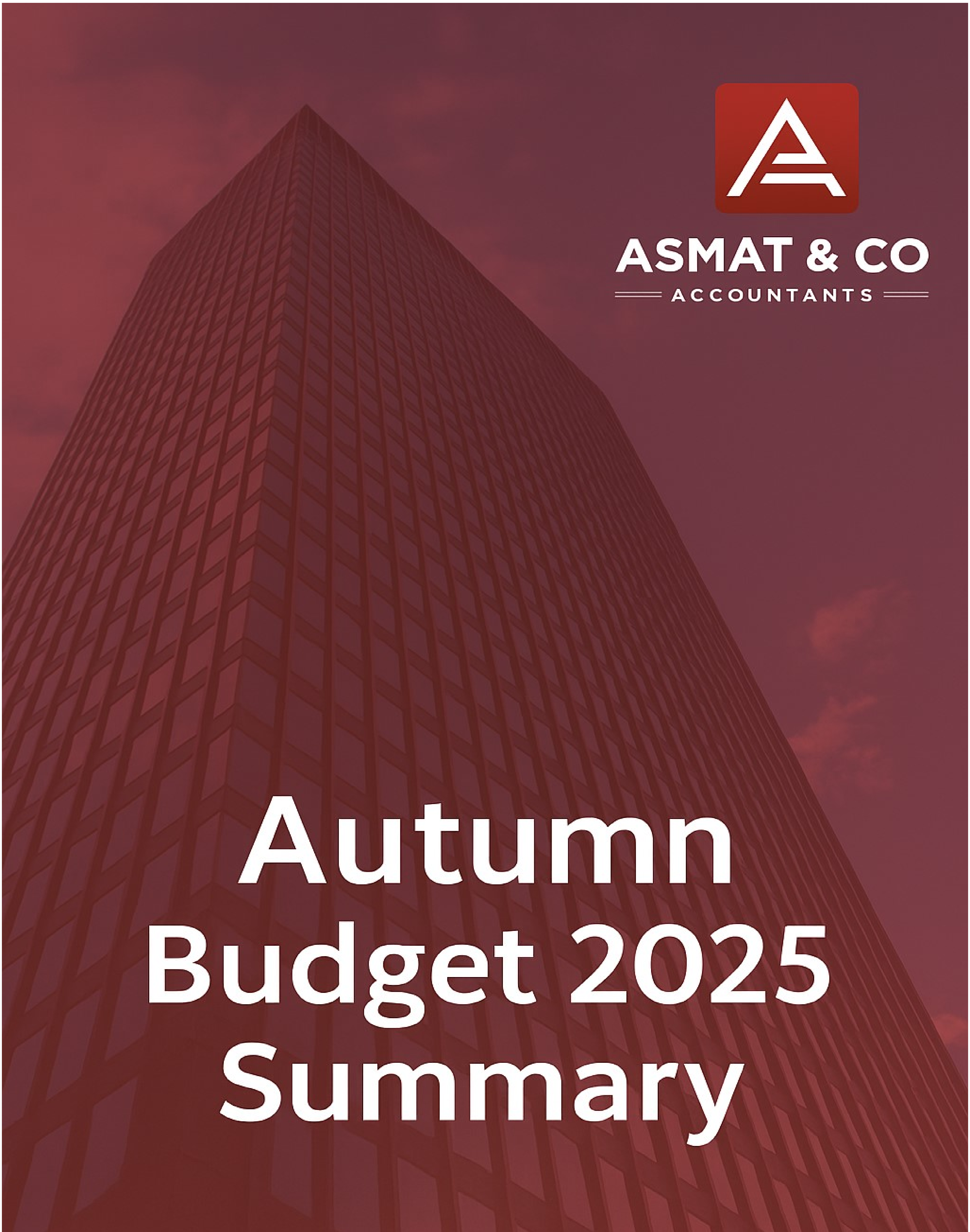

ASMAT & CO
ACCOUNTANTS

Autumn Budget 2025 Summary

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ACCOUNTANTS

Budget tax changes on income

Income tax thresholds frozen

- Income tax thresholds will remain frozen for a further three years to 6 April 2031
- **Separate property income tax rates**From 6 April 2027, property income will be taxed at 22%(basic), 42% (higher), and 47% (additional). Devolved engagement is envisaged for Scotland/Wales alignment.
- **Dividend rates:** From 6 April 2026, the ordinary (basic) and upper (higher) dividend rates will rise by 2% to 10.75% and 35.75% respectively. The additional rate will remain at 39.35%
- **Savings income rates:** From 6 April 2027, the savings basic, higher and additional rates will each increase by 2% to 22%, 42% and 47% respectively. The starting rate for savings will be maintained at £5.000 until April 2031
- **Ordering of reliefs and allowances:** From 6 April 2027, reliefs and allowances will only be applied to property, savings and dividend income after they have been applied to other sources of income.

