

WILLDAY

WEALTH MANAGEMENT



Autumn Statement
Overview 2025



Introduction

On 26 November 2025, Chancellor Rachel Reeves delivered the Autumn Budget, her second full budget since entering office. The Chancellor stated that this Budget aims to “restore economic resilience, prioritise public services, and rebalance the tax system so that those with the broadest shoulders contribute the most.”

The Budget introduces substantial tax increases across savings income, dividends, and wealth related assets; reduces the ISA allowance; freezes personal tax thresholds; and implements new measures targeting high value property and pension tax planning.

Reeves also announced significant increases to the National Living Wage and targeted support for public services.

Structurally, this Budget shifts the UK’s tax burden towards wealth, investment income and higher-value asset holdings, while continuing the freeze on income tax thresholds, raising the overall tax take without changing basic tax rates. Like the 2024 Statement, this Budget is multifaceted in scope and reflects a strong emphasis on increasing government revenue while directing investment into health, education and infrastructure.

Income Tax and National Insurance Threshold Freeze

The personal allowance will remain frozen at £12,570, and the basic rate limit at £37,700, extending the freeze through to 2030–31. This continues the practice described in last year’s document, where thresholds were frozen until April 2028.

The tapering of the personal allowance for those earning over £100,000 continues unchanged.

WHO

All taxpayers whose earnings increase over the coming years, particularly middle-income earners who will be drawn into higher tax bands through “fiscal drag”.

COMMENTS

The freeze represents a significant long-term revenue-raising mechanism. Although no tax rates have increased, more income will fall into higher bands over time, increasing effective tax burdens.



Tax on Savings Income

WHAT

Tax on savings income will increase by 2 percentage points across the basic, higher and additional rates.

	Previous	Announced Change
Basic Rate	20%	22%
Higher Rate	40%	42%
Additional Rate	45%	47%

COMMENTS

The Chancellor explicitly stated the need to “narrow the gap between the tax on income from assets and income from work”

Tax on Dividends

WHAT

Dividend tax rates will increase by 2 percentage points for basic, higher and additional rate taxpayers.

	Previous	Announced Change
Basic Rate	8.75%	10.75%
Higher Rate	33.75%	35.75%
Additional Rate	39.35%	41.35%

COMMENTS

Intended to ensure asset based income is taxed more equitably with earned income.

Salary Sacrifice Pension Cap

From 2029, only the first £2,000 of salary sacrifice pension contributions will be exempt from tax. Amounts above this will be taxed as regular income. This measure targets higher earners who use excessive sacrifice to reduce taxable income. This will impact anyone earning an annual salary over over £25,000.

This means that £2,000 of the pension contribution remains tax-free.

However, anything above this level is not tax free and will be treated as taxable income, meaning you will still get income tax relief on contributions and NI will apply to that portion.

State Pension Eligibility for Overseas Residents

The Government will tighten eligibility for UK state pensions by removing access via cheap Class 2 NICs for individuals living abroad. Beneficiaries will need to live or work in the UK for at least 10 years.

Employee Ownership Trust (EOT)

The CGT exemption on sales into EOTs will fall from 100% to 50%, reducing misuse while retaining incentives for legitimate employee ownership transitions.



Inheritance Tax Reform

Agricultural and business property relief will now follow general IHT rules for spousal transfer, allowing unused relief to be transferred between spouses.

Customs Duty on All Imported Parcels

The low-value exemption is abolished; every imported parcel will be subject to customs duty. This is intended to create parity between online and high-street retail.

Individual Savings Accounts

A major ISA reform from April 2027: Allowance remains £20,000, however at least £8,000 must be invested, not held in cash. Those over 65 retain the full cash allowance.

WHAT

Individual savings accounts (ISAs)

LIMIT

£20,000 (Maximum of £12,000 allowed in cash, minimum of £8,000 invested)

WHAT

Juniour Individual Savings Account

LIMIT

£9,000

WHAT

Lifetime Individual Savings Account

LIMIT

£4,000 (excluding government bonus of 20%)

COMMENTS

This is intended to redirect savings into productive UK investment. Financial institutions will provide new guidance hubs to improve investment literacy.



