

Autumn Budget 2025 Summary

27th November 2025

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Chancellor Rachel Reeves delivered her second Budget on 26th November 2025. There were no changes to pension tax relief or tax-free cash (pension commencement lump sums), but several other tax and pension measures were announced, which we have summarised below:

Pensions

Salary sacrifice

From April 2029, anyone sacrificing more than £2,000 per tax year for employer pension contributions won't save National Insurance (NI) on the excess. Employers will also pay National Insurance on any excess. Such contributions still receive income tax relief as they would if made via a different method such as relief at source.

State Pension

The triple lock will continue, with the New State Pension increasing to £241.30 per week and the Basic State Pension to £184.90 per week in April 2026. Changes will also limit voluntary Class 2 NI contributions for those overseas, and Simple Assessment rules will be updated for pension-only income from 2027 for those whose state pension will now be above the personal allowance and therefore taxable.

ISAs

Individual Savings Account (ISA)

From April 2027, only those over 65 can contribute the full £20,000 to Cash ISAs. Under 65s are capped at £12,000 for Cash ISAs, with the remainder placed in other ISA types. Annual subscription limits remain unchanged (£20,000 ISA, £4,000 LISA, £9,000 Junior ISA).

Lifetime ISA

A consultation on replacing the LISA with a new first-time buyer product will begin early next year.

Venture Capital investments

Enterprise Investment Scheme (EIS) & Venture Capital Trust (VCT)

From 6 April 2026, VCT relief reduces from 30% to 20%. Company gross asset and investment limits for EIS/VCT are increased to £30 million (from £15 million) immediately before the issue of the shares or securities, and £35 million (from £16 million) immediately after the issue.

Enterprise Management Incentive (EMI) scheme

From 6 April 2026, limits increase for company options from £3m to £6m, gross assets from £30m to £120m and employees from 250 to 500.

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Income Tax, Capital Gains Tax and Inheritance Tax

Income Tax

Income tax bands frozen in England, Wales, and Northern Ireland until April 2031. Dividend, property, and savings income rates rise by 2 percentage points (some changes from April 2026, some from April 2027).

Dividend Income

Increased rates by 2 percentage points apply from April 2026 for basic and higher rate to 10.75% and 35.75% respectively. The additional rate will remain unchanged at 39.35%.

Savings Income

Tax on savings income will increase by 2 percentage points across all bands from April 2027 to 22%, 42% and 47% for the basic, higher and additional rates respectively.

Property Income

Separate rates apply from April 2027 for all income from land or property: 22% basic, 42% higher, 47% additional. Finance cost relief applies at 22%.

Capital Gains Tax (CGT)

Annual exemption remains at £3,000 and tax rates unchanged.

Inheritance Tax (IHT)

Nil Rate Band (NRB) (£325,000) and Residence NRB (£175,000) frozen until April 2031. Agricultural Property Relief (APR) and Business Property Relief (BPR) 100% relief transferable between spouses, capped at £1m. Charity exemption restricted to gifts directly to UK charities.

Property Tax

From April 2028, a council tax surcharge will apply to properties worth more than £2m in 2026. This will be £2,500 for properties worth £2m-£2.5m rising in bands to a maximum of £7,500 for homes valued at over £5m. Charges will increase in line with CPI inflation each year from 2029 onwards.

Important Information

This document does not constitute advice. If you would like to discuss how the announcement may impact you, please contact our Financial Planning team on 0207 287 2225, or by emailing fp@edisonwm.com



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