

Autumn Budget 2025: Government promises v real-world pressures

Thursday, 4 December 2025 | 10:00am – 11:15am

Agenda

- 1 Welcome and opening remarks
- 2 Budget 2025: Big Picture analysis and key tax takeaways
- 3 Preparing your business for employment tax changes, including EMIs
- 4 What the Budget means for private individuals
- 5 Panel discussion – Business tax in focus
- 6 Q&A

Industry experts speaking today



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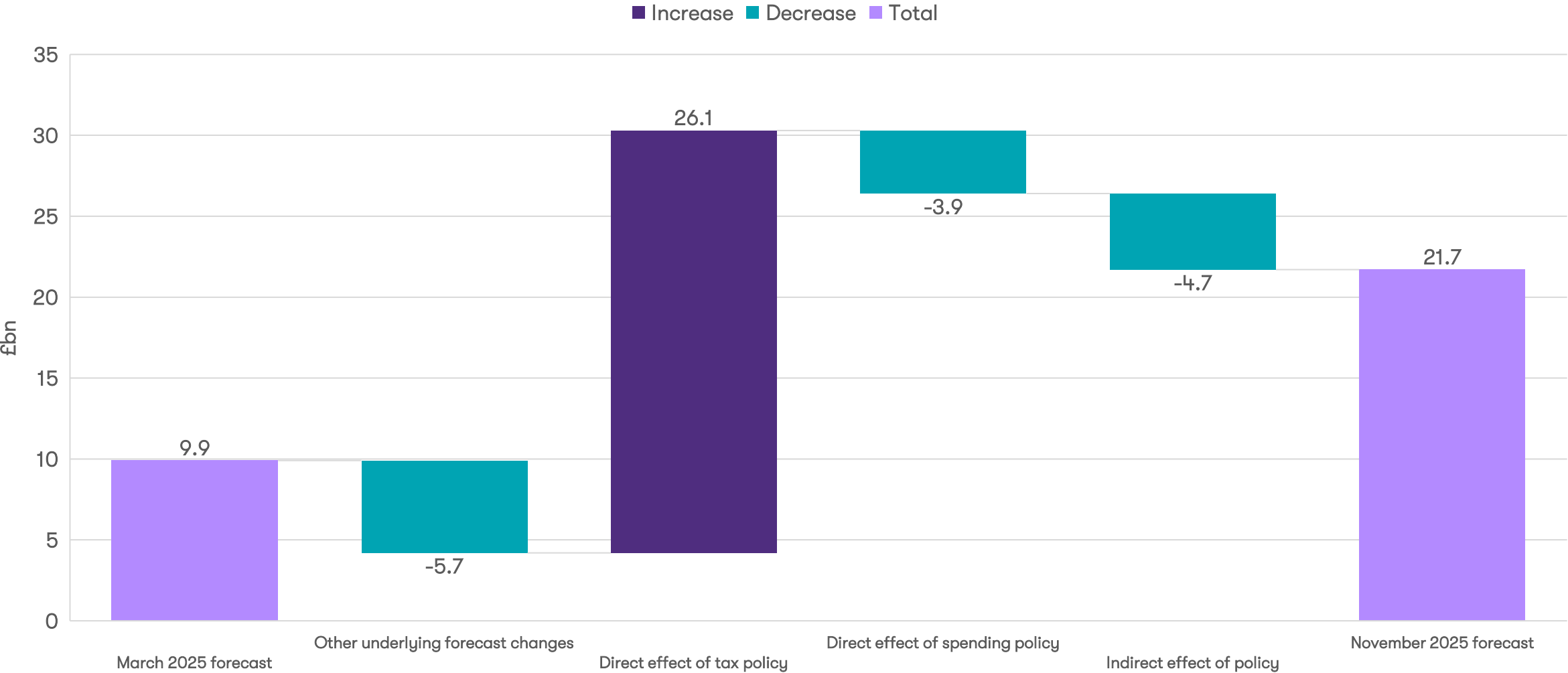
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1 Budget 2025: Big picture analysis and key tax takeaways