Inheritance tax (IHT)

Thresholds:
IHT thresholds will remain unchanged until 6 April 2031.

• **Anti-avoidance measures:**

- From 6 April 2026, UK agricultural property owned by non-UK entities will be treated as UK situs property, aligning it with the rules that already apply to UK residential property held by non-UK entities.

- A new anti-avoidance rule will be introduced that may trigger an exit charge for trustees where certain assets are sold. This targets situations where trustees may have previously avoided an exit charge when the settlor ceased long-term UK residence by altering the situs of trust assets.

- Charity exemptions will be limited to direct gifts to UK charities and clubs from 26 November 2025 for lifetime gifts, and from 6 April 2026 for gifts on death.

• Relevant property trust charges:

From 6 April 2025, a £5 million cap will apply to relevant property trust charges for excluded property trusts established before 30 October 2024.

• Agricultural and business property relief:

A transferable £1 million allowance will be introduced for the 100% rate of agricultural property relief (APR) and business property relief (BPR), allowing unused allowance to pass between spouses and civil partners.

• Non-domiciled individuals:

Several technical amendments will be made to ensure the changes introduced in Budget 2024 operate more effectively.

Business investment

- **Share exchanges and reorganisations**: CGT anti-avoidance provisions will take effect from 26 November 2025 which potentially widen the meaning of 'tax advantage', thereby potentially targeting cases where, as part of a commercial exchange or company reconstruction, additional arrangements have been put in place to obtain a tax advantage.

- **Employee Ownership Trusts (EOTs)**: From 26 November 2025, the CGT relief on qualifying disposals to EOTs is halved to 50%.

- **Enterprise Management Incentives (EMI) expansion for scale ups**:

  From 6 April 2026, EMI company limits will increase to 500 employees, the gross assets test will increase to £120 million and the company share option limit will increase to £6 million. The maximum holding period will increase to 15 years including in respect of existing EMI contracts. The EMI notification requirement will be removed from April 2027.

- **Venture Capital Trust (VCT) and Enterprise Investment Scheme (EIS)**:

  From April 2026, the VCT and EIS annual investment limit will increase to £10 million (£20 million for Knowledge Intensive Companies (KICs)). The lifetime limit will increase to £24 million (£40 million for KICs). The gross assets test will increase to £30 million before share issue and £35 million after. However, the upfront VCT income tax relief will reduce from 30% to 20%.

- **Incorporation relief**:

  For incorporations after 5 April 2026, a claim will need to be made on the tax return providing certain information around the claim and the business being incorporated.

Residential property

- A new 'High Value Council Tax Surcharge' will apply from 1 April 2028 to residential properties valued at over £2 million. Charges will start at £2,500 per annum, rising to £7,500 per annum for properties valued at over £5 million. The charge will be levied on property owners rather than occupiers.

ISA reform

- Overall ISA subscription limits will remain at £20,000 until 2020/31. However, from 6 April 2027, the subscription limit for cash ISAs will be limited to £12,000 for those under the age of 65.

Other measures

- **Non-resident dividend tax credit abolished**:

  The dividend tax credit for non-UK residents with UK income will be abolished from 6 April 2026.

- **IHT and pensions interactions**: From 6 April 2027, personal representatives can direct scheme administrators to withhold 50% of taxable death benefits for up to 15 months, and settle IHT due in specified circumstances. Personal representatives will be discharged from a liability for payment of Inheritance Tax on pensions discovered after they have received clearance from HMRC.

Salary sacrifice NIC cap

- From 6 April 2029, employee and employer NICs will apply to salary-sacrificed pension contributions above £2,000 per employee per year. Income tax relief on pension contributions remains unchanged.

National Living and Minimum Wage

- From 1 April 2026, the National Living Wage will increase by 4.1% to £12.71 per hour. The National Minimum Wage for 18-20 year olds will also increase by 8.5% to £10.85 per hour and for 16-17 year olds and apprentices by 6.0% to £8.00 per hour.