High Value Property Annual Surcharge

From 2028, an annual property surcharge will apply to high-value homes, set at £2,500 for homes valued above £2 million and £7,500 for homes valued above £5 million. This will be applied as a council tax surcharge.

COMMENTS

The Government expects to raise £400 million annually from this measure, directing revenue from high-value assets into public services.

Social and Family Policy

Abolition of the Two-Child Limit

The Chancellor abolished the two-child limit for child benefits, including repeal of the “non-consensual conception clause.” This is expected to lift 450,000 children out of poverty

Motability Scheme Restrictions

Luxury vehicles will be removed from the Motability scheme to better target support, ensuring that funding is focused on practical, accessible models rather than high-end or premium cars.

Disability Benefit Reform

Face-to-face disability assessments will return. Reforms to Universal Credit are expected to help 15,000 people move back into work.

Energy, Environment & Transport Measures

£150 Reduction in Household Energy Bills

Annual household bills will fall by £150 from April as part of a major ECO scheme overhaul.

Reform of the ECO Scheme

The scheme is being redesigned following evidence that it placed a greater financial burden on most fuel-poor households than the benefits it delivered.

Warm Homes Plan Expansion

Additional investment to support insulation and household energy efficiency measures.

Fuel Duty Cut Extended

The 5p fuel duty cut is extended until September 2026.

National Fuel Finder

Petrol stations will be required to publish real-time pump prices to improve transparency and competition.

Electric Vehicle Road Pricing & Taxation

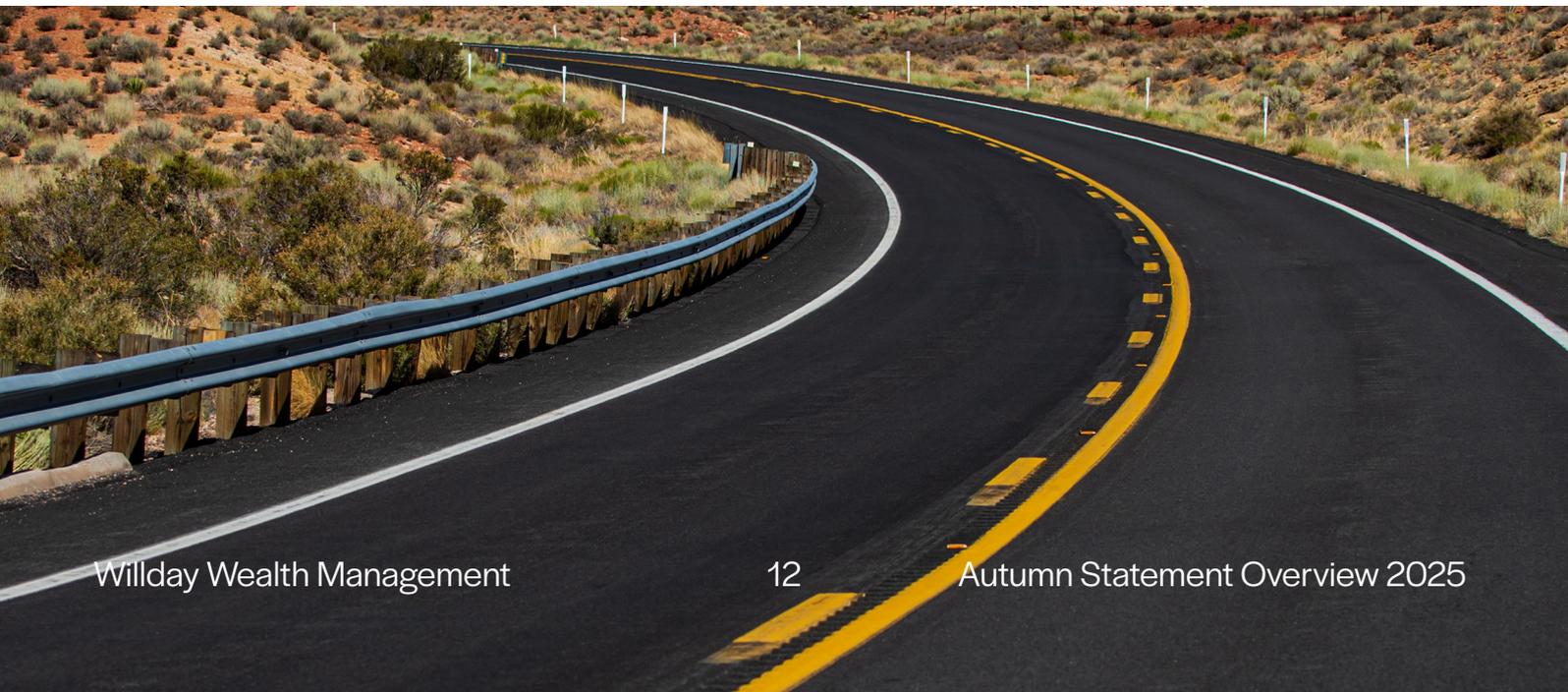
3p per mile VED-equivalent charge for EVs