Fiscal headroom – 2029-30

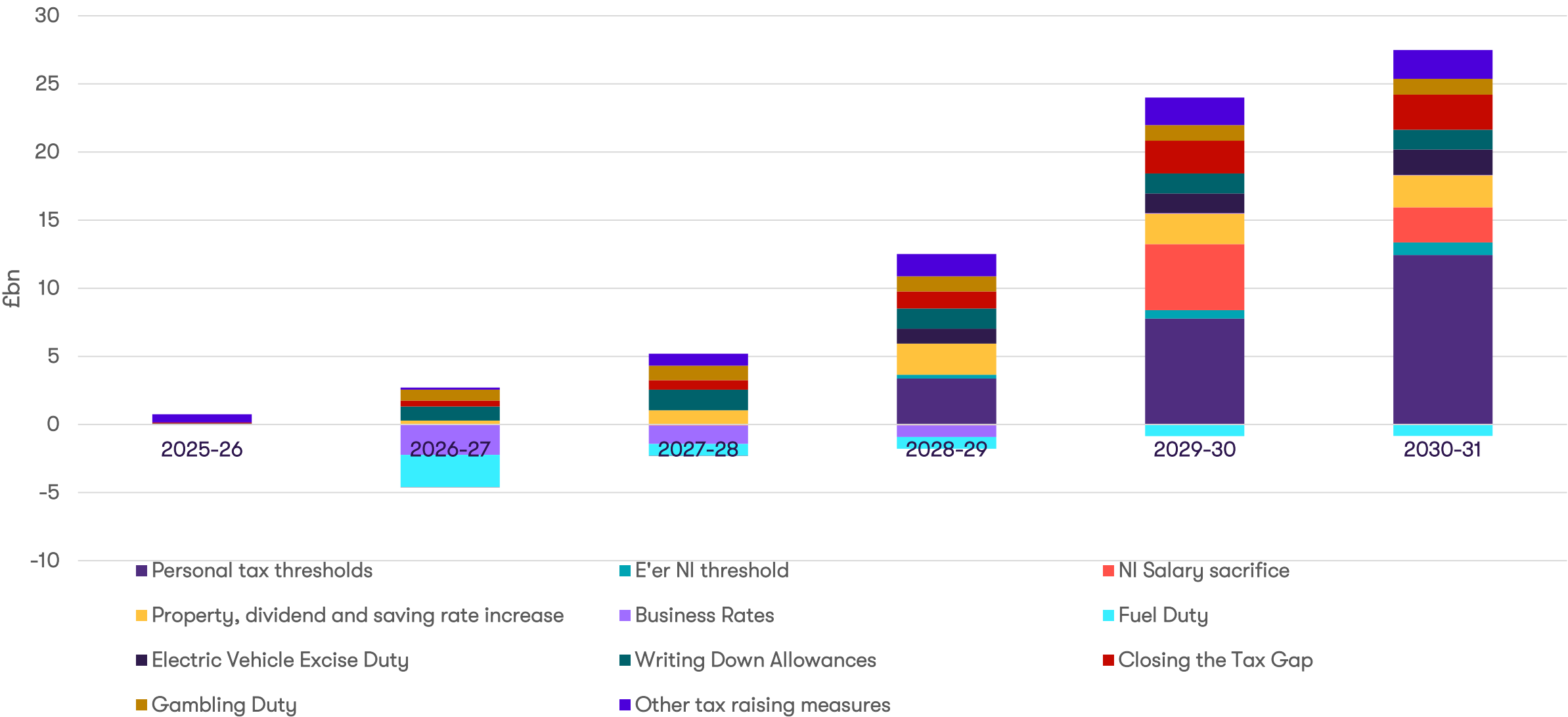


Poll question

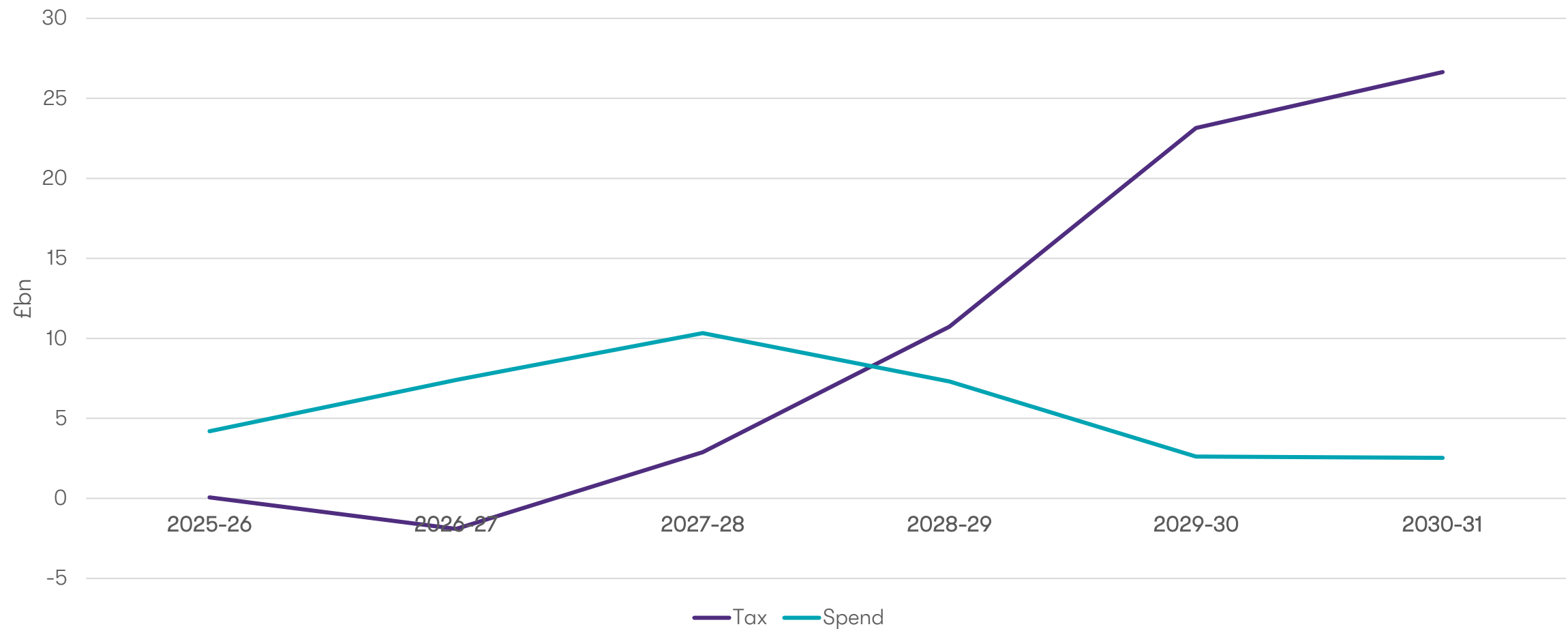
Do you expect your business costs to rise as a result of Budget measures?

- 1) Significantly (5%+)
- 2) Moderately (2 - 5%)
- 3) Slightly (1-2%)
- 4) No impact
- 5) Decrease

Tax Policy Decisions



Tax v. Spending Decisions



3 Preparing your business for employment tax changes, including EMLs

Pension salary sacrifice

From April 2029, salary-sacrifice pension contributions above £2,000 per tax year will no longer be exempt from National Insurance Contributions (NIC).

Budget announcement

- Contributions via salary sacrifice will be subject to both employer (15%) and employee (8%/2%) NIC
- Ordinary employer pension contributions unaffected
- Awaiting further information on whether anti-avoidance legislation will be introduced in relation to alternative pension / reward arrangements
- No impact on other existing salary sacrifices, e.g. Cycle to Work, EV Cars, Holiday, Childcare, etc.