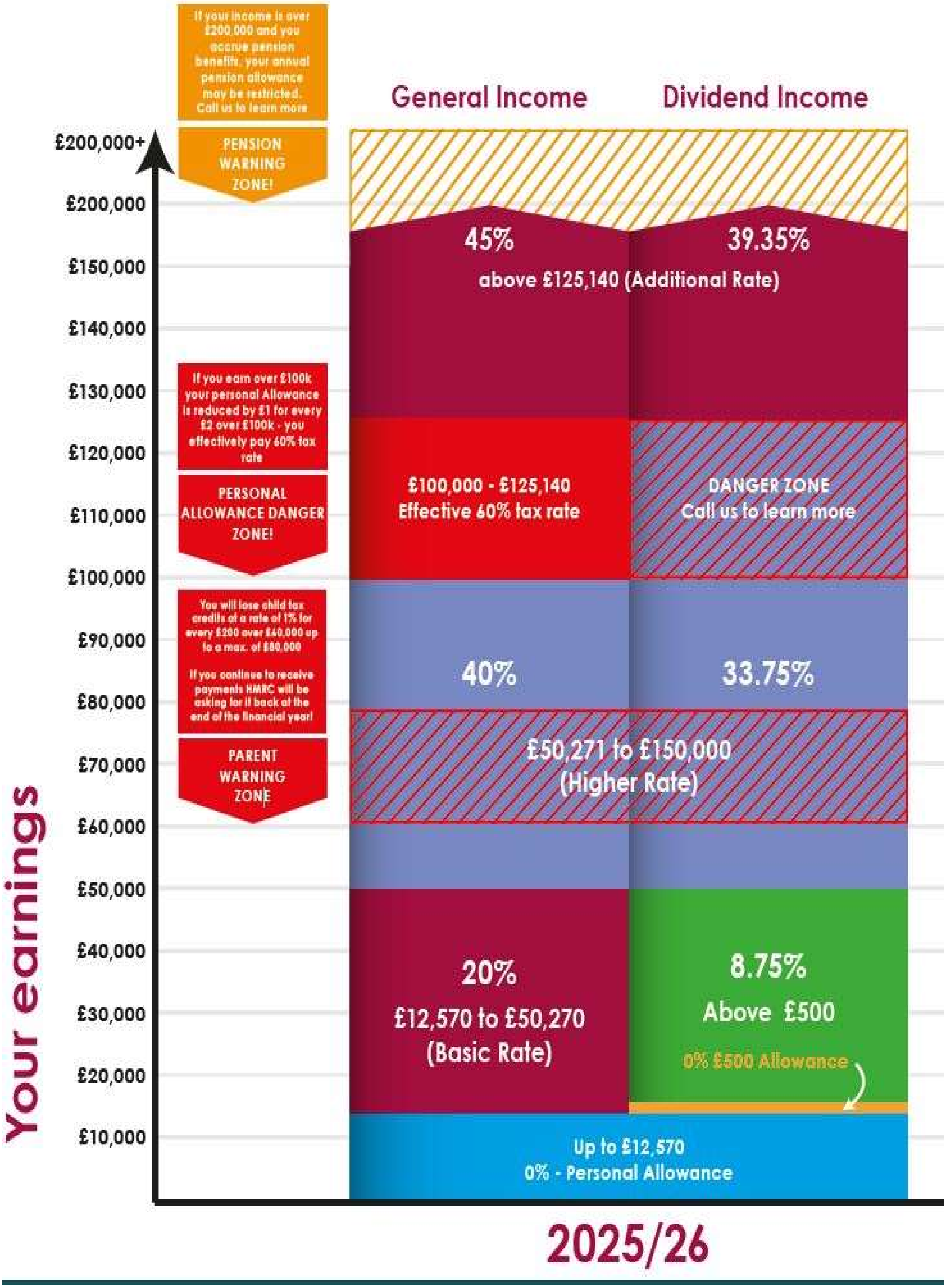
NIC thresholds

- The NIC primary threshold and lower profits limit will be maintained at £12,570 from April 2028 until April 2031.

- The NIC upper earnings limit (UEL) and upper profits limit (UPL) will be maintained at £50,270 from April 2028 to April 2031.

