# An anti-business budget, but are there any silver linings?

As budgets go, this was seismic and delivered on the leaks and rhetoric of the last few weeks. This government (and first female Chancellors) budget served to reinforce the UK's desire for "change" and parted ways with the previous ideology of a low tax, small state - to a more European model of high tax, high investment, and big state.

Let us take a moment to remind ourselves of the headline announcements:

## Personal Taxes

- Rates of income tax and National Insurance (NI) paid by employees, and of VAT, to remain unchanged.
- Income tax band thresholds to rise in line with inflation after 2028, preventing more people being dragged into higher bands as wages rise.
- Basic rate capital gains tax on profits from selling shares to increase from 10% to 18%, with the higher rate rising from 20% to 24%.
- Rates on profits from selling additional property unchanged.
- Inheritance tax threshold freeze extended by further two years to 2030, with unspent pension pots also subject to the tax from 2027.
- Exemptions when inheriting farmland to be made less generous from 2026.

## Business Taxes

- Firms to pay National Insurance on workers' earnings above £5,000 from April, down from £9,100 currently, with the rate increasing from 13.8% to 15%, raising an estimated £25bn a year.
- Employment allowance, which allows companies to reduce their NI liability, to increase from £5,000 to £10,500.
- Tax paid by private equity managers on share of profits from successful deals to rise from up to 28% to up to 32% from April.
- Main rate of corporation tax, paid by businesses on taxable profits over £250,000, to stay at 25% until next election.

## Transport

- £2 cap on single bus fares in England to rise to £3 from January.
- 5p cut to fuel duty on petrol and diesel, due to end in April 2025, kept for another year.
- Commitment to fund tunnelling work to take HS2 high-speed rail line to Euston station in central London.
- Commitment to deliver upgrade to trans-Pennine rail line between York and Manchester, running via Leeds and Huddersfield.
- Air Passenger Duty on flights by private jet to go up by 50%.

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## Smoking and alcohol

- New tax of £2.20 per 10ml of vaping liquid introduced from October 2026.
- Tax on tobacco to increase by 2% above inflation, and 10% above inflation for hand-rolling tobacco.
- Tax on non-draught alcoholic drinks to increase by the higher RPI measure of inflation, but tax on draught drinks cut by 1.7%.

## Wages, benefits, and pensions

- Legal minimum wage for over-21s to rise from £11.44 to £12.21 per hour from April.
- Rate for 18 to 20-year-olds to go up from £8.60 to £10, as part of a long-term plan to move towards a "single adult rate".
- Eligibility widened for the allowance paid to full-time carers, by increasing the maximum earnings threshold from £151 to £195 a week.

## Housing

- Current affordable homes budget, which runs until 2026, boosted by £500m.
- Social housing providers to be allowed to increase rents above inflation under multi-year settlement, external.
- Stamp duty surcharge, paid on second home purchases in England and Northern Ireland, to go up from 3% to 5%.

## Government spending and public services

- Extra £22.6bn for day-to-day spending on the NHS in England, and a £3.1bn boost to budget for investment.
- £6.7bn allocated for education investment next year, with £1.4bn earmarked for rebuilding over 500 schools.

# So, what are the positives?

**Living Wage:** The increase in the National Living Wage puts more income into the hands of the lowest paid, helping with the cost-of-living crisis.

**Income Stability:** With income tax rates and thresholds unchanged, taxpayers will have more consistent disposable income.

**Capital Investment:** £5bn for building aimed at increasing the supply of homes and support small house builders.

**Affordable Housing:** £500m increase in affordable housing funds designed to increase supply.

**Right to Buy:** Changes to both RTB discounts, and allowing Councils to retain receipts, will help investment back into the sector.

*Whatever your feelings on today's budget, UK economic policy has shifted, and the sweeping changes demanded by the last election have now started to be delivered...*

Should you wish to discuss how the budget might affect you, contact us:
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