1.5p per mile for plug-in hybrids

Expensive EV supplement threshold raised to £50,000

COMMENTS

Introduces long-term sustainable EV taxation as fuel duty revenues decline.



Business

New 40% First-Year Capital Allowance

A new 40% first-year allowance for start-ups will sit alongside full expensing to support business investment.

Business Rates Reform

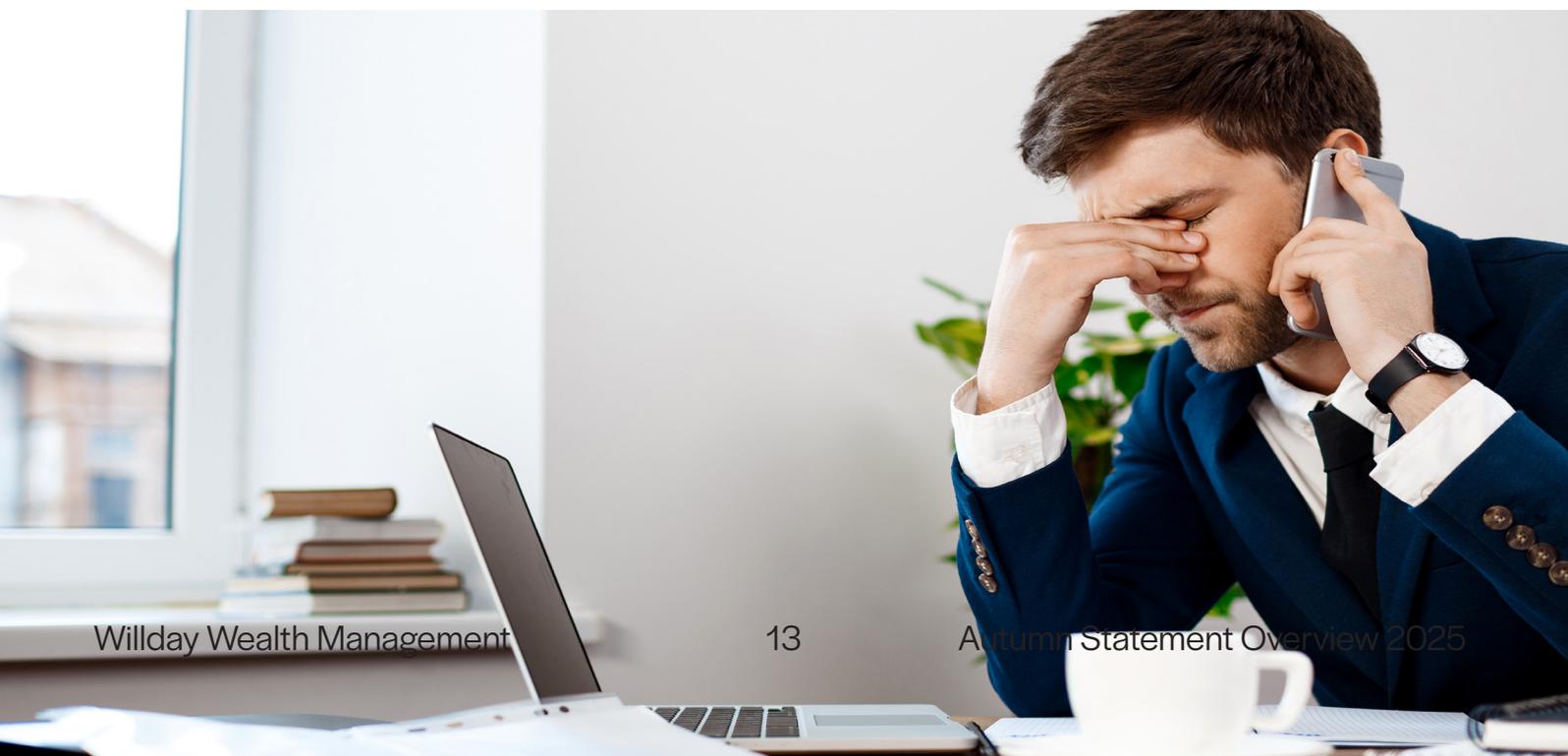
Permanent lower rates for 750,000 retail, hospitality and leisure premises