- The secondary threshold (employer NICs starting point) will be maintained at £5,000 from April 2028 to April 2031.

- The government will increase the lower earnings limit (LEL) and the small profits threshold (SPT) by the September 2025 CPI rate of 3.8% from 2026-27. For those paying voluntarily, the government will also increase Class 2 and Class 3 NICs rates by September CPI of 3.8% in 2026-27. The LEL will be £6,708 per annum (£129 per week) and the SPT will be £7,105 per annum. The main Class 2 rate will be £3.65 per week, and the Class 3 rate will be £18.40 per week


If your income is over £200,000 and you accrue pension benefits, your annual pension allowance may be restricted. Call us to learn more
PENSION WARNING ZONE!
If you earn over £100k your personal Allowance is reduced by £1 for every £2 over £100k - you effectively pay 60% tax rate
PERSONAL ALLOWANCE DANGER ZONE!
You will lose child tax credits at a rate of 1% for every £200 over £60,000 up to a max. of £80,000
If you continue to receive payments HMRC will be asking for it back at the end of the financial year!
PARENT WARNING ZONE
General Income
Dividend Income
£200,000+
£200,000
£150,000
£140,000
£130,000
£120,000
£110,000
£100,000
£90,000
£80,000
£70,000
£60,000
£50,000
£40,000
£30,000
£20,000
£10,000
Your earnings
45%
39.35%
above £125,140 (Additional Rate)
£100,000 - £125,140
Effective 60% tax rate
DANGER ZONE
Call us to learn more
40%
33.75%
£50,271 to £150,000
(Higher Rate)
20%
£12,570 to £50,270
(Basic Rate)
8.75%
Above £500
0% £500 Allowance
Up to £12,570
0% - Personal Allowance
2025/26

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SALARY SACRIFICE NIC CAP

From 6 April 2029, employee and employer NICs will apply to salary sacrificed pension contributions above £ 2,000 per hour employee per year.

NATIONAL LIVING AND MINIMUM WAGE

From 1 April 2026: National Living Wage increases 4.1% to £ 12.71 per hour. 18-17-20 year olds Increases 8.5% to £10.95 hour. Minimum Wage for 16-17 year olds & apprentices increases 6,0% to £ 8,00 per hour.

NIC THRESHOLDS (2028–2031)

- NIC primary threshold & lower profits limit: £ 12,570
- UEL & UPL: £ 50.270
- Secondary threshold (employer NICs): £ 5,000

From 2026–27 (CPI 3.8%):

- LEL: £ 6:708 per year (129/week)
- Class 2: £ 3,65/week
- SPT: £ 7,105 per year
- Class 3: £ 18;40/week

ENFORCEMENT MEASURES

- **Hidden Economy Team (FWA):** Launching April 2026 to target non-compliance sectors

Enforcement measures

- **Hidden economy team: Fair Work Agency (FWA)**:

  A dedicated 'hidden economy' team within the new Fair Work Agency will be launched in April 2026 to target sectors known to have significant employment rights breaches and tax issues.

- **Increased NMW enforcement**:

  A number of measures will be introduced including closer working with trade unions and local business groups, following up directly with employers on all worker complaints, regular naming rounds and exploring new powers for the FWA to target individuals in leadership role.

Other

- **Homeworking expenses**: From 6 April 2026, employees can no longer claim income tax deductions for non-reimbursed homeworking expenses. Employers may still reimburse tax and NIC-free where eligible.

