

SPRING STATEMENT 2025

Let Brookson update you on what's been announced and what this means for your finances.
We've digested all of the detail so you don't need to!

The Chancellor today presented her first Spring Statement, together with a report by the Office of Budget Responsibilities. As noted previously, the Chancellor confirmed that there will be only one fiscal event in the year, and as such, there were no further income tax and National Insurance increases today beyond those already announced in the previous Autumn 2024 budget statement.

Further cuts were announced to her spending plans, in particular in respect of reforms to the welfare system and efficiencies in the public sector in a bid to ensure the government stays on track to meet its budgetary targets, especially for future commitments to meet our defence spending. As expected, the Office for Budget Responsibility announced that it has halved its 2025 growth forecast from 2% to 1%.

Potentially one of the key effects on business growth in the new fiscal year is the **increase in Employer's National Insurance from 13.8% to 15%** and the stinging **reduction in the Employer's National Insurance threshold from £9,100 to £5,000**. To mitigate this for small companies

though, the government has announced an increase in the **Employer's allowance from £5,000 to £10,500 per annum**.

However, umbrella employees will feel the impact of these changes, unless they can renegotiate their contract to accommodate for the increases.

For umbrella contractors, the government continues to address non-compliance in the umbrella company market ensuring regulations are in place given the promotion of aggressive tax avoidance schemes within the umbrella market. There are also further changes arising from the outcomes of recent consultation which are likely to be legislated in April 2026 - we will keep you informed of these changes, once clarified.

More than ever, Brookson can assist with ensuring that you maximise income and reliefs to full effect as a result of previously announced budgetary changes. An outline of the key changes arising from the budget in respect of direct/indirect taxes is detailed below, together with planning tips for you to consider.

KEY POINTS

Key points to take away as follows for individuals:

Wages Costs

- Increase in Employers NIC from 13.8% to 15% and a reduction in the secondary threshold from £9,100 to £5,000.
- Income tax will remain fixed until April 2028 - with an inflationary uplift from this date.

National Minimum Wage (NMW)

- Uplift in NMW rate from £11.44 to £12.21 from April 2025 (with additional increases for under 21's and apprenticeship rates).

Capital Gains (including business asset disposal relief)

- Capital gains tax main rate increased to 18% and 24% respectively from 30th October 2024 - no changes to residential property rates.
- Business Asset disposal relief will remain at 10% this year, rising to 14% from April 2025.

Inheritance Tax

- The inheritance tax (IHT) nil rate band (currently £325,000) and residence nil rate band (£175,000) are to remain frozen until 2030.
- Unspent pension pots at the date of death will fall into the scope of Inheritance tax from April 2027.

Stamp Duty Land Tax

- Increased stamp duty surcharge for second homes to 5% from October 2024. The temporary relief rate afforded to first-time buyers and other buyers will cease from 1st April 2025.

Corporation Tax

No changes from 1st April 2025

The uplift of the mainstream corporation tax rate from 19% to 25% will affect companies with taxable profits above £250,000 - however, for those companies with taxable profits falling between the small company profit levels and £250,000, then a marginal rate of tax will apply. The impact on a company’s corporation tax liability is set below:

Profits	Effective Rates	Corporation Tax
£50,000	As profits are £50,000 or less, then the small companies rate of 19% will apply.	£9,500
£100,000	22.75%	£22,750
£150,000	24%	£36,000
£200,000	24.62%	£49,250
£250,000	As profits are above £250,000, then the full mainstream rate of corporation tax of 25% will apply.	£62,500
£300,000	As profits are above £250,000, then the full mainstream rate of corporation tax of 25% will apply.	£75,000



WHAT DOES THIS MEAN FOR YOU?

For the vast majority of PSCs, with taxable profits of less than £50,000, then the current corporation tax rate of 19% will still apply. There are also other considerations, such as any associated companies you may have - tax band rate limits are divided between the company and its associated companies.

PENSIONS

Payments to pensions via your PSC as an employer contribution will be classified as a business expense and therefore reduce the amount of corporation tax you pay whilst also building a pot for your retirement. Depending on your level of profits, a pension could be a good way of keeping you within threshold limits for corporation tax.

PLANNING TIPS

Pensions - As mentioned above, pensions are a helpful way to keep within threshold limits for corporation tax, we suggest speaking to Brookson Financial for more help and advice - the annual pension annual allowance of £60,000 is particularly beneficial.

Expenses – Maximise tax relief on your business expenses and ensure you claim relief on all relevant expenses.

