A whimsical illustration of a forest scene. In the center, a glowing fairy with large, translucent wings flies upwards. The background consists of vertical, light blue and green stripes, suggesting sunlight filtering through trees. In the foreground, there are two mushrooms: a red one with white spots on the left and an orange one with white spots on the right. Several small, glowing yellow butterflies are scattered around the scene. The overall color palette is dominated by blues, greens, and yellows, with a soft, ethereal glow.

Budget Breakfast 2025

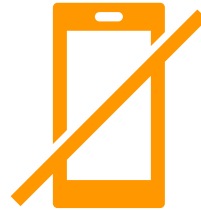
 scrutton**bland**

Part of the **SUMER**  Group

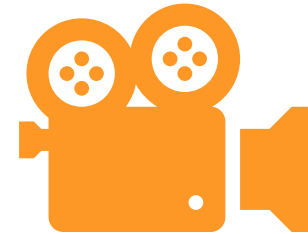
Housekeeping



No planned fire
drills



Please switch your
phone to silent



Please note we are
live-streaming this
event



WELCOME

- INSERT VIDEO HERE (SENT TO FRANCESCA)

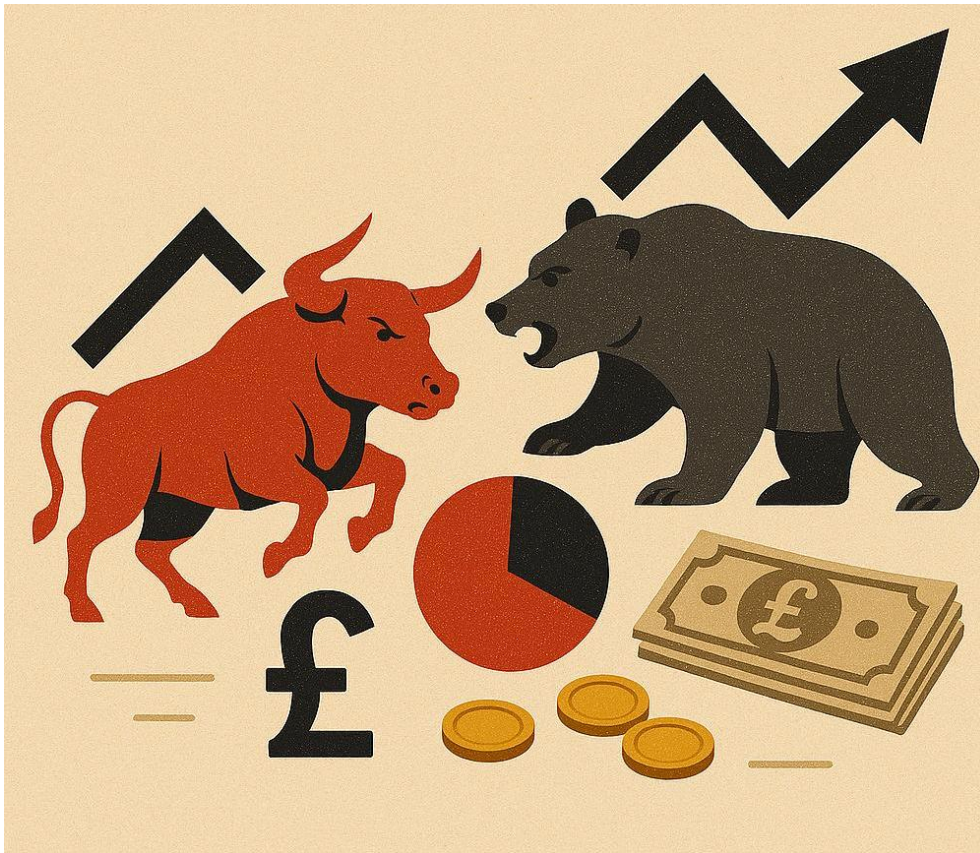


WELCOME



Economic Update

Luke Morris

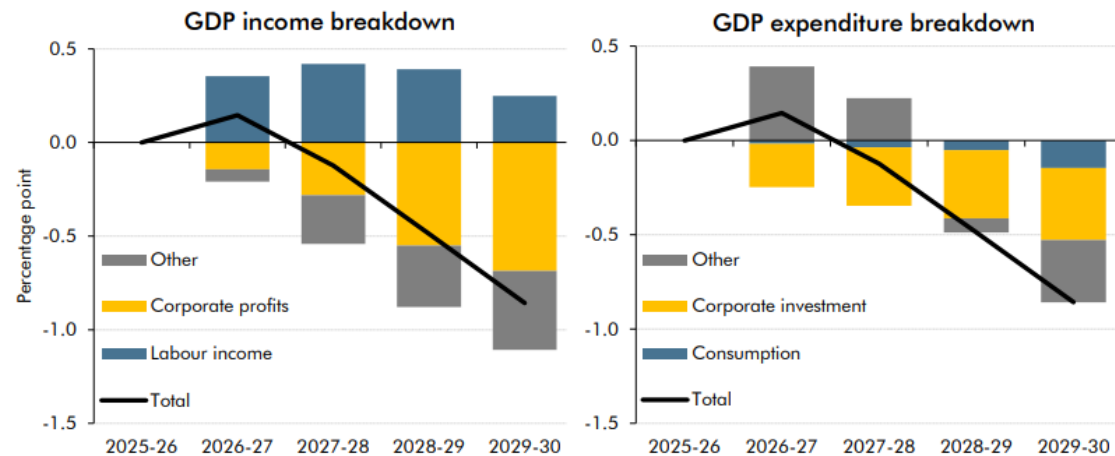


*“Most, probably, of our decisions to do something positive, the full consequences of which will be drawn out over many days to come, can only be taken as a result of **animal spirits** – of a spontaneous urge to action rather than inaction, and not as the outcome of a weighted average of quantitative benefits multiplied by quantitative probabilities.”*

(John Maynard Keynes)

Manging Decline: the Smorgasbord Budget

Chart 1.3: Cumulative growth in nominal GDP: changes since March



Source: ONS, OBR



Reminder on the “Fiscal Rules”

- Targets adopted by Governments to constrain management of finances, since the 1990s
- Generally focused on Government borrowing and Government debt
- Main ones are, by the 2029/30 forecast:
 - The "current budget" should be in surplus: this means day-to-day spending should be met by its revenues
 - Therefore, forecast to only be borrowing for “investment” (capital) spending
 - Public sector net financial liabilities (“net financial debt”) falling, relative to the size of the economy, compared with the previous year.

Reminder on the “Fiscal Rules”

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
	£ billion					
Current budget deficit	15.1	16.2	15.4	10.6	3.2	-11.8
Public sector net investment	-3.0	4.4	-0.4	7.7	6.3	5.6
Public sector net borrowing	12.1	20.6	14.9	18.3	9.5	-6.2
Cyclically adjusted net borrowing	12.3	19.5	10.1	13.8	7.3	-6.8
Cyclically adjusted current budget deficit	15.2	15.0	10.5	6.0	1.0	-12.4
Public sector net financial liabilities ¹	34.9	44.6	44.3	53.8	54.6	39.6
Public sector net debt	-2.5	43.1	43.4	58.9	67.2	60.5
Public sector net debt ex Bank of England	7.9	24.3	36.4	49.9	55.8	46.6
Net debt interest	1.8	1.8	1.0	-0.6	2.4	3.8
Non-interest receipts	-1.9	0.8	9.9	17.5	24.9	36.2
Memo: output gap (per cent of GDP)	0.0	-0.1	-0.3	-0.2	-0.1	0.0

Source: House of Commons Library

The Chancellor's Intractable "Pickle"...