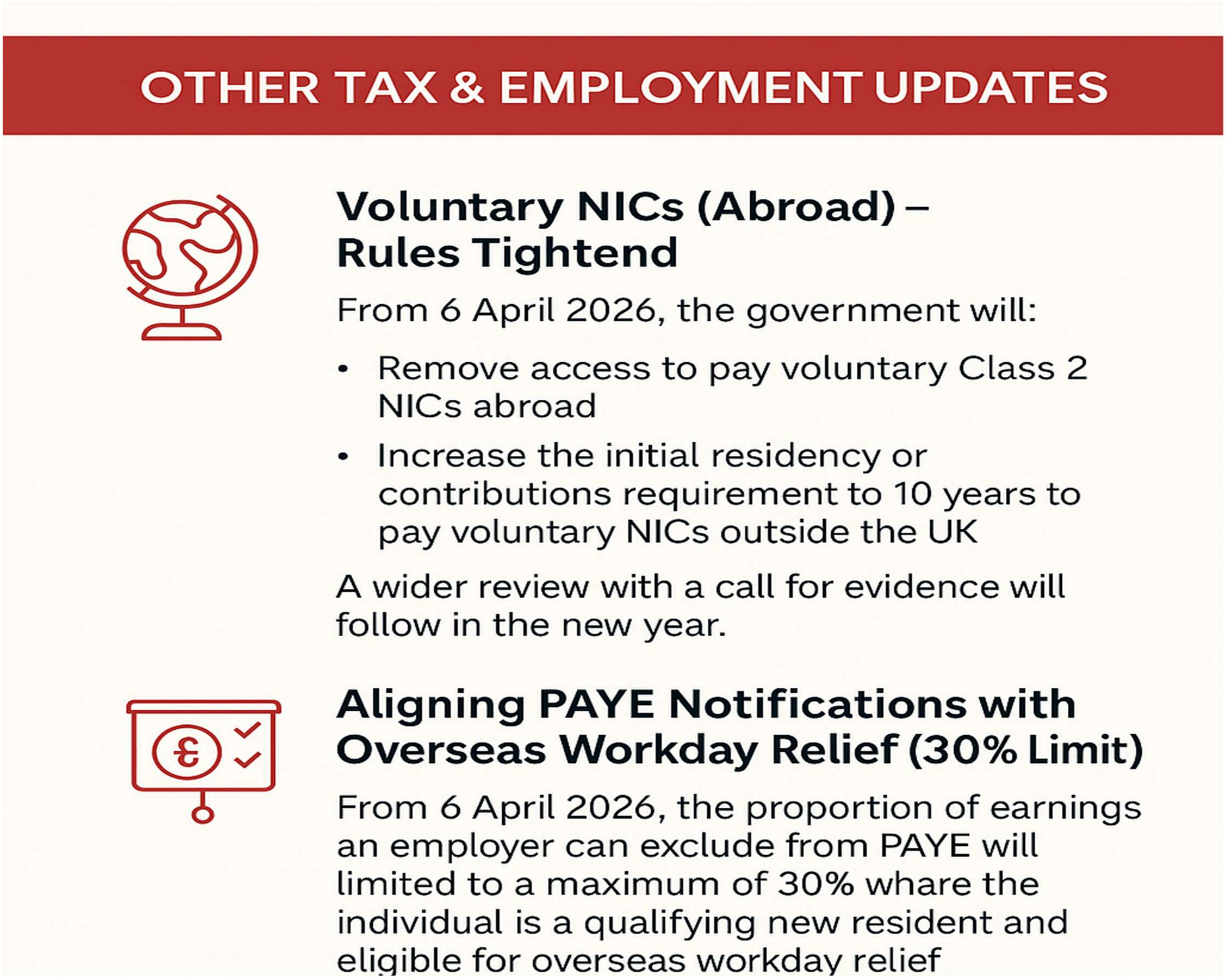
- **Expanding workplace benefits relief**: From 6 April 2026, the income tax and NIC exemptions will be extended to cover reimbursements for eye tests, homeworking equipment and flu vaccinations.

- **Tax treatment clarifications related to employment**: From 2026, statutory payments for cancelled, moved, and curtailed shifts are confirmed as taxable earnings. From 6 April 2027, image rights payments related to employment are treated as taxable employment income subject to income tax and both employer and employee NICs.

- **Employee car ownership schemes**: Originally expected to be brought into the scope of the benefit in kind rules from 6 April 2026, this has now been delayed to 6 April 2030.

- **Voluntary NICs (abroad) tightened**: From 6 April 2026, the government will remove access to pay voluntary Class 2 NICs abroad and increase the initial residency or contributions requirement to pay voluntary NICs outside of the UK to 10 years. A wider review with a call for evidence will follow in the New Year.

- **Aligning PAYE notifications with the overseas workday relief 30% limit**: From 6 April 2026, the proportion of earnings an employer can exclude from PAYE will be limited to a maximum 30% where the individual is a qualifying new resident and eligible for overseas workday relief.