Annual Investment Allowance - The 100% Annual Investment Allowance in respect of investment in equipment by small companies continues to be beneficial from 1st April 2025.

Visit our Expenses FAQ

Visit our Corporation Tax FAQ

Visit Pensions

IR35

No changes from 1st April 2025.

From 6th April 2024, the IR35 offset rules came into force which reduced the end clients' risks when assessing worker status - for contractors, this should continue to lead to less misclassification of their statuses and hopefully unlock blanket bans in the future.

To confirm, the 2017 and 2021 reforms to the off-payroll working rules (also known as IR35) will continue to apply. End clients will continue to determine the workers IR35 status where workers are providing their services via a PSC. In this respect, the end client/agency closest to the PSC is obligated to deduct PAYE/NI from company receipts.

WHAT DOES THIS MEAN FOR YOU?

If you are working for a public sector end client or a UK based medium or large private sector client, the client will determine the IR35 status for each contract. If you are working for a small company or a wholly overseas company you are responsible for determining your IR35 status.

With over 20 year experience of advising on IR35, Brookson are ideally placed to assist you in performing IR35 reviews to determine your IR35 status or help to influence your client's view of your IR35 status. If you, your agency or your client need support with these we would be happy to help.

PLANNING TIPS

Where you have a mix of captured and non-captured assignments, Brookson can support you with our flex service.

What is Flex?

Flex is a unique service built to simplify very complicated legislation and help you manage the complexities of switching between Limited and Umbrella contracts. Flex allows you to switch how you work and get paid, enabling you to control your tax situation and optimise your longer-term financial planning.

[Learn More](#)

VAT

No changes from 1st April 2025

The VAT registration annual threshold remains at £90,000, with the VAT de-registration threshold remaining at £88,000.

WHAT DOES THIS MEAN FOR YOU?

Monitoring the VAT threshold is important- where the threshold isn't uplifted annually, businesses risk being pulled into mandatory VAT registration with rising turnover.

PLANNING TIPS

Brookson Connect helps you to have visibility of your company finances and income levels which is key to ensure you do not fall foul of VAT mandatory registration rules. Alternatively, you may incur significant vatable business expenses which would make voluntary VAT registration more attractive. Your Brookson client accountant can provide more guidance in this respect.

[Visit our VAT FAQ](#)

Income Tax

No changes to personal allowances from 6th April 2025.

The personal allowance remains at £12,570 from 6th April 2025 and looks to be set at this rate until April 2028 - with the government looking to uplift this after this date.

National Insurance

Changes from 6th April 2025

Employer's Class 1 National Insurance going forward increases to 15.00% from 13.8% - with a reduction in the secondary threshold from £9,100 to £5,000 from 6th April 2025.

Employee's Class 1 National Insurance going forward remains at 8%.

The primary threshold (the level above which Employee's pay National Insurance) remains at £12,570 and is equal to the personal allowance threshold.

PLANNING TIPS

This generally means that the optimum directors fee is likely to be beneficial set at the personal allowance or at the secondary threshold for NI purposes (depending on your circumstances). We will of course, contact you nearer the time to provide you with the advice you need so you can decide how best to structure your remuneration.

PLANNING TIPS

For higher earning umbrella employees with income in the year over £125,140 salary sacrifice pension contributions offer an extremely tax-efficient way of saving for retirement. The effect of your salary sacrifice contribution could be to reduce the additional rate of tax you would pay from 45p to 40p as a higher-rate taxpayer.

Dividend tax

No changes from 6th April 2025 - dividend allowance remains at £500. Dividend tax rates continue to be as follows:

- Basic tax rate: 8.75%
- Higher tax rate: 33.75%
- Additional tax rate: 39.35%

PLANNING TIPS

Whilst dividends remain a more tax efficient way of making payments from your company's profits to yourself, it is always advisable to consider how to mitigate the dividend tax. One popular method is to consider appointing a second shareholder who may be a lower rate taxpayer. Your Brookson client accountant can discuss your options.

Capital Gains Tax

Changes from 30th October 2024 – increase in main rate of CGT to 18% and 24% respectively, in line with residential property rates.

The capital gains annual allowance remains at £3,000.

Type of asset	Basic Rate From 30th October 2024	Higher Rate From 30th October 2024
Shares	18%	24%
Properties not benefiting from private residence relief	18%	24%
Cryptoassets	18%	24%
Other	18%	24%

PLANNING TIPS

Transfers between spouses are subject to no profit/no loss rules. Therefore, in instances where a spouse has already used up their allowance, a transfer of assets to a spouse will affect the use of the spouse’s capital gains allowance and mop up any basic rate band if there is the capacity to do so. It is also worth considering any eligible reliefs to reduce/delay the capital gains liability.