Objective	Actions Required	Pickle Faced
Reassure the bond markets	1. Cut expenditure	No authority: the back-benchers won't have it
	2. Raise taxes	Conflicts with growth, wealth producers leave
	3. Grow the economy	Requires incentives (i.e. lower tax), productivity and participation
Ease the cost of living	1. Reduce inflation	Requires "sound money", meaning controlled borrowing, productivity, and participation
	2. Grow the economy	Requires incentives (i.e. lower tax), productivity and participation

Timeline Considered Today

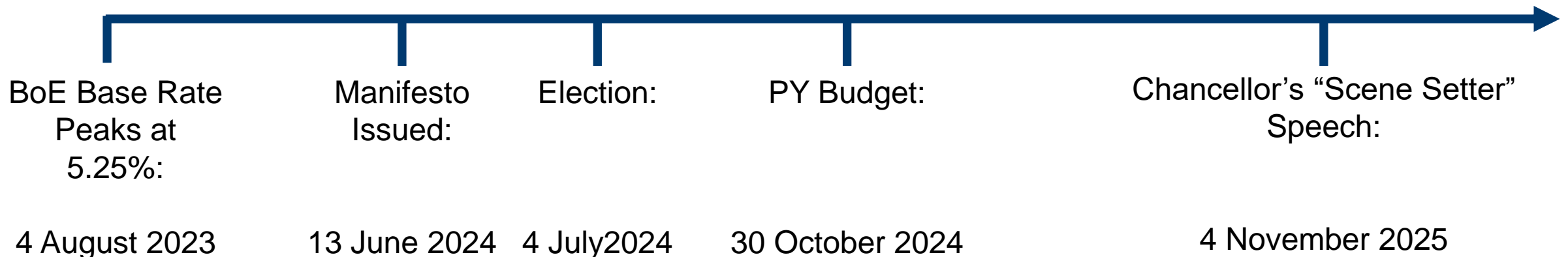
“A chance to stop the endless Conservative chaos that has directly harmed the finances of every family in Britain.”

“Labour will not increase taxes on working people, which is why we will not increase National Insurance, the basic, higher, or additional rates of Income Tax, or VAT.”

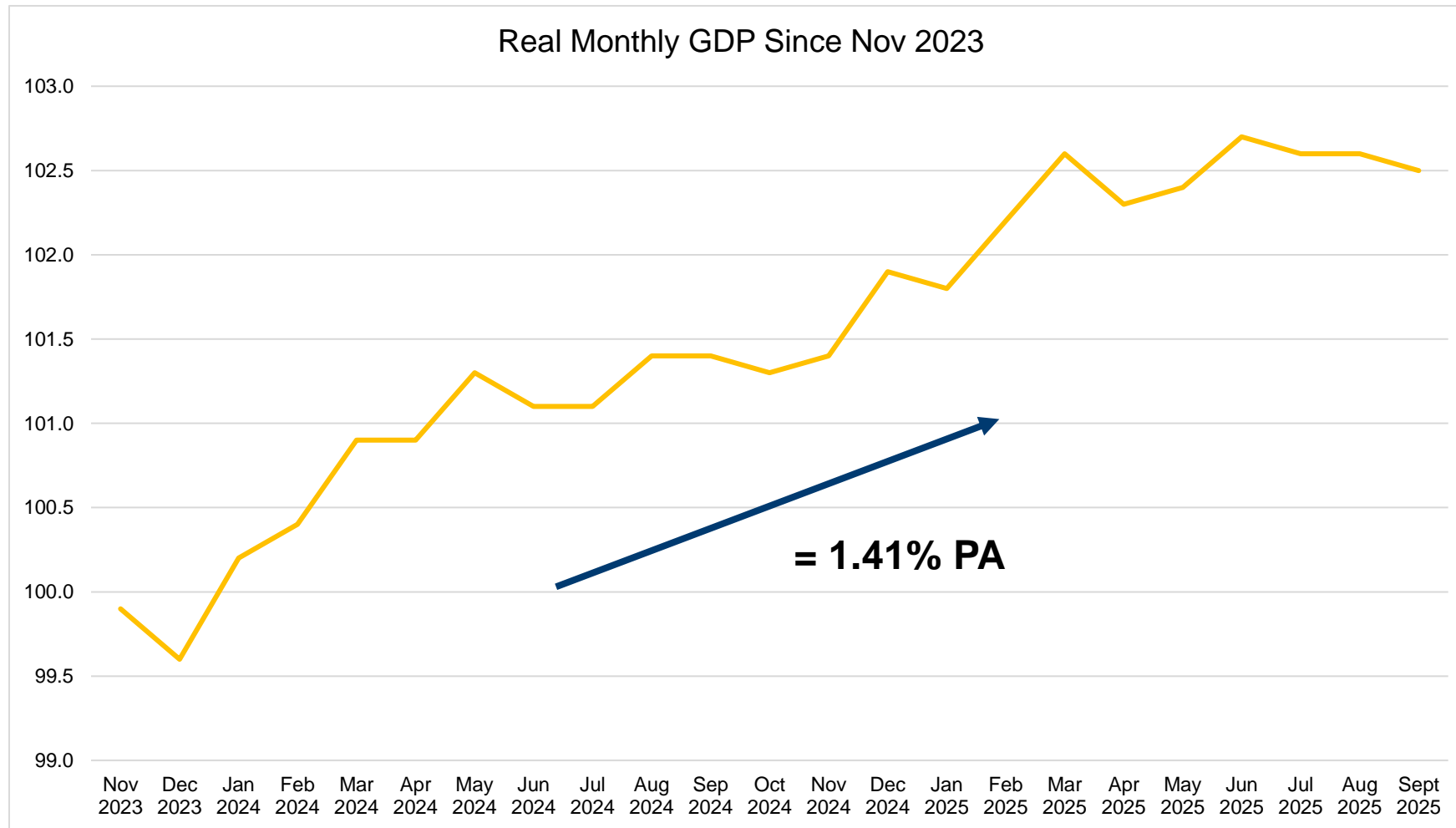
“The Budget is a ‘reset which we do not plan to repeat. We now need to live within the means we have set ourselves.”

“We have ‘set the envelope’ for spending in this Parliament and will not be coming back with more tax increases.”

“If we are to build the future of Britain together, we will all have to contribute to that effort...each of us must do our bit.”



