

DevonshireGreen
Accounting | Taxation | Financial Planning

Autumn Budget 2025

A clear guide to what's changed & what it means for your personal finances and your business.

The Autumn Budget 2025 wasn't full of headline-grabbing increases, but it was full of changes that will quietly shape your finances over the next few years. Much of what the Chancellor has introduced won't bite immediately - but as the years pass, these adjustments will compound and affect take-home pay, savings, investments, pensions and even the value of your home.

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The Big Picture: What's Going On?

This Budget focuses heavily on:

- Taxing investment income (dividends, rent, savings interest)
- Raising more revenue from property owners
- Freezing thresholds so more people pay more tax automatically
- Reducing some of the perks around cash ISAs and pension salary sacrifice

None of this is designed to shock. Instead, these changes build up slowly - meaning a little forward planning goes a long way.



What's Changing

1. Income Tax & National Insurance thresholds stay frozen until 2031

Even if your income goes up, the bands don't move - so more of what you earn will fall into higher tax brackets over the years.

What this means for you

- Your take-home pay may not grow as quickly as your salary.
- You might move into higher-rate tax sooner than expected.

2. Higher tax on dividends, savings and rental income

From 2026–2027, income from investments and property will face higher tax rates.

What this means for you

- If you're a landlord, investor, or business owner, your net income may fall.
- It becomes more important to use ISAs, pensions and other wrappers.

3. Cash ISA limit reduced for many people

If you're under 65, the cash ISA limit drops to £12,000 from 2027.

What this means for you

- You may want to combine cash savings with investments within your ISA.
- Your ISA allowance still stays £20,000 in total - just structured differently.

4. Pension salary-sacrifice benefits reduced

Only the first £2,000 sacrificed into your pension will save National Insurance after 2029.

What this means for you

- Pension contributions are still valuable - but big sacrifice-based ones become slightly less tax-efficient.

5. New council tax surcharge on homes worth £2m+

Starting in 2028, homes over this value attract additional annual charges.

What this means for you

- High-value homeowners should factor in an extra yearly cost.
- This may influence long-term property decisions.

6. Inheritance Tax thresholds remain frozen

As assets grow, more estates risk falling into the IHT net.

What this means for you

- Even if you think you're "not wealthy", your estate may become taxable over time.
- Early planning often makes the biggest difference.

What to Think About – Smart Moves Right Now

Before diving into the practical points, it helps to set the scene:

> Most of the Budget changes are slow burners - they won't affect you dramatically today, but they will shape your finances over the next five to ten years. Small, sensible adjustments now can save a lot of stress later.

Here are some simple, proactive steps worth considering:

Make full use of your ISA allowance

ISAs are becoming even more valuable as tax rises on investment income.

Consider:

- Using your full allowance each year
- Blending cash and investments
- Moving taxable investments into ISAs where possible

Look at where your income comes from

If you earn money from dividends, rent or savings, higher taxes may apply soon.

You may want to:

- Move certain assets into tax-efficient wrappers
- Review rental profitability
- Check whether your investment approach still suits your goals

Business owners: rethink salary vs dividends

With dividend tax rising, the balance may shift slightly. It's worth:

- Reviewing how you pay yourself
- Exploring if a new structure could keep your income more efficient

If you have a high-value property, plan ahead

The new surcharge may affect long-term affordability.

Helpful steps:

- Cashflow modelling to see future impact
- Considering downsizing, gifting or shared ownership strategies
- Keeping valuations under review

Revisit your estate planning

Frozen IHT thresholds mean more families could unknowingly fall into IHT. You may want to:

- Review your will
- Look at gifting strategies
- Consider trusts or protective structures
- Check asset distribution is still appropriate

How We Can Support You

This Budget introduces changes that reward early planning. We can help you:

- Understand which measures apply to you
- Restructure savings and investments for tax efficiency
- Plan for retirement under the new rules
- Assess property and estate implications
- Create a long-term strategy that adapts with the changes

DevonshireGreen

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