OTHER TAX & EMPLOYMENT UPDATES

Homeworking Expenses

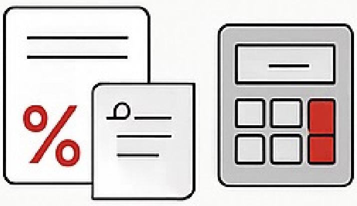
From 6 April 2026, emp-
loyees carinot claim incon-
ne tax deductions for
non-relmbursed homeworking
expenses. Employers may still
reimburse tax & NIC-free
where eligible.

Workplace Benefits Relief Expanded

From 6 April 2026,
exemptions extend to:

- Eye tests
- Homeworking equipment
- Flu vaccinations

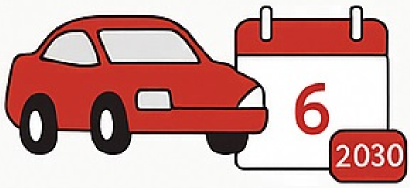
(all reimbursed tax & NIC-free)



Tax Treatment Clarifications

From 2026:
Statutory paymentss for
cancelled / moved / curtailled
shifts are taxable earnings

From 6 April 2027:
Image rights payments related
to employment are treated as
taxable intome (income tax +
employer & employer NICs)



Employee Car Ownership Schemes

Originally due 6 April 2026, now
delayed to 6 April 2030 before
BIK ruies apply

VAT digitalisation and grouping

- **E-invoicing mandate and digitalisation**:

  The government will require all VAT invoices to be issued in a specified electronic format from April 2029, with a stakeholder roadmap to be published at Budget 2026.

- **Cross-border VAT grouping rule**:

  The government will revert to unconditional whole-entity cross-border VAT grouping from 26 November 2026.

VAT changes and reliefs

- **Business donations to charities relief**: From 1 April 2026, relief will apply to business donations of goods to charities for onward distribution or use in service delivery.

Customs and border measures

- **Low-value imports reforms**: The government will remove the customs duty relief on consignments valued at £135 or below and introduce new import arrangements by March 2029 at the latest, leading to the same rate as domestic supplies and higher-value imports.

Environmental

- **Electric motoring support**:

  EV support measures include extending the Electric Car Grant to 2029–30 with additional funding, extending 100% FYAs for zero-emission cars and EV charge points by one year, increasing the Expensive Car Supplement threshold to £50,000 for ZEVs, and temporarily delaying benefit-in-kind changes for Employee Car Ownership schemes to April 2030.

- **Climate Change Levy and Carbon Price Support**:

  CCL main rates will increase by the RPI from April 2027, with certain exemptions. The Carbon Price Support rate will remain frozen at around £18/tCO_2 for 2027–28.

- **Landfill Tax**:

  The standard rate will increase annually by RPI, while the lower rate will increase by the cash amount of the standard rate rise to preserve the differential. The previously proposed move to a single rate by 2030 will not proceed, and the quarry exemption will be retained.

- **Plastic Packaging Tax**: The PPT rate will increase with CPI in 2026-27.

Duties on goods

- **Alcohol duty**: All rates will increase with RPI from 1 February 2026.

- **Tobacco and vaping duties**:

  Tobacco duty will increase by RPI plus two percentage points, alongside a one-off rise, with follow-on increases in 2026. A new vaping products duty will apply with a duty-free allowance introduced.

- **Soft Drinks industry levy reforms**: From 1 January 2028, the sugar threshold will reduce from 5.0g to 4.5g per 100ml and exemptions for milk-based or milk-substitute drinks with added sugar will be removed. Increases will apply from 1 April 2026.

