



2025 SPRING STATEMENT REPORT

Our Experts' Insights on the 2025 UK Spring Statement

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Introduction.

Today's Spring Statement was somewhat of a non-event for tax.

This may represent a disappointment for those taxpayers and professional advisers, who were hoping for a relaxation of national insurance increases and/or inheritance tax changes. However, with **£40 billion** in additional tax revenue on the line – and Government finances increasingly strained – further change seems increasingly unlikely.

Taxpayers are therefore recommended to maintain an awareness of the changes announced in the Budget late last year – and covered in our previous Budget Summary found [HERE](#) – including:

- Employer's National Insurance: an increase in rates – from 13.8% to 15% - and the slashing of the threshold from £9,100 to £5,000
- Inheritance Tax: Business / Agricultural Property Relief is to be halved to 50% (i.e. 20% IHT) on qualifying assets exceeding £1m and AIM shares. IHT will also soon apply to undrawn pensions and
- Capital Gains Tax: rates were increased to 18% / 24%, and Business Asset Disposal Relief rates increased from 10% to 14% from 6 April 2025 onward, and again to 18% the following tax year.

Further tax measures announced by the Chancellor were focused on increasing Government revenues through further investment in HMRC, in a bid to help close the Tax Gap.

Read on to find out more on the relevant changes.

Adam Owens
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Closing the tax gap.

It is evident that the Chancellor is relying heavily on tax revenues to help balance the country's books. This is framed as helping close "the tax gap", i.e. the difference between the amount of tax that should be collected by HM Revenue & Customs and the amount actually received.

There are several strands to the Chancellor's approach

Enforcing the rules.

- £100 million will be invested over the next five years to recruit an additional 500 HMRC compliance staff
- Expansion of HMRC's counter fraud capability to increase the number of annual charging decisions for the most harmful fraud. Additional criminal investigations will focus on delivering a strong deterrent
- HMRC reward scheme for informants will be launched later this year, providing compensation linked to a percentage of any tax taken as a result of their actions
- HMRC, Companies House, and the Insolvency Service will jointly tackle those using contrived insolvencies to evade tax and write off debts owed to others
- A consultation will be launched on a package of measures to close in on promoters of marketed tax avoidance
- A further consultation will focus on behavioural penalty reform together with options to simplify and strengthen HMRC's inaccuracy and failure to notify penalties
- The government has published a consultation on options for taking action against tax advisers who facilitate non-compliance.