Pension salary sacrifice Today		From April 2029	
Income tax relief	✓	Income tax relief	✓
Employee NIC relief from salary sacrifice	✓	Employee NIC relief from salary sacrifice	Limited
Employer NIC relief from salary sacrifice	✓	Employer NIC relief from salary sacrifice	Limited
Employer contributions exempt	✓	Employer contributions exempt	✓

Pension salary sacrifice

From April 2029, salary-sacrifice pension contributions above £2,000 per tax year will no longer be exempt from National Insurance Contributions (NIC).

Pending Considerations

- Updates to current schemes and employee communications
- Impact on future reward negotiations
- Handling employer NIC savings and bonus waivers
- Payroll system and RTI reporting changes
- Potential to maintain NIC savings benefits until April 2029, subject to annual allowance and minimum wage rules
- Review approach to other employee benefits

Salary level	EE Salary Sacrifice Pension Contribution		Est. Ers NIC Saving p.a. until April 2029	Est. Ers NIC Saving p.a. post April 2029	Est. additional cost p.a. for Employers post April 2029
£40,000	5%	£2,000	£300	£300	£0
£50,000	5%	£2,500	£375	£300	£75
£100,000	5%	£5,000	£750	£300	£450
£125,000	5%	£6,250	£938	£300	£638
£125,000	10%	£12,500	£1,875	£300	£1,575
For illustration only, based on employer NIC rate of 15%, note the 0.5% Apprenticeship Levy may also be due depending upon size					

Other employment tax announcements

Changes from April 2026 & later

NMW and NLW - Wage rates:

- NLW 21+ will increase by 4% to **£12.71** per hour
- NMW (18 to 20) will increase by 8.5% to **£10.85** per hour

Workplace benefits relief:

- Extension of Income Tax and National Insurance exemption for employer-provided benefits to cover reimbursements for eye tests, home working equipment, and flu vaccinations

Non-reimbursed employment expenses for homeworking:

- Removal of Income tax deduction for non-reimbursed home working expenses
- Employers can still reimburse employees for these costs where eligible, without Income Tax and National Insurance contributions

Changes beyond this date

Mileage-based charges on electric and plug-in cars:

- Electric vehicle excise duty from April 2028 to act as a pay-per-mile charge on use of electric cars (3p pm) and PHEVs (1.5p pm)

Taxation of Image Rights:

- All image rights payments related to an employment to be treated as taxable employment income and subject to income tax and National Insurance Contributions from April 2027

Other employment tax announcements (continued...)

Focus on Enforcement & Compliance

NMW & CIS Compliance

- Fair Work Agency (FWA) to launch a dedicated ‘hidden economy’ team from April 2026, to target sectors with significant employment rights breaches and tax issues.
- Further enforcement of NMW including: closer working with trade unions and local business groups; direct follow up with employers on all worker complaints; continued naming rounds; and exploring of new powers to target leadership of organisations.
- New powers to tackle fraud and to impose liabilities on businesses operating within the construction sector that enter transactions connected with the fraudulent evasion of tax.

PAYE changes for Umbrella companies – April 2026

- No further changes to forthcoming introduction of “joint and several liability” of PAYE for users of umbrella companies and other employment businesses.
- End clients should review labour supply chain to consider potential for exposure, approach to contracts including indemnities.