Not Stagnation, Rather a Slow Puncture



Source: ONS

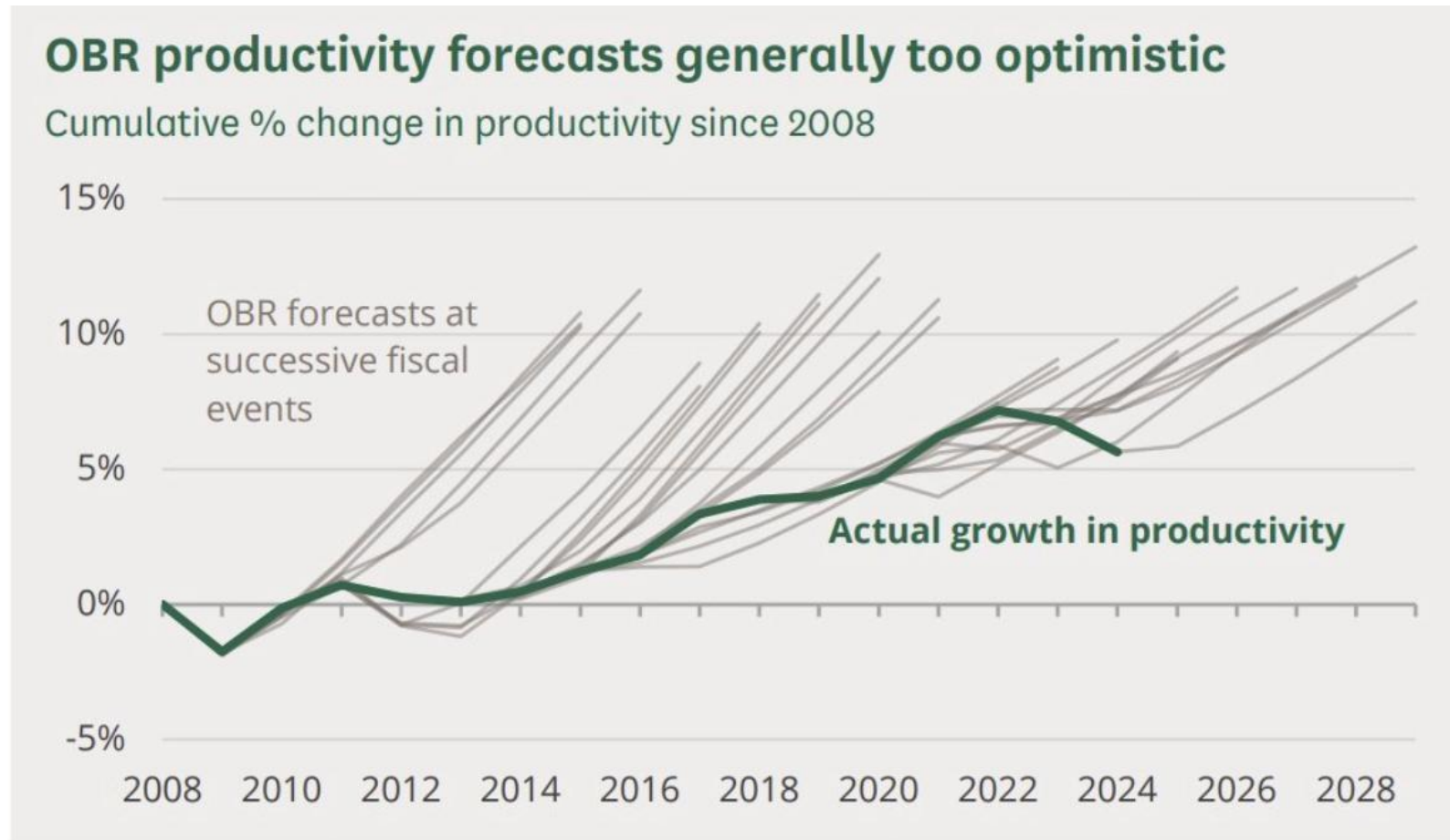
Not Stagnation, Rather a Slow Puncture

Table A.3: Determinants of the fiscal forecast

	Percentage change on previous year, unless otherwise stated							Growth over forecast
	Outturn	Forecast						
	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	
GDP and its components								
Real GDP	1.5	1.3	1.5	1.5	1.5	1.5	1.6	9.2

