

AUGUST 2025 | ISSUE 51

FINANCIAL FOCUS

||| OBJECTIVE
WEALTH

Autumn Budget 2025 Speculation

With the summer holidays drawing to a close and the autumn budget fast approaching, speculation on autumn tax rises is in full swing. In the last few months, we have been fed a multi-course meal of proposed benefit cuts and potential tax rises to make the country's budget balance.

It is clear that with the economy stuttering, growth is a fantastical dream of the UK finding its way out of the cul-de-sac in which it finds itself. The rise in employer National Insurance that we saw in last Autumn's budget was not enough to fill Chancellor Reeve's stated £22billion 'Black Hole' in the public purse. Inflationary pressures have not dissipated, and one of the main issues identified last year, public sector pay increases, has therefore become more of an issue.

The government made the unpopular decision to eliminate the Winter Fuel Allowance, only to U-turn on the expected £1.4billion a year saving. Then, in June, the Government announced plans to reduce the rate of incapacity benefit and make access to Personal Independence Payments harder, which was estimated to save around £5 billion a year. This, more recent attempt to reduce the country's ever-increasing welfare bill produced a sizable backlash from MPs, again resulting in another U-turn.

THIS MONTH'S FEATURED ARTICLE

Autumn Budget
2025 Speculation



Of course, the Government can borrow its way out of the situation, something that Rachel Reeves has all but ruled out, given that this would make the fiscal deficit even worse. Not that Reeves has much choice on the matter, given that current Gilt rates (the rate at which the UK government borrows money) are higher than the Truss budget in 2022, with 10-year yields now at 4.69% as opposed to 4.2% in September 2022. Borrowing more would represent an embarrassing climb down and break several treasury rules that the chancellor herself set out at the beginning of this government's term.

Tax rises, it is then. Inheritance tax (IHT) on pensions will become a reality in April 2027. Announced in the 2024 Autumn budget, this IHT increase will raise a modest £1.5billion per year by 2030. In contrast, the immediate effect of increasing employers' National Insurance from the same budget was to produce an uplift in revenue of around £25billion per year. Tinkering with PAYE tax is the only realistic way of making a meaningful difference to the country's revenue. Can the chancellor drop the veil over such tax rises, not impacting the working population, as she has repeatedly promised?

Once again, we are left with rumours of wealth taxes, capital gains tax on residential homes above £1.5million and further pension taxes. The headline-grabbing speculation will intensify over the next two months, so we need to take a balanced view and avoid making financially damaging decisions based on assumptions.

John Wheatley

“

The rise in employer National Insurance that we saw in last Autumn's budget was not enough to fill Chancellor Reeve's stated £22billion 'Black Hole'...

”