Mandatory Payrolling of Benefits in Kind – April 2027

- Further draft guidance published ahead of mandating PBIKs. To be finalised by Autumn 2026, provides additional considerations, areas for preparation and examples for review.
- Of note includes:
 - Registration to payroll employer provided loans and accommodation
 - New FPS data fields to capture benefit details and Class 1A NIC
 - Approach to penalties during first year

Enterprise Management Incentives (EMI)

Welcome expansion of EMI

The opportunity to grant awards under EMI tax advantaged share option plans will be available to a much wider pool of companies

For grants of options from 6th April 2026 onwards, the limits imposed on company size have been generously increased as follows:

- The limit on **gross assets** is now up to **£120 million** (up from £30m)
- The **employee limit** is now **500** full time equivalent employees (up from 250 employees)

Additionally:

- Aggregate limit of the **value of shares** that can be put under EMI option has doubled to **£6m**
- Extension of the long stop date of **exercise** from 10 years to **15 years**

Furthermore:

- Administrative requirements relating to the **notification of EMI options** to HMRC are also set to be relaxed, from April 2027



4 What the Budget means for private individuals

All bark, no bite?

In the context of the extensive speculation before the budget about extensive changes to private taxation, for many the final announcements were a relief in that they were far less significant than anticipated a few weeks ago.

Personal tax thresholds frozen until 2031

- Freezing the Personal Allowance and income tax thresholds.
- Personal Allowance of £12,570, higher rate threshold of £50,270 and additional rate threshold of £125,140 will remain static for a further 3 years until April 2031.

Increase in income tax rates on property, savings and dividend income

	Implementation date	Basic rate	Higher rate	Additional rate
Dividend income	6 April 2026	10.75%	35.75%	39.35%*
Property income	6 April 2027	22%	42%	47%
Savings income	6 April 2027	22%	42%	47%

*note lack of increase to additional rate of dividend tax

The 'mansion tax'

- High Value Council Tax Surcharge (HVCTS) - new charge on owners of residential property in England worth £2 million or more.
- Consultation will be held in early 2026, effective from April 2028.
- Homeowners, rather than occupiers, will be liable and will continue to pay their existing Council Tax alongside the surcharge.
- The Valuations Office will conduct valuation exercise to identify properties affected, revaluations every 5 years, charges rising in line with CPI inflation each year from 2029-30 onwards.

Properties above the £2 million threshold will be placed into bands based on their property value:

Threshold (£m)	Rate
2 – 2.5	£2,500
2.5 – 3.5	£3,500
3.5 – 5.0	£5,000
5.0+	£7,500



Transferable APR/ BPR allowances between spouses

- Changes from 6 April 2026 - £1m 100% BPR/APR allowance and 50% thereafter – effective 20% tax rate of privately held companies
- £1m 100% allowance transferrable on death to surviving spouse
- No change to core proposal

			IHT
		£	£
Personal Estate	5,000,000		1,740,000
Company	30,000,000		5,800,000
Total IHT			7,540,000
10 annual instalments			580,000
Gross up (dividend rate)			956,307
Pre-tax profit required (gross up for Ctax)			1,275,076

Other ad hoc updates from the smorgasbord of announcements;

- Cap on relevant property trust charges for existing excluded property trusts – Trust funds valued in excess of £80m
- Powers to pay IHT from pension scheme assets once within scope of IHT from 6 April 2027
- Tweaks to the MTD regime with a concession announcement on penalties for the first year being mandated for certain taxpayers, being 2026/27, and further exclusions from that rollout being introduced
- Reporting of certain transactions between close companies and their participators to be consulted on in early 2026
- Changes to the rules which apply to certain share exchanges and reorganisations to extend the 'main purpose' avoidance clauses
- Various measures impacting non-residents

Employee Ownership Trusts

The capital gains tax relief for shareholders on disposals to EOTs is halved

Shareholders selling a controlling stake in their company to an employee ownership trust (EOT) previously benefited from a 100% CGT relief. This has been halved to 50%.

- From **26th November 2025**, the EOT relief provides an overall effective rate of **12% CGT** on disposals
- CGT due by **31st January** following the tax year of the EOT transaction
- **Funding CGT** - existing funds, cash on completion or bank debt
- Business Asset Disposal Relief - not available on the disposal
- EOT conditions still need to be met, including that the company is **trading**, the '**participator fraction**' is met, the EOT is **onshore**, is not controlled by '**participators**', and provides benefits to employees on an **equitable basis**



So what next for individuals and shareholders?



