

TAX

Looking ahead to the Autumn Budget

Last year's big tax-raising Autumn Budget should have been a one-off, but Autumn 2025 promises more of the same.

Rachel Reeves' Budget premiere last October produced tax rises amounting to £41 billion a year by 2029/30, over half of which stemmed from higher employers' National Insurance contributions (NICs). In an interview following that Budget, the Chancellor said, "...there's no need to come back with a budget like this. We'll never need to do that again."

Under a year later, the notion that the 2024 Budget was a one-and-done affair now looks wishful thinking. In early August 2025 the independent National Institute of Economic

and Social Research (NIESR) suggested the Chancellor would need to find more than £50 billion in additional taxes and/or spending cuts to stay within her 'cast iron' fiscal rules. That was much higher than other estimates, but the Prime Minister's response was only to say that the NIESR's numbers were "not figures that I recognise".

If tax rises are inevitable – something the Treasury does not deny – then where could the Chancellor target? Rumours are rife, but the government's stance reiterates its manifesto promise not to increase the rates of income

tax, VAT and NI (for employees, anyway). Maintaining this line is a major constraint as these are the three largest sources of tax revenue. For instance, HMRC estimates that adding one percentage point to all income tax rates would produce over £10 billion a year, whereas doing the same for inheritance tax is worth only £0.3 billion.

LIKELY TARGETS

One likely non-rate income tax increase is a two-year extension to April 2030 of the freeze on allowances and tax bands. This allows inflation to drag more people into tax