

2025 Autumn budget

Key takeaways for business owners

The Autumn Statement 2025 started with a bang – an early press release by the Office for Budget Responsibility (OBR); and the threat of criminal sanctions, but after the initial drama and the months of speculation business owners and investors may be relieved.

The Government has introduced a series of tax and investment changes designed to encourage businesses to grow, retain talent, and remain competitive within the UK. This briefing highlights the most significant developments for business owners, from expanded investment limits and employee incentives to adjustments in capital allowances and ownership structures.



Encouraging businesses to grow and stay in the UK – rise in Enterprise Investment Scheme (EIS) and Venture Capital Trusts (VCT) limits

The Government is making tax changes to encourage businesses to scale up and stay in the UK, by raising the limits which have previously meant that companies have grown out of being able to benefit from offering EIS and VCT reliefs and have no longer been able to offer new Enterprise Management Incentives (EMI) options.

In more detail:

The VCT and EIS company investment limit is being increased to £10 million (from £5 million), and £20 million for Knowledge Intensive Companies (KICs) (from £10 million)

The lifetime company investment limit is going up from £12 million to £24 million, and to £40 million for KICs (from £20 million)

The gross assets test will also increase from £15 million to £30 million before share issue, and from £16 million to £35 million after

These changes are to take effect from April 2026.

The increase in these limits should enable individuals to continue to invest for longer in trading companies as they grow, whilst obtaining tax relief for doing so.

Reduction in tax reliefs for VCTs

However, the upfront tax relief for individuals investing in a VCT is to be reduced from 30% to 20%. The Government's explanation for this is that, unlike VCTs, dividends paid on EIS investments do not qualify for tax relief; this reduction in tax relief for investing in VCTs may encourage individuals to slant their investments towards EIS instead.

Incentivising employees – expanding the Enterprise Management Incentives scheme (EMI)

In order to incentivise the employees of start-up and growing trading companies and make it easier for their employing companies to retain them, EMI options will be able to be granted when the employing company has up to 500 employees, instead of 250 employees. The company share option limit is to be increased from £3 million to £6 million and the gross assets test is to go up from £30 million to £120 million, with these changes taking effect from April 2026. These changes represent a significant improvement as, in the past, we have frequently advised companies that have outgrown the existing limits and have no longer been able to grant EMI options.

The maximum holding period is also to increase to 15 years (including for existing options). The Budget announcement says that the EMI notification requirement is also to be removed from April 2027. More details on this are needed but companies do sometimes fail to make the required notifications to HMRC which can, in some circumstances, prevent employees from benefitting from EMI tax reliefs which they expected to be available, so this would be a helpful change.

Incentives to list in the UK – exemption from Stamp Duty Reserve Tax (SDRT)

As the business scales up and needs greater investment, the Chancellor is now tempting those hungry for capital to list in the UK by offering a three-year exemption from the 0.5% Stamp Duty Reserve Tax (SDRT) charge on agreements to transfer securities of a company whose shares are newly listed on a UK regulated market. The exemption will not apply to the 1.5% SDRT charge (in respect of transfers to depositary receipt systems or unelected clearance services), or where the transfer forms part of a merger or takeover where there is a change of control.

The measure will have effect for agreements to transfer made on or after 27 November 2025. It will apply where the shares of the relevant company are newly listed on or after that date.

Sale of shares to an employee ownership trust – only 50% exempt from capital gains tax (CGT)

Following on from the changes in the Autumn Statement in 2024, which tightened up on the conditions for obtaining relief on the sale of shares to an employee ownership trust (EOT), the Chancellor announced with effect for disposals on or after 26 November 2026 that only 50% of the qualifying gain will be exempt from (CGT). The remaining 50% of the gain will not be chargeable at the time of disposal but will continue to be held over to come into charge on any future disposal of the shares by the trustees of the EOT.

Individuals, partners in a partnership and trustees who are transferring a business to a company in exchange for shares in that company will, for transfers of a business on or after 6 April 2026, have to claim relief. It is interesting to note that for the year 2029/30 the government estimates that this will net the exchequer circa £110 million: one could possibly surmise that HMRC consider that taxpayers are currently over enthusiastically claiming this relief.

Slower capital allowance write-downs

Business owners (who cannot claim full expensing) and who rely on capital allowances will see their allowances within the main pool written down at 14%, rather than the previous rate of 18%, from April 2026, slowing the rate at which businesses can write down their capital expenditure, adding around an extra 7 years before a business fully writes off the value of main rate expenditure.

However, a new 40% first year writing down allowance for main pool expenditure will be available for expenditure incurred from 1 January 2026 – applicable to a wider range of assets than under either full expensing or the annual investment allowance, and unlike full expensing also available for unincorporated businesses and assets used for leasing. Second hand assets, cars and overseas leasing will be specifically excluded.

In summary

The Autumn Budget 2025 delivers a mixed package for business owners: welcome increases to investment and EMI limits, balanced against reductions in certain reliefs and slower capital allowance write-downs. While the measures aim to stimulate growth and encourage UK listings, they also tighten reliefs in areas where HMRC perceives overuse.

Businesses should take the opportunity to reassess their strategy for the year ahead, and consider whether the new rules will strengthen existing plans or change timelines. In particular, sales to Employee Ownership Trusts (**EOTs**) have been the focus of successive Budgets, with reliefs increasingly restricted. Against this backdrop, it may be worth exploring a sale sooner rather than delaying until the next fiscal event.

How we can help

Forsters is here to help you navigate these changes - whether you are scaling up, incentivising employees, restructuring ownership, or planning capital expenditure. Strategic advice will be essential to ensure your business makes the most of the opportunities while mitigating the impact of new restrictions.

For further insights into how the Autumn Budget affects private clients explore our dedicated briefing and stay informed with the latest analysis and updates through our [Autumn Budget hub](#).

Contact us

Get in touch with your usual Forsters contact, or email enquiries@forsters.co.uk, to discuss how the Autumn Budget announcements will affect you and your business and to explore the planning opportunities available.

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