

# Spring Statement 2025: Summary and Key Announcements

## Chancellor's Spring Statement brings 'sting in the tail' for businesses

Rachel Reeves delivered her inaugural Spring Statement on 26 March 2025 and outlined some significant cuts to Government spending.

Ahead of the statement Ms Reeves ruled out the announcement of "tax and spend" policies and it appears that she has been true to her word. However, with the OBR downgrading the growth forecast for 2025, whether or not further tax changes will be announced in the 2025 Autumn Budget remains to be seen.

The key announcements from the 2024 Autumn Budget remain and details of those announcements can be found [here](#).



# The announcements made within the Spring Statement are summarised below together with our top tips for making sure that you are prepared for any changes that may affect you or your business:

## Defence

- There will be a £2.2 billion uplift to the MOD budget in 2025-26 with a focus on investment in advanced technology.

## Welfare

- Reforms to incapacity and disability benefits aimed at making the welfare system more 'pro-work'.
- Increase in Universal Credit standard allowance for new and existing claims above inflation from 2026-27.
- A freeze will be applied to the Universal Credit health element for existing claimants until 2029-30.
- For new Universal Credit claimants, the health element will be reduced to £50 per week in 2026-27 and frozen at this level until 2029-30.
- A review of the Personal Independence Payment (PIP) assessment will take place which will include the introduction of additional eligibility requirements.

## Skills Shortage

- Commitment to investment of £625 million in England over four years to boost existing training routes to ensure a sustainable flow of skilled construction workers and to support employers to invest in training.

## Making Tax Digital

- Making Tax Digital for Income Tax (MTD IT) will be extended to sole traders and landlords with income in excess of £20,000 from April 2028.

- Further exploration will take place to determine how best to bring the benefits of digitalisation to taxpayers whose income does not exceed the £20,000 threshold.

**TOP TIP:** Stay ahead of the game by making sure you prepare for the introduction of MTD IT as early as possible. Even if you are not affected by the initial introduction of the regime, review your options to ensure you will be ready when submissions become due.

## Tax Compliance

- Investment in the recruitment of 500 more HMRC compliance staff, building on the 5,000 new compliance staff whose recruitment was announced at the 2024 Autumn Budget.
- Investment in the recruitment of an additional 600 HMRC debt management staff.
- From April 2025, taxpayers that are part of the MTD regime will see an increase in late payment penalties. A 3% penalty will apply to tax balances overdue by 15 days, a further 3% will be charged on balances overdue by 30 days and 10% will apply to older debts. Note that this regime applies to VAT taxpayers and individuals who have voluntarily entered into MTD IT (as this does not become compulsory for some taxpayers until April 2026).
- Behavioural penalty reform – as announced at the 2024 Autumn Budget, the Government is publishing a consultation to review HMRC's inaccuracy and failure to notify penalty framework.
- A consultation will be published to tackle non-compliance – this will specifically focus on tax advisers who facilitate non-compliance and the promoters of marketed tax avoidance plans or schemes.

- Stronger measures to tackle tax fraud will be introduced. HMRC aim to prosecute more fraud cases, reform the reward scheme for informants and tackle contrived business insolvencies designed to evade tax and write off debt.
- HMRC will recruit experts in private sector wealth management to tackle wealthy offshore non-compliance.

**TOP TIP:** It seems clear that efforts to tackle tax avoidance and evasion are increasing. As a result, compliant taxpayers may see an increase in their HMRC enquiry risk. Consider the benefits of an investigation and fee protection policy to offset the cost of professional fees.

## Business Investment and Projects

- Consultations on a revised system of advance clearance for Research & Development tax relief claims will be launched together with a new process to give major projects greater advance tax certainty.
- A review of the Enterprise Management Incentives (EMI) scheme, the Enterprise Investment Scheme (EIS) and Venture Capital Trust Scheme (VCT) will take place to ensure these schemes promote a positive and dynamic growth environment for small businesses.

## Income Tax and Self-Assessment

- From summer 2025, employed individuals liable to the High Income Child Benefit Charge (HICBC) will be able to report their family's Child Benefit payments using a new digital service and may opt to pay HICBC directly through PAYE without the need to register for Self-Assessment.

**TOP TIP:** Many taxpayers affected by the HICBC charge are required to submit a self-assessment return. If this is the only reason you need to submit a return, consider the digital service or PAYE collection to avoid further compliance costs and administrative burdens.

- The Individual Savings Account (ISA) limit remains at £20,000 but the Government will be looking at options to reform this.

**TOP TIP:** Make the most of this investment limit while you can! There are strong indications suggesting that this limit may decrease significantly in future.

## Business Rates

- In summer 2025 the Government will publish an interim report that sets out a clear direction of travel for the business rates system, with further policy detail to follow at the 2025 Autumn Budget.

## Property and Infrastructure

- From 1 October 2026, new residential developments in England (with certain exemptions) will incur a Building Safety Levy. Exemptions include affordable housing, and developments with fewer than ten units.

**TOP TIP:** Whilst the Building Safety Levy may not affect smaller residential development businesses, it is recommended that you review your exposure to this levy as this may have an impact on your cashflow.

For more information, please contact us:

[monahans.co.uk](https://www.monahans.co.uk)  
01793 818300