Higher rates for large warehouse operators (online retail)

£4.3bn transitional support

COMMENTS

Rebalances taxation between digital and physical retail sectors.





Electric Vehicle Business Incentives

Businesses will receive:

£1.3bn additional EV grant funding

Accelerated national charging infrastructure

100% business rates relief on EV charging points until 2035

Planning System Modernisation

The Government will increase planning authority capacity to speed up infrastructure and commercial approvals.

National Living Wage and National Minimum Wage

The government has announced increased rates of the National Living Wage (NLW) and National Minimum Wage (NMW) which will come into force from 1 April 2026. The rates which will apply are as follows:

Age	NLW	18-20	16-17	Apprentices
Current	£12.21	£10.00	£7.55	£7.55
From 1 April 2026	£12.71	£10.85	£8.00	£8.00

The apprenticeship rate applies to apprentices under 19 or 19 and over in the first year of apprenticeship. The NLW applies to those aged 21 and over.

Education

Free Apprenticeships for Under-25s (SMEs)

Under-25 apprenticeships in SMEs will now be fully government-funded.

Youth Guarantee

An £820m Youth Guarantee ensures every young person will have access to an apprenticeship, a college place or employment support.

School Library & Playground Investment

The Chancellor has allocated £5m to secondary school libraries and £18m for school playground upgrades.



Migration and Legal Reform

Digital ID for Illegal Working Prevention

A national digital ID system will be introduced to prevent illegal working and strengthen enforcement.

ILR Eligibility Review

The Government will consult on reforms to access to Indefinite Leave to Remain (ILR) and associated benefit entitlements.

Public Sector Efficiency and Compliance

£4.9bn Public Sector Efficiency Programme

The Government will deliver £4.9bn of savings through automation, asset disposals and abolishing Police and Crime Commissioners.

HMRC Anti-Fraud and Tax Avoidance Crackdown

HMRC will gain new powers to pursue tax avoidance scheme promoters, step up Covid-era fraud recovery expected to reach hundreds of millions and open a new settlement window for loan charge taxpayers.

Transport and Infrastructure

£13bn Devolution Packages

Seven metro mayors will receive multi-year funding settlement packages totalling £13bn, aiming to improve infrastructure and transport in these locations.

Major Transport Infrastructure

Funding has now been confirmed for:
Lower Thames Crossing
Midlands Rail Hub
Transpennine Route Upgrade

UK Industrial Strategy Investments

Additional investment includes:
£17m for advanced manufacturing in Northern Ireland
Two Welsh AI growth zones
Low-carbon tech schemes in Scotland