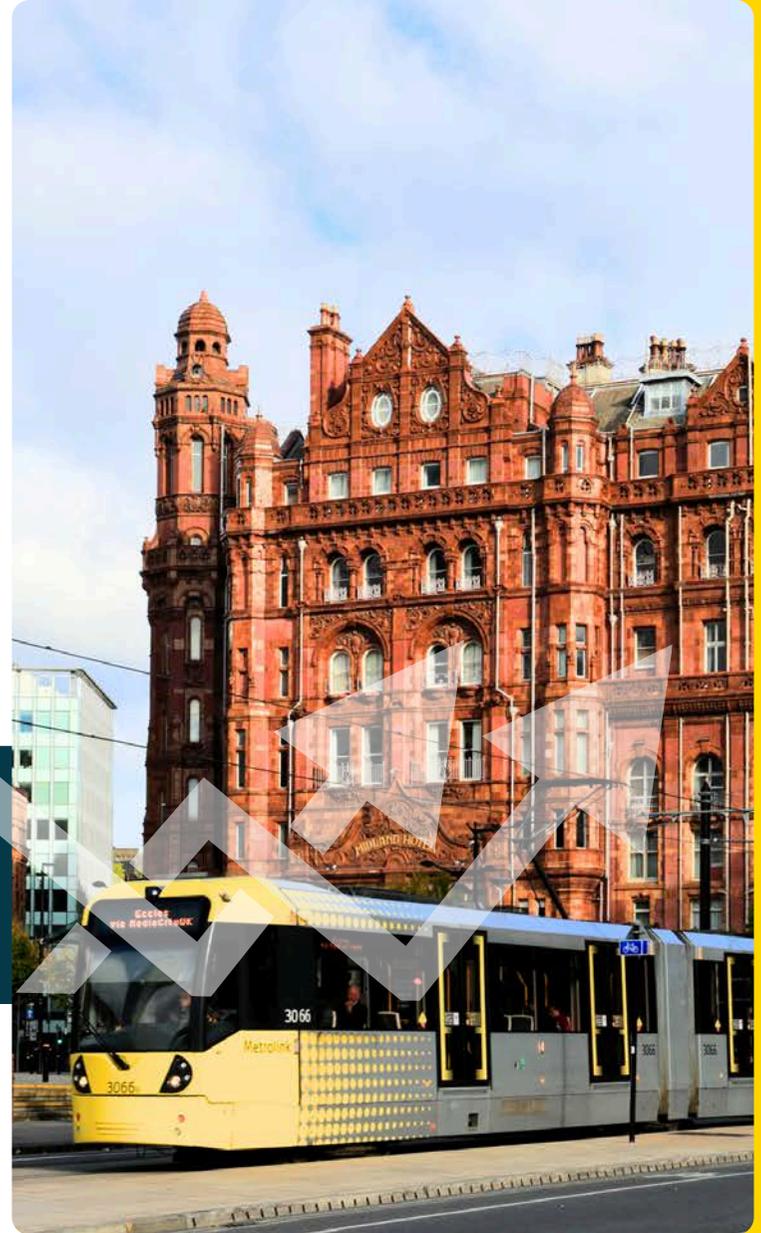


Utilisation of technology.

- The roll out of Making Tax Digital (MTD) for income tax Self Assessment will be expanded to sole traders and landlords with incomes over £20,000 from April 2028.
- The government intends to take steps to modernise how HMRC acquires and uses third-party data to reduce obvious errors in tax returns



If you have any questions around MTD and how our expert team can help, please get in touch at hello@xeinadin.com

