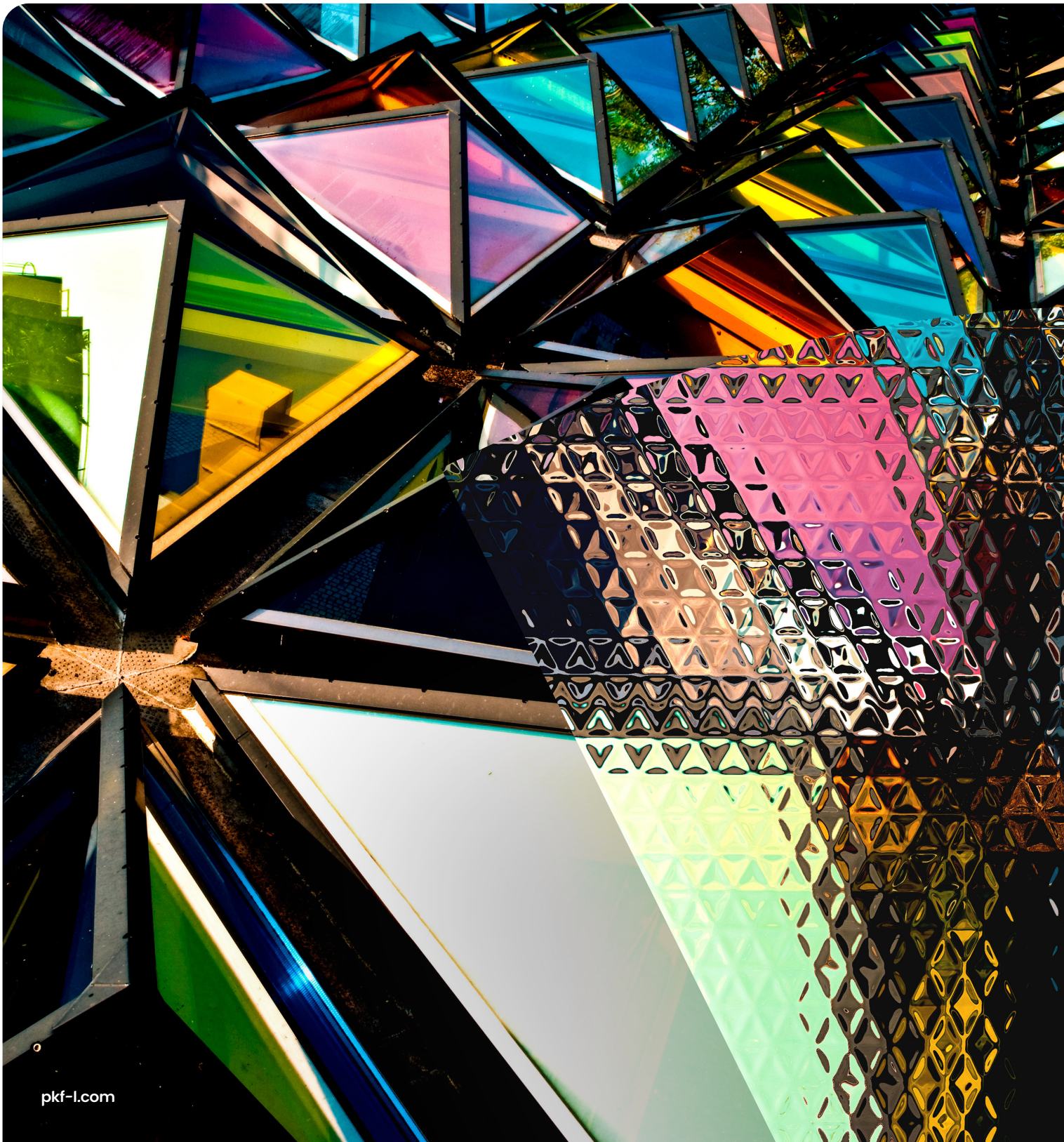


Spring Statement 2025 summary



As expected, there were no significant tax announcements today, following commitment by the Chancellor for a single major fiscal event each year, which is no doubt welcomed following the raft of announcements last Autumn.

However, there were some compliance announcements to help bridge the tax gap that should not be overlooked:

- Making Tax Digital (MTD) for Income Tax Self Assessment will continue to be rolled out. Sole traders and landlords with qualifying income over £20,000 will join from April 2028. Those with qualifying combined income over £50,000, and £30,000 are already in scope from April 2026 and 2027 respectively
- There will be an increase to late payment penalties for VAT taxpayers and Income Tax Self Assessment taxpayers as they join MTD, from April 2025 onwards. The new rates will be 3% of the tax outstanding where tax is overdue by 15 days, plus 3% where tax is overdue by 30 days, plus 10% per annum where tax is overdue by 31 days or more

- There is a continued focus around compliance and payment, and the required resourcing for this to be provided to HMRC. Four consultations will be published later today, focused around increasing automation, facilitation of non-compliance, promoters of marketed tax avoidance and strengthening HMRC's inaccuracy and failure to notify penalties. HMRC is also overhauling its approach to offshore tax non-compliance by the wealthy, recruiting experts in private sector wealth management and deploying AI and advanced analytics to help identify and challenge those who try to hide their wealth. Finally, HMRC has also been given further spending to pursue tax investigations.

The rumours that changes may be announced to some of the tax changes previously made in the Autumn Budget 2024, proved untrue and for many, disappointing:

- We will need to wait to see if the Chancellor will "tweak" the transition period into the new foreign income and gains regime, following abolition of the non-domicile regime
- There remains no sign of the promised consultation for Inheritance Tax. The Autumn changes announced that property qualifying for 100% Business Property Relief (BPR) and Agricultural Property Relief (APR) would be capped at a combined £1m for both, from April 2026.

Any value over £1m will qualify for reduced relief at a rate of 50%. In addition, pensions will be within the scope of Inheritance Tax from April 2027

- Employer National Insurance will increase by 2% from April 2025 and the level at which employers start paying NIC will reduce from £9,100 to £5,000. Salary sacrifice is a potential tool for businesses to counteract this increase
- The rate for Business Asset Disposal Relief will rise to 14% from April 2025 and 18% from April 2026 as previously announced.

Finally, despite the Chancellor not "pulling" any tax levers today, it was repeatedly noted that the economic future worldwide remains uncertain. With only modest growth forecasts for the current and future years, many will be aware that the lack of significant headroom means that there remains a risk of further tax increases to follow in the Autumn Budget, and in future years.



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Our expert team can help you understand the impact of the Spring Statement on you and your business

To find out more please contact our Tax team.



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