

QUARTERLY NEWSLETTER

April 2025



NORTHFIELD GROUP

1 Northfield Farm Lane | Witney | OX28 1UA

Chartered Accountants and
Business advisors in Witney

Tax Year



Happy New Tax Year!

In the Q2 issue of our newsletter, we highlight some key tax changes that are due to take effect from the start of the new tax year on 6th April.

We also have a summary of the key updates from the Spring Statement, including changes to child benefit, and penalties for late payment of Income Tax Self-Assessment, as well as expert reactions to the Chancellors announcements.

And don't forget to check for important deadlines coming this quarter in our Q2 tax calendar.

A new tax year is the perfect time to review your tax position – whether it's self-assessment, business taxes, or future planning. We're here to help you stay compliant and make the most of any savings. So please get in touch and we can help you plan a tax-efficient 2025!

Darren Thomas

Darren J. Thomas FCA
Managing Director



IN THIS EDITION

A reminder of the key tax changes coming into effect in April

Key highlights from the Spring Statement announced in March

Expert reactions to the Chancellors Spring Statement

Key tax reporting dates for your diary for Q2 2025

A reminder of tax changes from April 2025

The November budget introduced several key changes to National Insurance (NI) and taxation policies that will impact employers and employees alike.

Here's a reminder of the most notable updates effective from April 2025:

- The rate of employer's National Insurance Contributions (NICs) will rise by 1.2%, bringing it to 15%.
- The Employer's NI Secondary Threshold will decrease from £9,100 to £5,000. This change, alongside the rate increase, means a higher NI burden for many businesses.
- The Employment Allowance will increase from £5,000 to £10,500, and the current £100,000 threshold for eligibility will be removed. All other eligibility requirements remain unchanged.
- Income tax and NI thresholds, currently frozen, are not set to extend beyond the 2028/29 fiscal year.
- Employer's NI relief for employing veterans has been extended for an additional fiscal year, continuing the support for businesses employing veterans.
- Lower Earnings Limit (LEL) and Small Profits Threshold will increase by 1.7%, following September's Consumer Price Index (CPI) rate, beginning in the 2025/26 tax year.
- The Married Couples Allowance and Blind Person's Allowance will be uprated by 1.7% starting from 6 April 2025.

These changes are expected to raise employment costs for many businesses, particularly due to the combined effect of the increased Employer NI rate and lowered Secondary Threshold. However, smaller employers will see some relief with the increased Employment Allowance and removal of the eligibility threshold, allowing more businesses to offset costs.



Spring Statement highlights



After Chancellor Rachel Reeves' first Budget in autumn 2024, her Spring Statement on 26 March 2025 made few unexpected announcements. Against a background of global uncertainty and after the economy declined in January, the Chancellor reported the Office for Budget Responsibility (OBR) has downgraded its 2025 forecast for UK growth from 2% in October 2024 to 1% as of March 2025.

Despite a lack of eye-catching tax announcements, there were some points of note:

- **Income Tax thresholds** to remain frozen until 2028
- **Inheritance tax threshold** frozen until 2030
- From Summer 2025 the **High Income Child Benefit Charge** can be paid by employed parents through PAYE, removing the need to register for Self Assessment. Taxpayers facing the high income child benefit charge will no longer have to do a tax return from this summer as HICBC will be deductible through PAYE earnings.
- **Late payment penalties** rise to 10%: Penalties for late payment of income tax under self assessment are to double to 10% from 1 April 2025, with further rises in the penalty the longer the tax remains unpaid.
- HMRC's **Making Tax Digital (MTD)** for income tax regime will now capture sole traders and landlords with income above £20,000 from April 2028, an acceleration in time of what had previously been expected.
- The **ISA subscription limit** will remain at the current £20,000 level in 2025/26.
- For pension savers, the maximum value of the **Annual Pensions Savings Allowance** will remain at £60,000 in 2025/26.

Expert reactions to the Spring Statement

Paul Johnson, Director for the Institute for Fiscal Studies (IFS) said:

"This was just about the smallest fiscal event Rachel Reeves could have managed in the context of her fiscal rules and the minor forecast downgrade presented to her by the OBR.