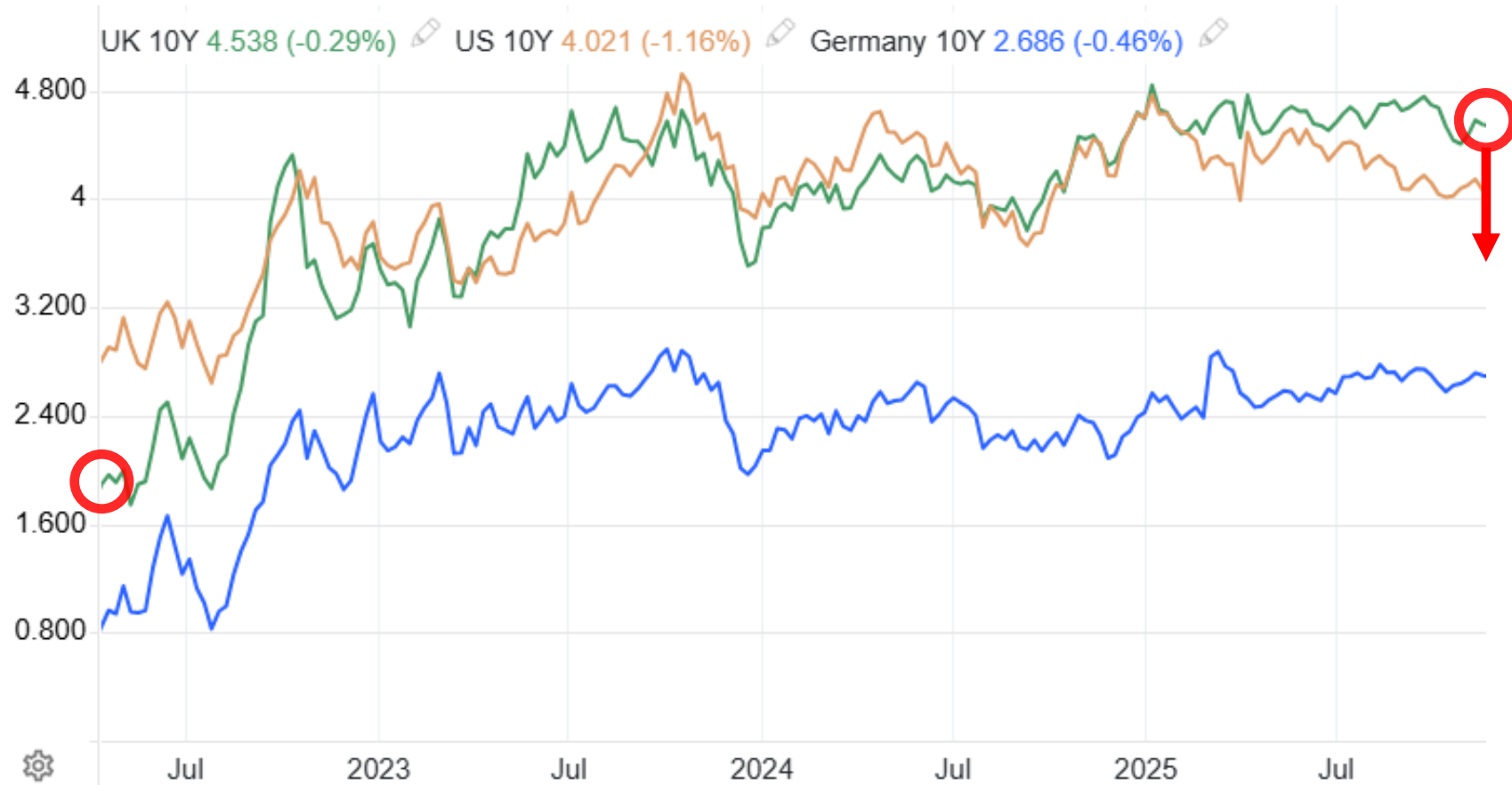
Source: OBR

The Ever-Optimistic OBR



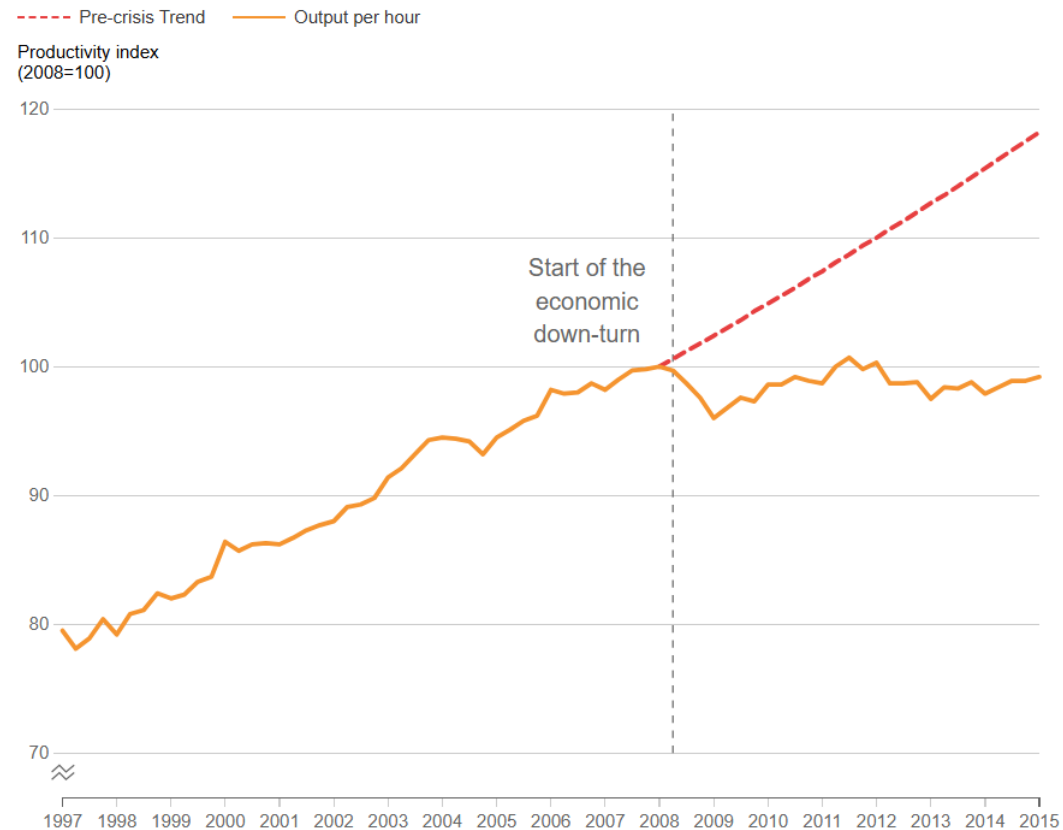
Source: Library calculations, based on OBR, [Historical official forecasts database](#), 3 April 2025

The UK is a Mid-Atlantic Country



Is Productivity Really a “Puzzle”?

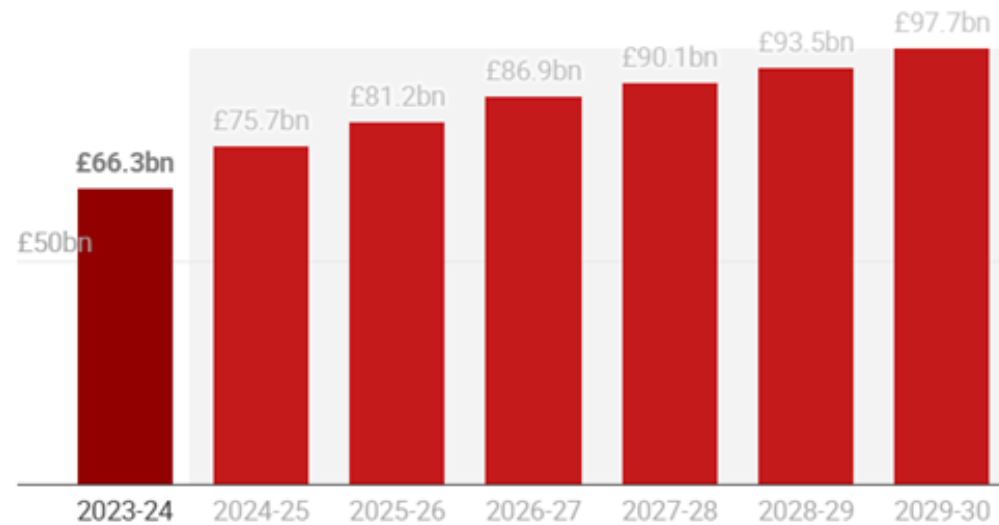
Productivity, UK, January to March 1997 to January to March 2015



Source: [Labour Productivity Bulletin Q1 2015](#), ONS

Is Productivity Really a “Puzzle”?

Health and disability benefits heading to £100bn

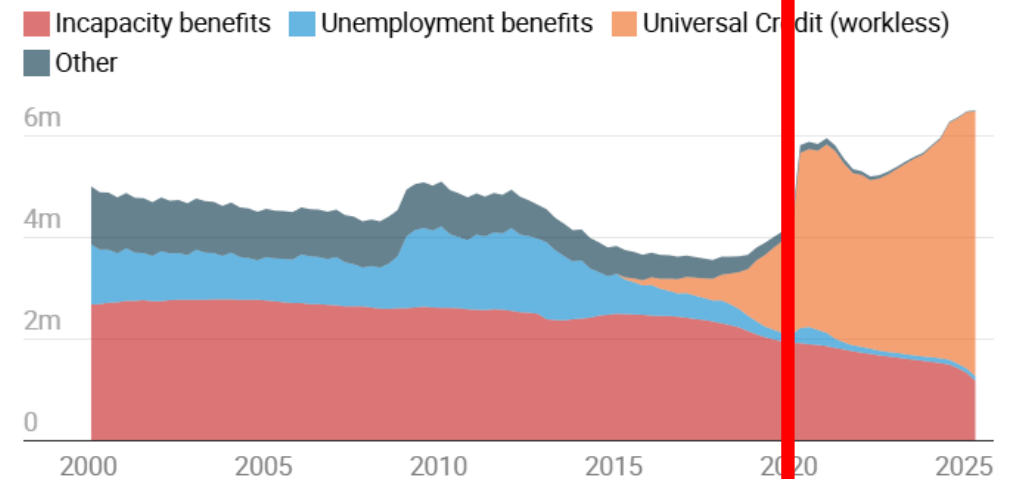


Grey area shows forecasts

Source: OBR EFO Mar '25, table 5.19

6.5m on out-of-work benefits

As defined by DWP.