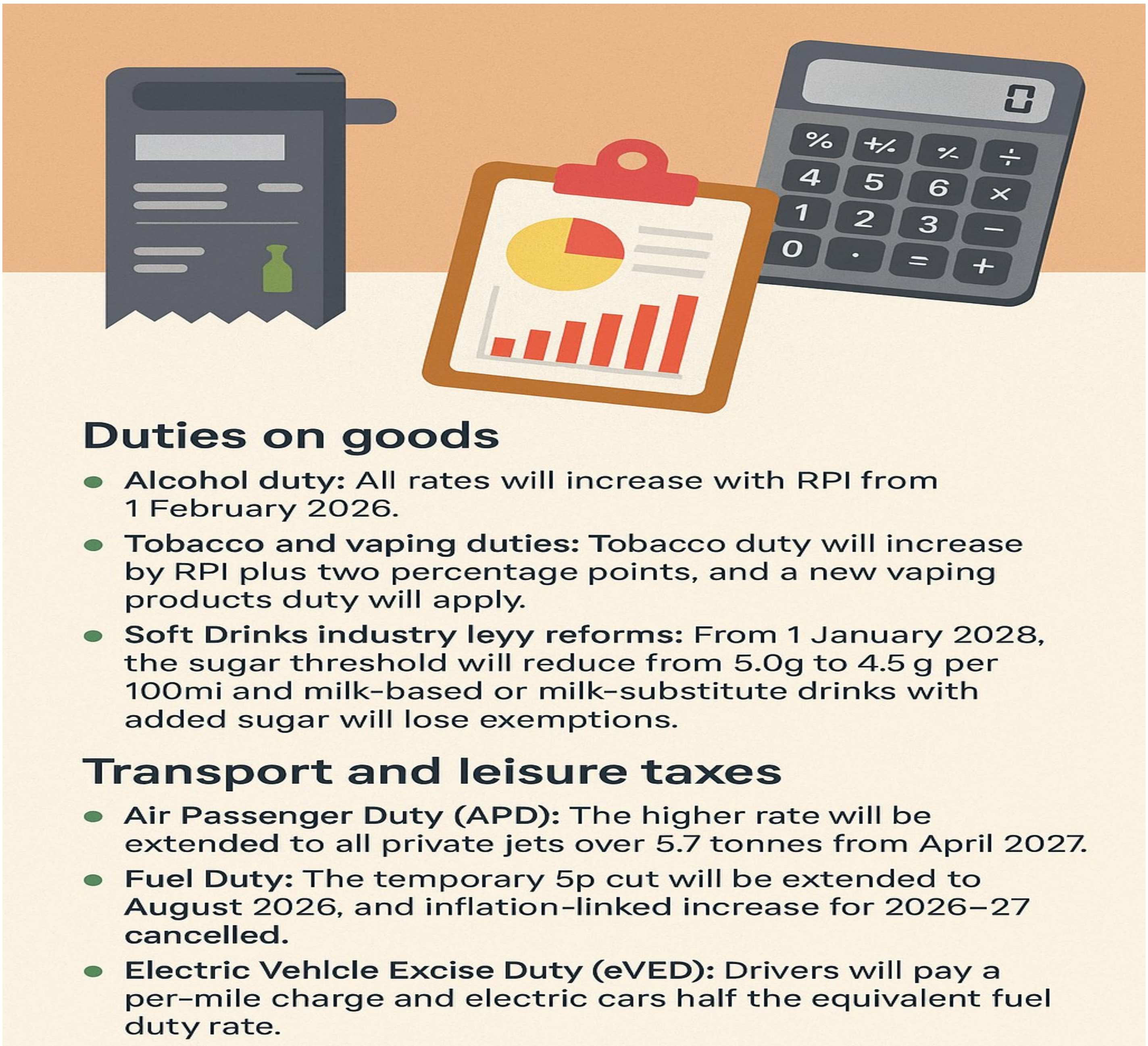
Transport and leisure taxes

- **Air Passenger Duty (APD)**: The higher rate will be extended to all private jets over 5.7 tonnes from April 2027, and all APD rates will increase by RPI from 1 April 2027.

- **Fuel Duty**: The temporary 5p cut will be extended to August 2026, the inflation-linked increase for 2026–27 will be cancelled, and a staged return to 2022 duty levels will begin from September 2026.

- **Electric Vehicle Excise Duty (eVED)**: Drivers will pay a per-mile charge alongside existing Vehicle Excise Duty. Electric cars will pay half the equivalent fuel duty rate for petrol and diesel vehicles, while plug-in hybrids will pay a reduced rate set at half of the electric car rate.

- **Gambling duties**: Remote gaming duty will increase to 40% from 1 April 2026; a new remote betting rate of 25% will apply from 1 April 2027, excluding self-service betting terminals, spread and pool betting, and UK horseracing (which will remain at 15%). Bingo duty will be abolished from 1 April 2026.



Business investment

- **Advance tax certainty service for major investments**: In July 2026, the government will launch a service providing advance tax certainty for large inbound projects, aimed at addressing investor requests for predictability on complex tax positions.

- **Plant and machinery**: The government will retain full expensing for main-rate plant and machinery, as outlined in the 2024 Corporate Tax Roadmap. From 1 January 2026, a new 40% first-year allowance will apply for main-rate assets which are not within full expensing. This could apply to assets for leasing and non-corporate businesses. From 1 April 2026 for corporation tax and 6 April for income tax, the main-rate writing-down allowances will be reduced from 18% to 14%.