There remains significant uncertainty as to the possibility of more significant tax reform in the future. This could fuel speculation and concern ahead of the next fiscal event



Significant changes to IHT for business owners and farmers still set to apply from 6 April 2026 – window of opportunity to act is narrowing

5 Panel discussion – business tax in focus



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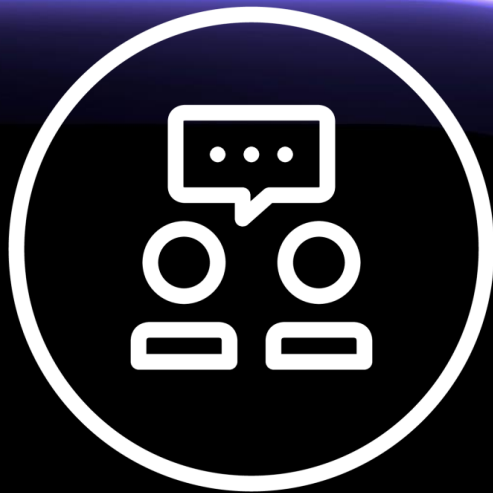
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Poll question

Thinking about the Autumn Budget 2025, how will your organisation's priorities change over the next 6 months? Please rank in order of priority:

- **Investment in people** – Hiring, pay, training, apprenticeships, employee benefits.
- **Investment in technology** – Automation, AI, data, core systems.
- **Cost saving and operational efficiency** – Streamlining processes, reducing overheads.
- **Investment in innovation/R&D** – New products, business model experiments.
- **Market growth initiatives** – Expansion, marketing, sales capacity.

Questions



Get in touch



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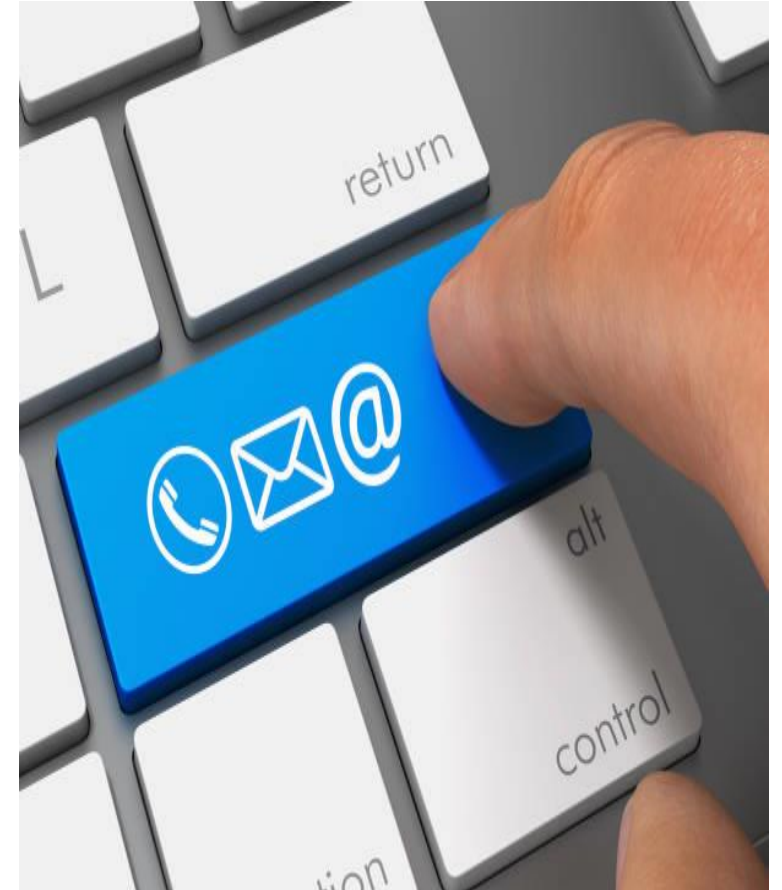
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