Source: ONS (BEN01) / DWP

COVID

Is Productivity Really a “Puzzle”?

What conditions do Motability clients have?

Claimants of PIP with an active contract for the Motability scheme, by primary medical condition

Search in table

Page 1 of 52 >

Primary condition	Number
Failure to thrive	10
Food intolerance	20
Constipation	20
Body dysmorphic disorder (BDD)	30
Phobia - Social	190
Narcolepsy	190
Dyslexia	320
Sleep apnoea - obstructive	420
Agoraphobia	470
Glaucoma	580

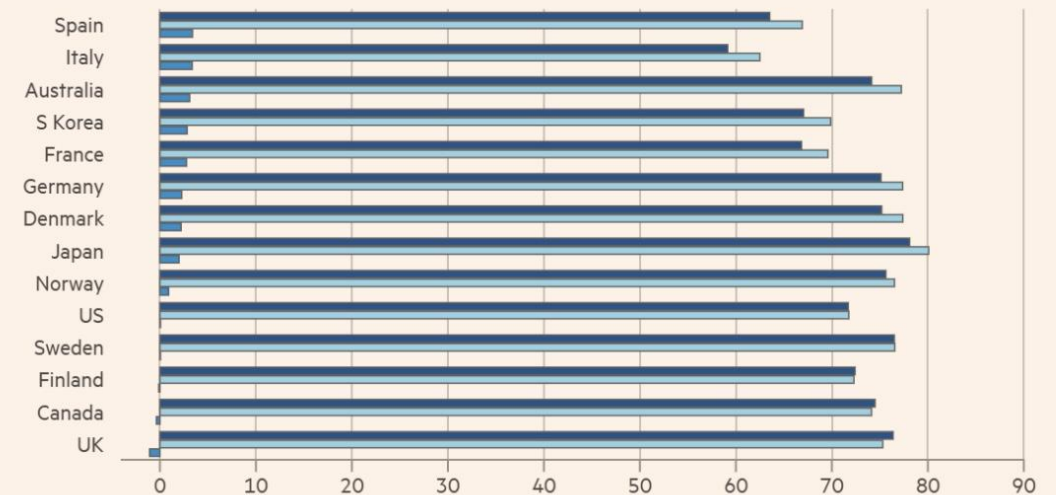
The Motability scheme allows people to exchange part of their benefits for a lease on a new car, a wheelchair-accessible vehicle, scooter, or powered wheelchair. Rounded to nearest 10. Motability in PIP by primary Medical condition in England and Wales in Apr '25

Source: [DWP answer to HoC written question UIN 62284](#)

The UK is almost alone in experiencing falling employment rates since the pre-pandemic era

Employment rates, workers aged 15-64 (%)

Q4 2019 Q2 2025 Change (% points)



FINANCIAL TIMES

Source: OECD

Is Productivity Really a “Puzzle”?

(£ billion)	Outturn			Forecast			
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Current receipts	1,139.0	1,232.0	1,304.0	1,370.0	1,421.0	1,483.0	1,539.0
Of which: income tax	305.9	329.0	358.9	383.0	393.4	410.9	426.9
Income tax/current receipts	26.9%	26.7%	27.5%	28.0%	27.7%	27.7%	27.7%
Welfare spending	314.7	333.0	351.9	362.1	372.9	389.4	406.2
Welfare/current receipts	27.6%	27.0%	27.0%	26.4%	26.2%	26.3%	26.4%
Welfare/income tax	102.9%	101.2%	98.0%	94.5%	94.8%	94.8%	95.2%

Source: OBR

Will we see a Black Swan?



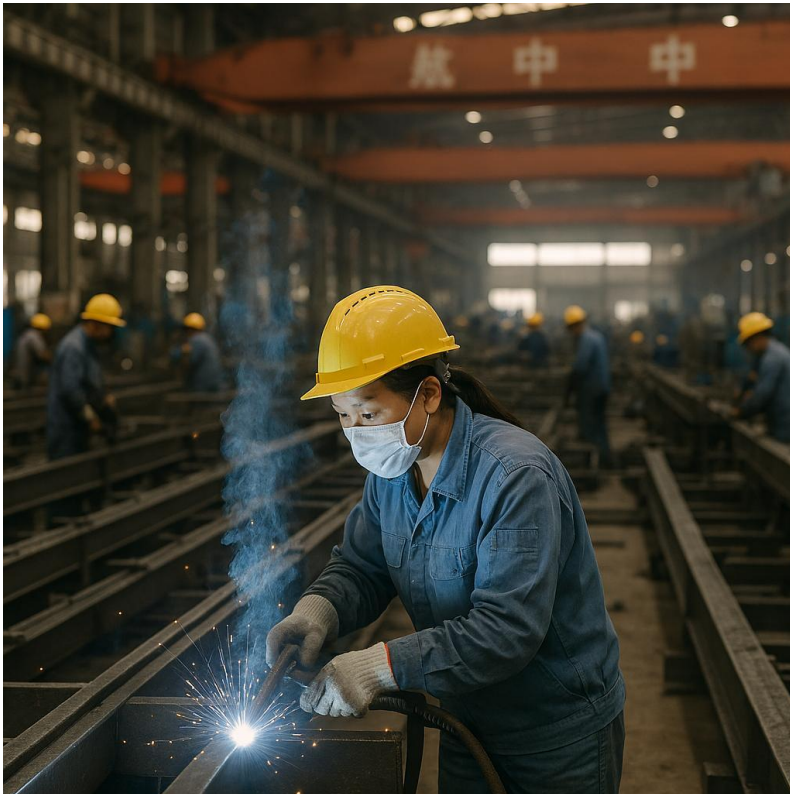
A Bad Bird

“How did you go bankrupt?” he replied, ‘Two ways. Gradually, then suddenly!’

(Ernest Hemingway, The Sun Also Rises)

A Good Bird

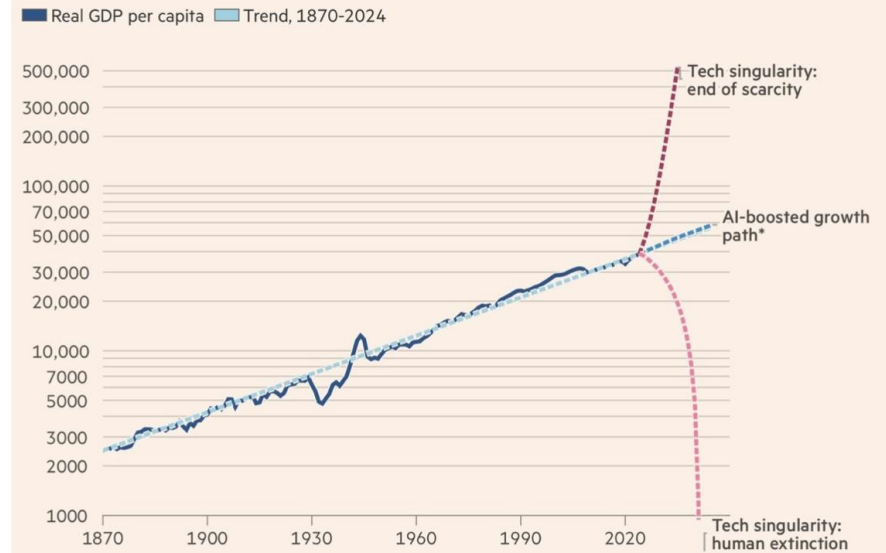
Short Term?