The fact that a fairly run-of-the-mill change to the forecast forced her to cut her spending plans reflects the tiny amount of headroom she chose to leave against her targets last October. In today's Spring Statement, departmental spending plans and, it seems, welfare policy have been fine-tuned to return to precisely the same amount of headroom that she had previously. "

John O'Connell, chief executive of the TaxPayers' Alliance, said:

"The excruciating sight of a chancellor facing the consequences of her own actions will not provide any schadenfreude for businesses facing surging tax bills, job-seekers seeing opportunities evaporate, and farmers fearing for their livelihoods.

"While the chancellor is right that planning reforms could boost the economy, if she and her colleagues do not urgently change course on taxation and employment laws then the economic picture will remain bleak for many years to come."

Tom Clougherty, Executive Director of the Institute of Economic Affairs, said:

"The Chancellor is right to cut spending rather than raise taxes again, and the cuts she has made are welcome. There is, nevertheless, a sense of unreality about all this. Policy is being determined by an arbitrary, moving target – a fiscal rule – rather than with any long term, principled strategy in mind. When you look at the sluggish growth forecasts, and the enormous liabilities the state will encounter as the population ages, Britain's cycle of fiscal events feels a lot like rearranging the deck chairs on the Titanic.

Tax Calendar Q2 2025: Key Dates

7th April 2025	<ul style="list-style-type: none">• VAT return submission and payment (online): month-end or quarter 28 February 2025
19th April 2025	<ul style="list-style-type: none">• CIS return: payments made to subcontractors in the month to 5 April 2025
22nd April 2025	<ul style="list-style-type: none">• PAYE, NIC and CIS payment (electronic): month-end 5 April 2025
30th April 2025	<ul style="list-style-type: none">• Deadline for filing your company's annual accounts if you have a limited company with an accounting year end of 31 July 2024• Corporation Tax payment deadline: limited companies with an accounting year end of 31 July 2024• Corporation Tax return deadline: Limited companies with 30 April 2024 year ends• Non-resident landlord scheme: payment of tax for the quarter ended 31 March 2025
7th May 2025	<ul style="list-style-type: none">• VAT return submission and payment (online): month-end or quarter 31 March 2025
19th May 2025	<ul style="list-style-type: none">• CIS return: payments made to subcontractors in the month to 5 May 2025
31st May 2025	<ul style="list-style-type: none">• Deadline for filing your company's annual accounts if you have a limited company with an accounting year end of 31 Aug 2024• Corporation Tax payment deadline: limited companies with an accounting year end of 31 Aug 2024• Corporation Tax return deadline: Limited companies with 31 May 2024 year ends• Deadline to issue P60 to employees for 2024/25 tax year
7th June 2025	<ul style="list-style-type: none">• VAT return submission and payment (online): month-end or quarter 30 April 2025
19th June 2025	<ul style="list-style-type: none">• CIS return: payments made to subcontractors in the month to 5 June 2025
30th June 2025	<ul style="list-style-type: none">• Corporation Tax payment deadline: limited companies with an accounting year end of 30 Sept 2024• Corporation Tax return deadline: Limited companies with 30 June 2024 year ends• Deadline for filing your company's annual accounts if you have a limited company with an accounting year end of 31 June 2024

Oxfordshire's electricity network to receive £200m upgrade

A £200 million programme will future-proof and improve Oxfordshire's electricity network.

Scottish and Southern Electricity Networks (SSEN) Distribution is investing this sum to improve the electricity distribution network for hundreds of thousands of customers in the county.

Starting later this spring, the project will ensure the area's network has the capacity and resilience to power homes, businesses, and public services long into the future.

The programme of works, to be carried out mainly between now and the turn of the decade, will take place across the region, including in Oxford city, Headington, and Yarnton.

New business hub set to drive local business growth in West Oxfordshire

West Oxfordshire District Council have partnered with Hexagon, who are launching the new Hexagon Business Hub at the Council's Elmfield offices this spring. The space, previously an office for council employees, has been transformed into a dynamic business hub aimed at boosting local enterprise and innovation. Managed by Hexagon, the hub offers affordable, flexible office spaces and has already attracted businesses from a wide range of sectors.

For more information about the Hexagon Business Hub or to inquire about available office spaces, visit <https://hexagonbusinesscentres.co.uk/business-centre>



For further detail on any of the updates contained in this newsletter, or to find out more about any of the services we offer, please contact us any time.

Northfield Accountancy & Tax Services
Chartered Accountants & Business Advisors

1 Northfield Farm Lane
Witney, Oxfordshire
Ox28 1UA

Tel: 01993 252 339

E: enquiries@northfieldaccountants.co.uk