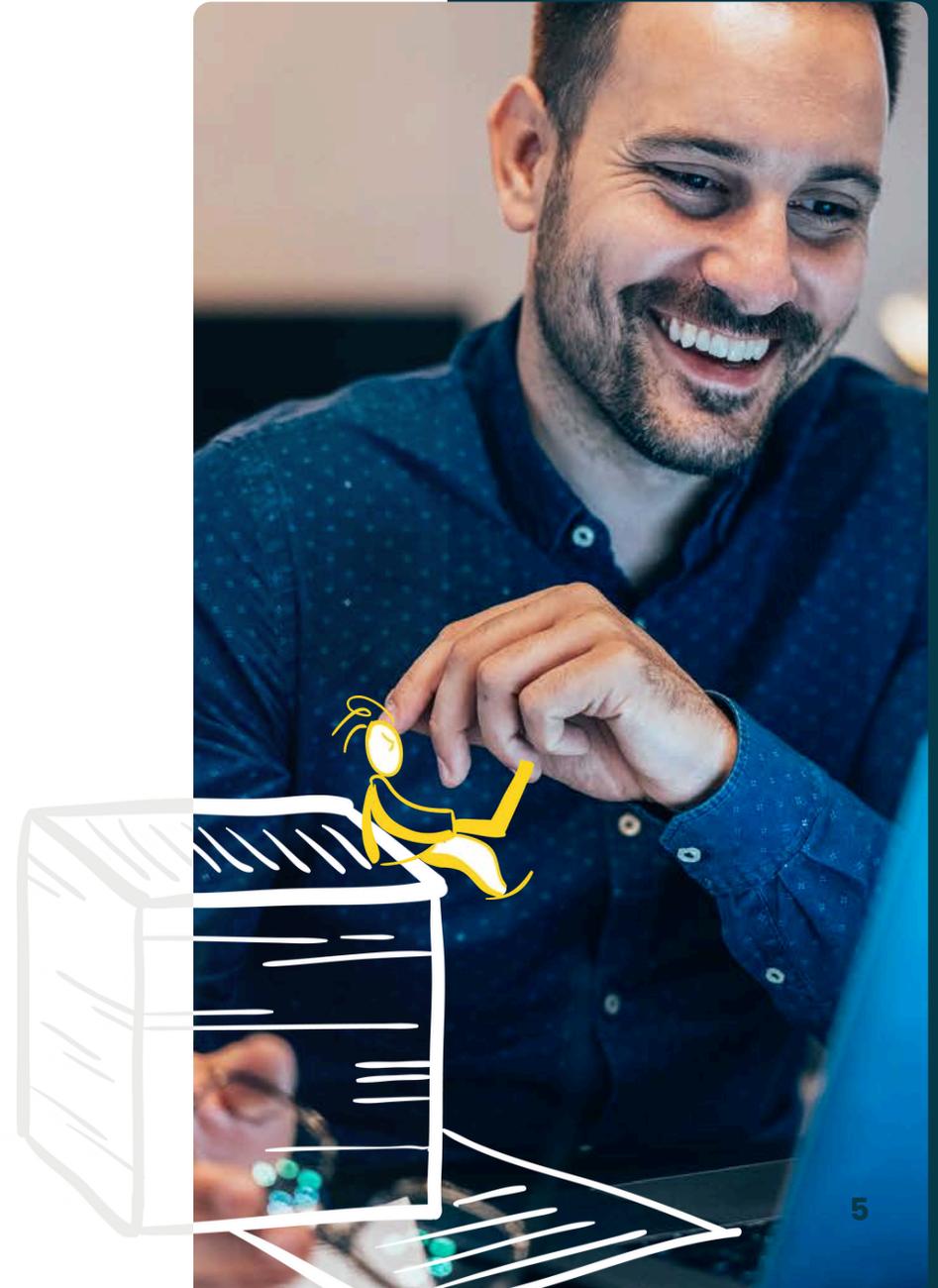


Debt Management.

- From April 2025 onwards late payment penalties will be increased for VAT taxpayers and income tax Self Assessment taxpayers as they join MTD. New rates will apply at 3% of the tax outstanding where tax is overdue by 15 days, plus 3% where tax is overdue by 30 days, plus 10% per annum where tax is overdue by 31 days or more.
- £87 million will be invested over the next five years in HMRC's existing partnerships with private sector debt collection agencies to collect more unpaid tax debts.
- £114 million will be invested over the same timeframe to recruit an additional 600 HMRC debt management staff.

If you have any concerns about your tax affairs, Xeinadin staff have considerable experience in dealing with HMRC - contact us for further advice.

A focus will be made on how debts are recovered. "Direct recovery" of debts will re-start for taxpayers who have the resources to settle their liabilities but choose not to, and options for automating the collection of lower value tax debts will also be explored.





R&D Projects .

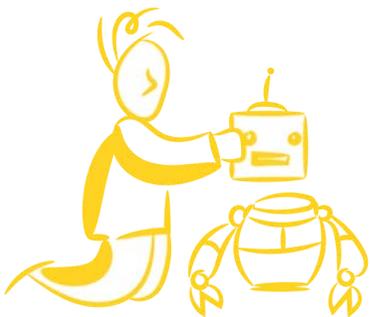
Claims for R&D Relief have seen a lot of challenges in recent years. With a view to providing taxpayers with greater certainty in this area, the Chancellor announced a consultation on whether an updated advanced clearance mechanism might be beneficial for companies claiming R&D credits.

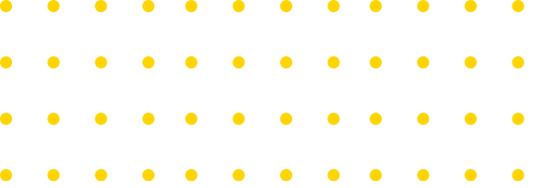
Additionally, the roadmap includes certain commitments, amongst these being a commitment to;

- Cap the Corporation Tax rate at 25%, maintain the Small Profits Rate and marginal relief at current rates and thresholds; and
- Maintain key features such as Full Expensing, the Annual Investment Allowance, R&D relief rates, and the Patent Box.

Venture Capital Reliefs.

Whilst there were no changes to policy, the Spring Statement notes did reference the Government's continuing commitment to supporting VCT, EIS and EMI reliefs, by proposing the facilitation of roundtables with industry experts in April.





Notes.



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