Long Term?

AI could end scarcity, end humanity - or boost trend growth by 0.2 percentage points

US real GDP per capita (1990 \$), log scale



FINANCIAL TIMES

Source: Wynne & Derr, 'Advances in AI will boost productivity, living standards over time' (Federal Reserve Bank of Dallas, 2025) • Trend 1870-2024 = 1.9% pa. * AI-boosted path = 2.1% for ten years, then trend



ROME WAS NOT DESTROYED IN A DAY

“Be assured, my young friend, that there is a great deal of ruin
in a nation.”

Private Client Tax

Graham Doubtfire

Income Tax Rates

VS

Income Tax Allowances and Reliefs

Personal Tax Rates and Bands

	2030/31	2025/26
Personal Allowances	£12,570	£12,570
Higher Rate Threshold	£50,270	£50,270
Income limit for Personal Allowance	£100,000	£100,000
Personal Savings Allowances		
Basic Rate Taxpayer	£1,000	£1,000
Higher Rate Taxpayer	£500	£500
Additional Rate Taxpayer	N/A	N/A
Dividend Allowance	£500	£500

The OBR says this....

“contributes to around 780,000 more basic-rate, 920,000 more higher rate, and 4,000 more additional-rate taxpayers by 2029-30 than in the March forecast”

Fiscal Drag

Income limit for Personal Allowance:

- 6 April 2010 - £100,000
- CPI was 55% in those 15 years
- Would now be £155,000

Freezing of Allowances since 6 April 2021

- CPI was 25% in those 5 years
- £12,570 > £15,710 – extra income tax £628.00
- £37,700 > £47,130 – extra income tax £1,886.00

Equivalent to increasing income tax by 4%



Fiscal Drag - Impact On Our Clients

Small and Medium Enterprises

- Impact on staff
- Impact on owners / participators

Private Clients

- Impact on income tax liabilities

Fiscal Drag - What Can We Do?

- How are you or your staff rewarded:
 - Salary / Dividend / Bonuses / Pension / Benefits in Kind
- Can we impact timing or who receives income
 - Two-year cycles
 - Sharing the pot differently
 - Who receives the income
- Watch CGT and IHT impact of changes

Pension Tax Relief

- Annual Allowance remains £60,000
- Income tax relief still at marginal rate
- Tapered Annual Allowance - adjusted income threshold still £260,000
- Minimum Tapered Annual Allowance still £10,000
- 25% tax free lump sum retained (max. £268,275)



Tax Rates for Property, Savings & Dividend Income

Band	Income	Savings Tax Rate	Property Tax Rate	Dividend Tax Rate (after £500 allowance)	Savings Tax Rate	Property Tax Rate	Dividend Tax Rate (after £500 allowance)
Tax Year		2025/26	2025/26	2025/26	2026/27	2026/27	2026/27
Personal Allowance	Up to £12,570	0%	0%	0%	0%	0%	0%
Basic rate	£12,571 to £50,270	20%	20%	8.75%	22%	22%	10.75%
Higher rate	£50,271 to £125,140	40%	40%	33.75%	42%	42%	35.75%
Additional rate	£125,141+	45%	45%	39.35%	47%	47%	39.35%

Dividends or Salary - 2025/2026

- Not a simple answer - depends on:
 - Company Marginal Rate of Corporation Tax
 - Individuals Marginal Rate of National Insurance Contributions

		Personal Tax Rate		
		Basic	Higher	Additional
Company Corporation Tax Rate	Lower	Dividend	Dividend	Dividend
	Main	Dividend	Salary*	Salary*
	Marginal	Salary*	Salary*	Salary*

* N.B. Assumption – Employee NIC rate 2%, different outcome where Employee NIC rate is 8%

Dividends or Salary - 2026/2027

- Not a simple answer - depends on:
 - Company Marginal Rate of Corporation Tax
 - Individuals Marginal Rate of National Insurance Contributions

		Personal Tax Rate		
		Basic	Higher	Additional
Company Corporation Tax Rate	Lower	Dividend	Dividend	Dividend
	Main	Salary*	Salary*	Salary*
	Marginal	Salary*	Salary*	Salary*

* N.B. Assumption – Employee NIC rate 2%, different outcome where Employee NIC rate is 8%

Other Income Tax Points

- ISAs - £20,000 annual limit until April 2030
 - Under 65s limited to £12,000 into a cash ISA from 6 April 2027
- VCT income tax relief - 30% to 20%
from 6 April 2026
- High Income Child Benefit Charge (HIBC)
- Removal of Flat Rate Working from Home Allowance from 6 April 2026
- Making Tax Digital (MTD)



Key Takeaway

**When was the last time you
assessed how you and your
family extract income from your
business or investments?**



Inheritance Tax

Simon Hurren

IHT Bands Frozen for a Further Year to 2031

Allowance	Amount	Year introduced
Nil Rate band (NRB)	£325,000	2009
Residential Nil Rate Band (RNRB)	£175,000	2017
Residential Nil Rate Band – taper threshold	£2,000,000	2017
100% Allowance relief for APR and BPR	£1,000,000	2026

Inheritance Tax - From 6 April 2026 (Recap)

- APR and BPR Relief at 100%
on first £1m only
- APR and BPR on qualifying assets
> £1m now only given at 50%
- Unused reliefs on first death
not transferable



Some (slightly) Good News!

- £1m allowance for APR & BPR - is now transferrable between spouses and civil partners (including where first death is pre 6 April 2026)
- Gifting remains unchanged - outside of your Estate after 7 year and uncapped
- Holdover relief for Capital Gains Tax purposes remains untouched - can continue with lifetime gifting

Trusts

If holding qualifying property:

- £1m allowance split across Trusts from the same settlor
- Allowance will refresh after each 10-year anniversary
- Trusts created before last year's budget – could have a separate £1m allowance

BEWARE – not as straight forward that a Trust will automatically get £1m allowance

Inheritance Tax - APR and BPR - Planning Points

- Lifetime gifts (beware of Gift With Reservation Of Benefits)
- First death planning - *now slightly less important*
- Insurance
- Election to spread the Inheritance Tax over 10 years

Pensions

Pensions

- Pensions will be subject to IHT from 6 April 2027
- Following consultation, responsibility for paying IHT due on pensions has moved from Pension Scheme Administrators (PSA) to Personal Representatives (PRs) of Estate
- In certain circumstances, PRs will be able to request PSA hold 50% of pension for up to 15 months to pay IHT liability
- Pension Commencement Lump Sums remains unchanged



Pension Salary Sacrifice

 **scruttonbland**

Part of the **SUMER**  Group

**Budget
Breakfast
2025**

Salary Sacrifice - The Changes

- National Insurance Contributions relief capped to first £2,000 of contribution
- Excess contributions subject to Employee and Employer Class 1 NIC
- Employer contributions unaffected
- Second largest tax raising measure announced!