Inheritance Tax

No change to inheritance tax thresholds, which remain frozen until April 2030.

The rate above which an estate pays inheritance tax remains at £325,000. However, unspent pension pots at the date of death will fall into the scope of Inheritance tax from April 2027.

PLANNING TIPS

Ensuring you have a will in place that carries out your wishes is important - if you leave everything above the £325,000 threshold to your spouse, civil partner or a charity there is no inheritance tax to pay. Also, if you own your home (or a share in it) your tax-free threshold can increase to £500,000 if you leave it to your children or grandchildren and the estate is worth less than £2 million.

Should you require any advice on Will planning, we can help and would welcome a conversation with you to ensure you have appropriate arrangements in place.



Pensions

In previous budgets, the abolition of the Life-time pension cap and uplift of the annual allowance of £60,000 (at which you can save into your pension pot before paying tax) were announced. However, no changes to the above (or pension tax relief) were welcome in the current budget, together with the announcement of a 4.1% increase in state pension for 2025/26 as an enhancement above inflation. Whether you are investing for retirement or fast approaching retirement it is imperative to seek advice and plan your future goals and objectives.

PLANNING TIPS

The freezing of personal allowances again means more employed earners are likely to be pulled into the higher rates of tax. Utilising salary sacrifice options continues to remain attractive for umbrella workers (especially with the increased Employer's NI costs) as the deductions are made prior to Employer National Insurance, Employee National Insurance and Tax deductions. This effectively means you can contribute gross earnings into your pension with no tax being payable.

[Book a Call](#)[Visit Pensions](#)

Mortgages

No changes from 6th April 2025

Potential changes in the Bank of England bank base rate (currently 4.5%) highlights the importance of reviewing your mortgage needs, even if your mortgage isn't up for review right now.

Stamp Duty Land Tax considerations

Changes from 6th April 2025

The current SDLT thresholds will revert back to:

- £125,000 for residential properties;
- £300,000 for first-time buyers buying a residential property worth £500,000 or less;

ISAS

No Changes from 6th April 2025

PLANNING TIPS

Understanding what this means to you and your mortgage either now or in the future will help you plan and guide you to make the best decisions at the right time.

Brookson Financial specialise in contractor mortgages. Did you know we can use hourly or day rates to obtain a mortgage rather than you having to evidence historic earnings? Also lenders sometimes don't understand how contractors earn so it is imperative you seek specialist advice from whole of market advisers to obtain the most suitable mortgage for your circumstances.

Take action now and speak to Brookson Financial's specialist contractor mortgage advisers.

[Book a Call](#)

Brookson Financial (179752) is authorised and regulated by the Financial Conduct Authority. A mortgage is a loan secured against your home. Your home may be repossessed if you do not keep up repayments on your mortgage. The value of investments, and the income or capital entitlement which may derive from them, if any, may go down as well as up and is not guaranteed; therefore investors may not get back the amount originally invested.

Helping you get the most from the career you love

We are the only firm offering specialist contractor accountancy, payroll, legal and financial services all under one roof. We provide a seamless way for you to manage your business and personal life, maximising your tax efficiencies and helping you get the most from the career you love.



Accountancy

Enjoy the control and visibility of real time updates on your tax status and financial position, powered by world leading technology and your dedicated accountant.



Payroll

Quick, hassle-free, same-day setup to our umbrella employment solution. Have peace of mind that you will be paid on time every week with SMS notifications and access to our online portal Connect.



Flex

Easily switch between Limited and Umbrella working as and when needed (at no extra cost) while staying as tax efficient as possible with our unique service.



Mortgages

Finding a mortgage as a contractor can be difficult. We work with some of the UK's biggest and best lenders and have negotiated specialist rates to ensure that whatever you're looking for we can give you the best value for money.



Pensions

We want to help you take back control of your pension and give you as much flexibility as we can so you can be as tax efficient as possible. Our two solutions are unique to Brookson and are unlikely to be matched anywhere else in the flexible working space.



Protection

As a contractor, you are more vulnerable to financial loss if you suffer an illness or injury. We can support you in three main areas: Critical Illness, Income Protection and Life Assurance.

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BROOKSON AND
GET REWARDS!



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Refer a friend over to Brookson Financial for Mortgage advice and choose a voucher to spend on whatever you like. Brookson Financial specialise in securing mortgages for contractors.