NHS and Health Services

Neighbourhood Health Centres

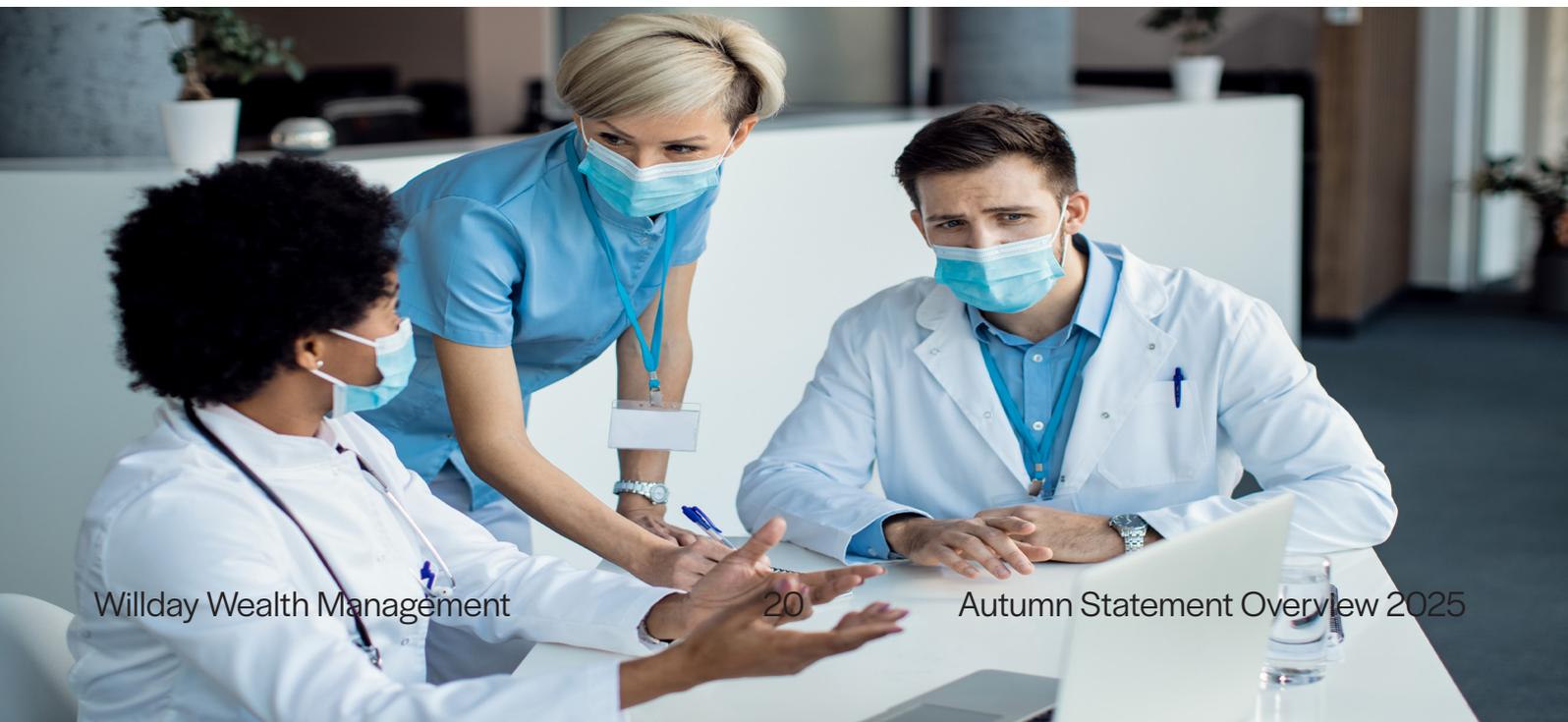
The Government will create 250 neighbourhood health centres, with more than 100 operational by 2030.

NHS Digital Transformation

£300 million will be invested in modernising NHS digital infrastructure.

Reinvestment of NHS Efficiency Savings

All NHS savings achieved through efficiency reforms will be reinvested directly into frontline patient care.



A closing word from Edward

As this Budget makes clear, it's now more important than ever to review your financial position and ensure your plans remain tax efficient. With cash savings facing a 2% tax increase and restrictions on cash ISAs, making full use of your Stocks & Shares ISA allowance will become essential.

The upcoming cap on salary sacrifice pension contributions also means many people will benefit more from personal pension arrangements, where investment choice and performance potential are greater.

While your 25% pension tax-free cash remains unchanged, many retirees will begin paying tax on their State Pension from 2027 if they receive income from any other sources.

These changes will impact everyday savers, workers and retirees, not just higher earners. That's why seeking advice early is crucial.

Our team is here to help you understand what these measures mean for your future and how best to protect and grow your financial wellbeing.

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