Salary Sacrifice - Additional NIC Liabilities

Gross Salary	Salary Sacrifice Contribution (5%)	NIC Exempt Threshold	Contributions Above Threshold	Increased Employee NICs	Increased Employer NICs (15%)
£50,000	£2,500	£(2,000)	£500	£40 (8%)	£75
£100,000	£5,000	£(2,000)	£3,000	£60 (2%)	£450
£150,000	£7,500	£(2,000)	£5,500	£110 (2%)	£825

Salary Sacrifice - Still Worthwhile?

- Confirmed that no changes to the income tax benefits:
 - Reduce taxable income below higher and additional rate thresholds (especially below £100,000 threshold)
 - Retain free childcare or child benefit
 - Tax relief is administratively straight forward for employee (not for employer!)





Property Tax and Global Mobility

Sam Stent

High Value Council Tax Surcharge (Mansion Tax)

Threshold	Rate (£)
£2m - £2.5m	£2,500
£2.5m - £3.5m	£3,500
£3.5m - £5m	£5,000
£5m+	£7,500

From April 2028

Fewer than 1% of properties affected

Revaluations every 5 years

Charges to rise with CPI inflation from 2029-30



Tourist Tax on Short-Term Overnight Visitors

- Local mayors to decide whether to levy
- Applies to hotels, holiday lets, B&Bs, guesthouses
- Will affect everyone, not just tourists
- Will it drive inflation or fund local investment?



Changes for Non-Residents



- Abolition of dividend tax credit
- Dividends from post-departure trade profits no longer exempt for Temporary Non-Residents
- **ALL** UK land now subject to IHT even if owned offshore

VAT Updates

VAT relief for businesses donating goods to charities

Late VAT payment penalties to increase from 1 April 2027

Mandatory e-invoicing for VAT from 2029

Certain suppliers to be excluded from scope of Tour Operators' Margin Scheme from 2 January 2026

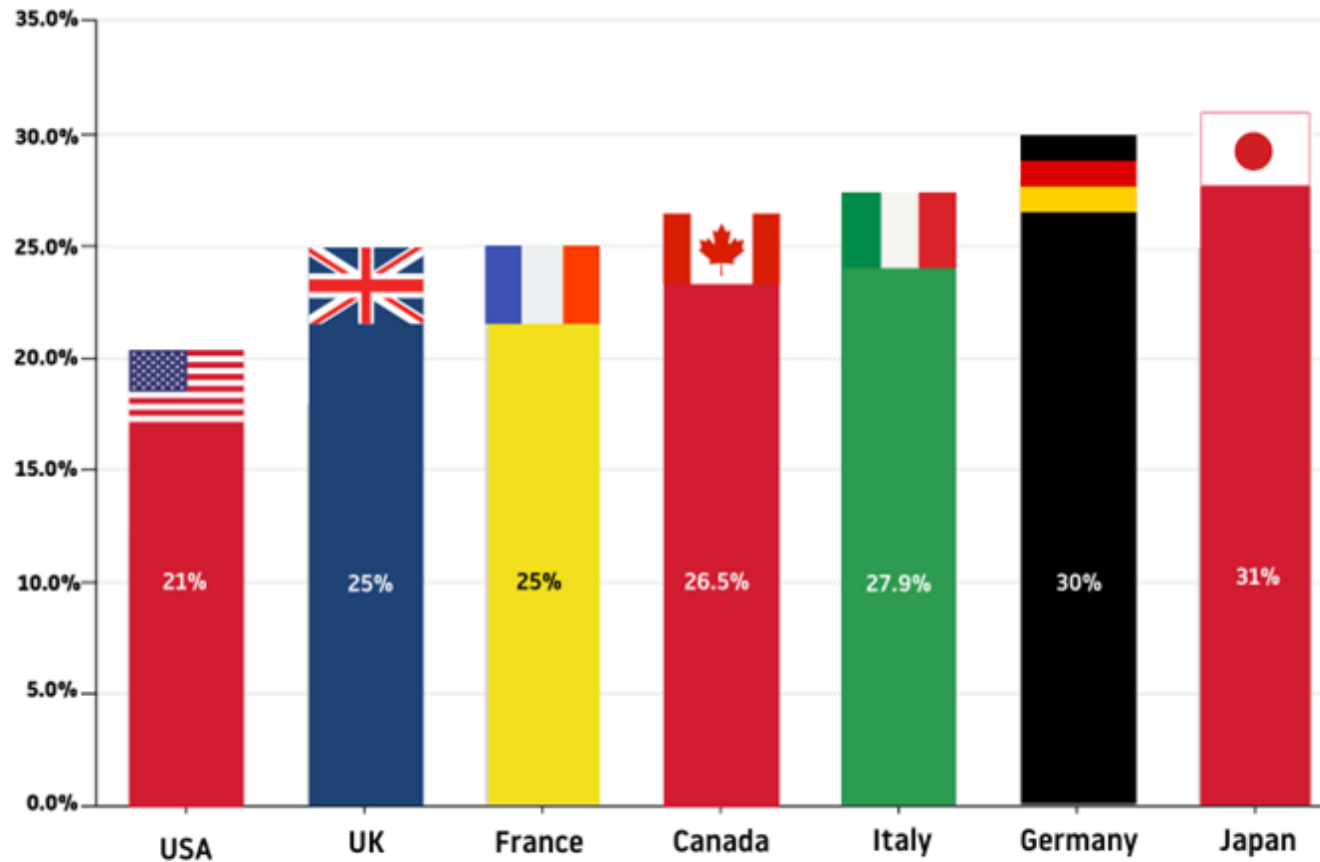
Amendment to cross border VAT grouping



Business Tax Update

Jason Fayers

Current Corporation Tax Rates - G7 Countries



Capital Allowances

Companies

	New Assets/Assets not leased	Second-Hand/Leased Assets
Up to 31 December 2025	100% AIA or 100% Full Expensing	100% AIA or 18% WDAs
From 1 January 2026	100% AIA or 100% Full Expensing or new 40% FYA	100% AIA or 18% WDAs
From 1 April 2026	100% AIA or 100% Full Expensing or new 40% FYA	100% AIA or 14% WDAs

Unincorporated Businesses

	New Assets	Second-Hand Assets
Up to 31 December 2025	100% AIA	100% AIA or 18% WDAs
From 1 January 2026	100% AIA or new 40% FYA	100% AIA or 18% WDAs
From 1 April 2026	100% AIA or new 40% FYA	100% AIA or 14% WDAs

*Maximum AIA per annum £1,000,000 for both companies and unincorporated businesses

Electric Car Updates

- 100% FYAs on new electric cars and electric vehicle chargers extended to 31 March 2027