- **Relief from Stamp Duty Reserve Tax (SDRT)**:

  Transfers of a company's securities will be subject to relief from the 0.5% SDRT charge for three years from the point the company lists on a UK regulated market.

Business rates

- **Permanently lower multipliers**:

  From April 2026 in England, permanently lower multipliers for retail, hospitality and leisure (RHL) properties will be introduced. From 1 April 2026, the small business RHL multiplier will be 38.2p and the standard RHL multiplier will be 43p in 2026-27. The lower rates will be funded by a funded by a modest high-value multiplier (50.8p) for properties with rateable value ≥£500,000.

- **Small Business Rates Relief (SBRR)**:

  The SBRR grace period will be extended from one to three years. This means that businesses will now remain eligible for SBRR on their first property for three years after expanding into a second property.

- **Business rates retention pilots**:

  The 100% business rates retention pilots will be extended in Cornwall, the West of England, and Liverpool City Region for a further three years, to 2028-29.

Administration and compliance

- **HMRC digital prompts and corporate filing/penalties**: The government will invest £59 million in new technology over the next five years to provide taxpayers with real-time digital prompts for VAT filing software from April 2027, and corporation tax filing software from April 2028.

- **Corporate Interest Restriction (CIR) administrative and technical changes**: The government will legislate in Finance Bill 2025-26 to simplify administration in relation to reporting companies under CIR. Most of the changes will take effect for periods ending on or after 31 March 2026.

- **Increases to corporation tax late filing penalties**: The government will double the penalty for taxpayers submitting a Corporation Tax return late from 1 April 2026. International tax

Pillar Two – Technical Amendments:

In line with the latest international developments and feedback from stakeholders, further technical amendments to the Multinational Top-up Tax and Domestic Top-up Tax rules will be introduced in the Finance Bill 2025–26.

• Modernising International and Corporate Tax Rules (Transfer Pricing, Permanent Establishments, and Diverted Profits Tax)

The government will introduce legislation in the Finance Bill 2025–26 aimed at simplifying the taxation of related-party transactions, non-resident companies operating in the UK, and profits diverted from the UK. These changes will apply to accounting periods beginning on or after 1 January 2026.

Other

- **Oil and Gas Price Mechanism (OGPM) to replace the Energy Profits Levy (EPL)**: A permanent revenue-based mechanism, applying an additional 35 per cent tax above price thresholds ($90/barrel for oil, 90p/term for gas), will be introduced when the EPL ends. The EPL is due to end either in 2030, or earlier if oil and gas prices trigger the Energy Security Investment Mechanism.

- **Film studios relief**: Eligible film studios in England will continue to receive a 40% reduction on their gross business rates bills until 2034, maintaining the relief announced at Spring Budget 2024 to support the creative sector.

- **Construction Industry Scheme**: The government will strengthen HMRC powers to tackle fraud within the Construction Industry Scheme. The government is also announcing regulations, for technical consultation, aimed at simplifying and improving the administration of the scheme. This will be legislated for in Finance Bill 2025-26 and take effect from 6 April 2026

Reforms to close the tax gap:

- **Changes to the tax advice and compliance markets**: The government is proposing significant changes that are likely to have significant implications for all tax advisers, not just the stated target of bad actors. Whilst the details need to be studied once the Finance Bill is released, it is likely that these measures will lead to increased compliance burdens and risks on compliant advisers that are likely to increase the cost and complexity of obtaining tax advice,

- **Investing in HMRC's debt management capacity**: £64 million will be invested over the next five years in HMRC's existing partnerships with private sector debt collection agencies to collect more tax debt.

- **Updates to penalty regime for Self-Assessment and VAT**: The government will not apply late submission penalties for quarterly updates during the

2026-27 tax year for Income Tax Self-Assessment (ITSA) taxpayers required to join Making Tax Digital (MTD). The government will apply the new penalty regime for late submission and late payment to all ITSA taxpayers not already due to join the new system from 6 April 2027.

- **HMRC crypto reporting:**

- UK Crypto asset Service Providers will be required to report on UK tax-resident customers under the Crypto asset Reporting Framework, with information collected from 1 January 2026 and first reports submitted in 2027.