

Daniel Lewin and Charlotte Sallabank Share Views on 2025 Autumn Budget's Tax Measures With *Practical Law*

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Practical Law asked tax law practitioners, including London Transactional Tax Planning Partners Daniel Lewin and Charlotte Sallabank, to share their views on the tax measures in the Autumn 2025 Budget (Budget), which includes changes to stamp taxes, research and development (R&D), venture capital schemes, employee options, advance tax certainty for major projects, technical (and more significant) changes on the international front, VAT grouping, a mansion tax, Construction Industry Scheme (CIS) fraud and more.

Charlotte said that there has been "messy tinkering" across a wide range of taxes, commenting:

"A lot of fiddly, tinkering changes across a wide range of taxes with no big headline grabbing easy to grasp changes, making life hard for taxpayers to comply with and HMRC to administer.

The extension of the income tax rate band freeze was expected and the introduction of the £2000 cap on NIC free salary sacrifice pension payments was rumoured, but taxpayers will feel justifiably bitter when the Chancellor celebrates a no increase in income tax and NIC Budget.

The reduction in writing down allowances was not pre-leaked and whilst it is unlikely to change behaviour, it will slow down recovery of prior expenditure by businesses — another clandestine tax take.

The revised anti-avoidance provisions on share exchanges and reconstructions add uncertainty to what was previously a straightforward relief, but at least the pre-clearance mechanism remains. For those that have submitted section 138 clearance applications prior to Budget Day the deadline for issue of the relevant shares or debentures with reliance on the clearance is tight (the later of 26 January 2026 and 60 days after clearance is given), so some burning of the midnight oil might be needed over the holiday season.

The reduction of CGT relief for disposals of shares to Employee Ownership Trusts may make management buy outs a more attractive option, particularly with the increase in EIS investment and asset limits and the doubling of the EMI option and employee limits (to £6 million and 500 respectively) and the fourfold increase in the gross assets limit (to £120 million).

There are so many other 'little' tax tweaks here and there — the list is long — overall this is a messy Budget for taxpayers and their advisers!"

Daniel questioned the strategy for growth, stating:

"Wednesday's Budget could be defined as much by what it didn't do, as by what it did. Following an unprecedented number of sometimes daily leaks of intended tax measures in the weeks running up to November 26, the ruinous Budget that everyone had feared did not happen. Radical measures such as the 15% employer-like National Insurance contributions (NICs) chargeable on LLP profit, annual 1% mansion tax, capital gains tax exit tax charge for individuals (some of whom left anyway just to be on the safe side) and the material increase in income tax rates did not materialise. It seems that Rachel Reeves' November 4 'scene setter' speech in Downing Street preparing the country for tough choices was about the hard measures the Government was considering three weeks ago, rather than those unveiled this Wednesday.

Instead, Budget 2025 is defined by a large number of comparatively smaller tax changes and technical amendments across the tax system that will affect most UK taxpayers in some form — in line with the principle of "everyone paying their fair share", no longer just those with the broadest shoulders. Thus, headline measures for individual taxpayers, such as freezes on income tax and NICs thresholds until 2030/31 and severely cutting back the NIC benefits of salary sacrifice pension contributions, went hand in hand with 2% increased dividend rates for the basic and higher rate rise from April 2026, and rental income and savings rates by 2% from April 2027 for all income tax bands. Online gaming duty was raised significantly, while Bingo can now be played duty-free. The large number of disparate tax measures leaves the impression that this is a Budget where individual measures were cobbled together to reach the required financial target once the major changes were ruled out, rather than the result of sound, longer term tax policies. Completely absent — with the exception of a handful of isolated measures such as the increase in EIS thresholds — was a strategy for economic growth."

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