Car Benefit

Vehicle CO2 Emissions (g/km)	BIK Rate		
	2026/27	2027/28	2028/29
0	4%	5%	7%
1-50 (Electric Range > 130 Miles)	4%	5%	18%
1-50 (Electric Range 70 -129 Miles)	7%	8%	18%
1-50 (Electric Range 40-69 Miles)	10%	11%	18%
1-50 (Electric Range 30-39 Miles)	14%	15%	18%
1-50 (Electric Range < 30 Miles)	16%	17%	18%
51-54	17%	18%	19%

*BIK Percentage increases by 1% for every extra 5 grams of CO2

Employee Ownership Trusts - Relief Reduction

- Relief now restricted - 50% of the gain will be subject to CGT

	Before 26 November 2025	On or after 26 November 2025
Capital Gain on Sale	£1,000,000	£1,000,000
Subject to CGT	£0	£500,000
CGT Payable	£0	£120,000
Sale Proceeds after CGT	£1,000,000	£880,000

Changes to EMI, EIS and VCT

Enterprise Management Incentive (EMI) option schemes - requirements relaxed:

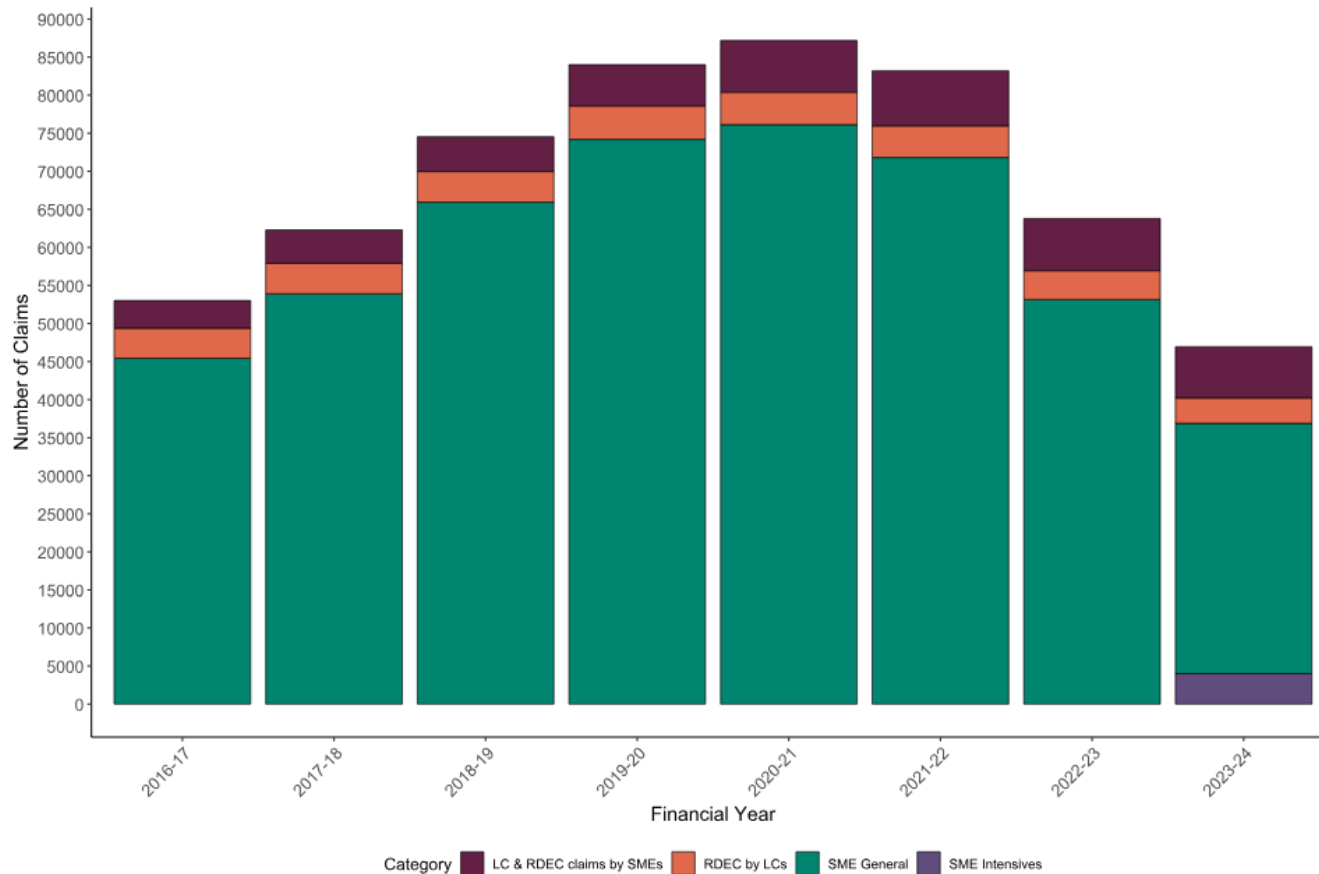
- Value of options up from £3 million to £6 million
- Gross asset threshold up from £30 million to £120 million
- Employee limit up from 250 to 500

Enterprise Investment Scheme (EIS) and Venture Capital Trust (VCT) - support early-stage companies scaling up:

- Gross assets test up from £15 million to £30 million
- Annual investment limit up from £5 million to £10 million (£10 million to £20 million for knowledge-intensive companies)
- Lifetime limit up from £12 million to £24 million (£20 million to £40 million for knowledge-intensive companies)

Venture Capital Trust Income Tax Relief reduced from 30% to 20% from April 2026

Research & Development Tax Relief



- Changes in 2024 to standardise claims
- New grant funding £130m
- Further enhancements for advance assurance applications

Source: HMRC

Number of claims for R&D tax credits by scheme, 2016 to 2017 to 2023 to 2024

HMRC - Compliance and Evasion

Corporation tax
filing penalties



HMRC - Compliance and Evasion

Self Assessment
filing penalties



HMRC - Compliance and Evasion

VAT penalties



HMRC - Compliance and Evasion

CIS clampdown



HMRC - Compliance and Evasion

Stamping out promoters
of tax schemes



HMRC - Compliance and Evasion

Penalties for advisers



HMRC - Compliance and Evasion

Stronger framework to
publish list of deliberate
tax cheats



HMRC - Compliance and Evasion

Umbrella company
crack down



HMRC - Compliance and Evasion

Invest £64m with debt
collection agencies



HMRC - Compliance and Evasion

Invest £89m for more
HMRC debt staff



HMRC - Compliance and Evasion

350 HMRC criminal investigators
– High Street non-compliance



HMRC - Compliance and Evasion

Rewarding tax
informants



HMRC - Compliance and Evasion

**TAX GAP IS 5.3% of
total £46.8bn not collected**



CLOSING

A whimsical illustration of a forest scene. In the center, the words "Thank You" are written in a large, dark blue serif font. The background is a soft, light blue forest with tall, slender trees. A fairy with white wings and a yellow dress is flying in the upper right. Several yellow butterflies are scattered throughout the scene. In the foreground, there are two mushrooms: one with a red cap and white spots, and another with an orange cap and white spots. The forest floor is covered in dark blue foliage and grass. The overall mood is magical and serene.

Thank You

PLEASE SHARE YOUR FEEDBACK

SCAN ME



SCRUTTON BLAND



Part of the **SUMER** Group

PLEASE SHARE YOUR FEEDBACK

SCAN ME

