Budget representations

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25 November 2025

ATT, CIOT and LITRG have made recommendations to the government ahead of the 2025 Autumn Budget across a broad range of areas.

Ahead of each UK Budget, HM Treasury invites interested stakeholders to submit formal Budget representations on potential changes to be considered by the Chancellor when preparing the Budget. This gives the ATT, CIOT and LITRG an opportunity to influence government policy in areas affecting our members and their clients, and to suggest improvements to the way the tax system operates. It also enables us to champion the interests of our members and uphold the public interest obligations in our charitable objectives.

By submitting Budget representations, the ATT, CIOT and LITRG can comment on the operational implications of policies, as well as their administrative burden on our members and taxpayers, and provide suggestions for simplification and technical analysis of potential solutions.

Budget representations are a key opportunity to directly influence UK tax policy as part of a long-term and ongoing relationship with HM Treasury and HMRC, complementing the input we provide through consultations, working groups and regular forums throughout the year.

For the Autumn 2025 Budget, the ATT submitted six Budget representations, the CIOT submitted three and LITRG submitted one.

ATT budget representations

Inheritance tax simplifications

The ATT recommended that the proposed £1 million allowance for 100% agricultural property relief and business property relief from April 2026 should be transferable between spouses and civil partners, in a similar way to the nil rate band (NRB) and residential nil rate band (RNRB). The representation also suggested that the allowances should be uplifted for individuals whose spouses die before 6 April 2026.

As a further simplification, the ATT considered that inheritance tax could be both simplified and made fairer by merging the RNRB and NRB into a single nil rate band. This would avoid the existing distortion of the RNRB where two estates of equal value can have different inheritance tax liabilities depending on the value of residential property held by the deceased and whether they have children who are inheriting that property.

Simplifying income tax Self-Assessment

Whilst HMRC now allows tax agents to reactivate a previously used Self-Assessment record without having to re-register, the ATT suggested that HMRC could go further and provide an enduring ‘opt in’ for taxpayers who would prefer to file tax returns voluntarily, despite not being obliged to do so under HMRC’s criteria.

ATT’s other recommendations included simplifying the rules on jointly-owned property rules and Gift Aid, improving clarity over Simple Assessment responsibilities, allowing access to bank interest records held by HMRC, and enabling the operation of PAYE on state pension payments.

Trivial benefits

The ATT recommended that the government review the trivial benefits rules, highlighting inconsistencies in tax treatment depending on how a benefit is paid for.

As well as recommending that the treatment be aligned, regardless of whether the payment was made by the employer directly or reimbursed to the employee, the ATT also suggested that the £50 limit (which has remained at the same level since the legislation was first introduced in 2016) be increased to take account of the higher costs in providing the benefits that the exemption was envisaged to cover.

Working from home allowance

The ATT recommended that the government review the working from home allowance, which sets the amount that employees can be reimbursed or claim tax-free for additional household costs incurred while working from home.

The representation drew attention to the increased energy costs for home workers since the working from home allowance was last reviewed in 2021/22 and the increases in the Energy Price Cap ('the Cap'). The ATT requested an increase in the tax-free allowance of at least 2%, in line with the Cap increase, and mirroring similar increases to the amounts available to self-employed individuals who work from home under the simplified expenses method.

Mileage allowances

The ATT repeated previous calls for the government to increase the amount that drivers can be paid tax-free for using their own vehicle for work and suggested that these rates should be reviewed on an annual basis. The main 45p per mile rate for cars and vans for the first 10,000 business miles was last changed in April 2011, while the 25p per mile rate above 10,000 business miles, as well as the rates for motorbikes and cycles, have been unchanged since at least 2001.

The representation flagged that employees using their own vehicle for work have effectively been out of pocket in recent years, particularly in occupations such as care work, where workers may be lower paid but need to use their own vehicle to travel to clients.

Annual parties and social functions

The ATT drew attention to the tax exemption for annual parties and social functions, which has remained at £150 per head (including VAT) since April 2003. The ATT recommended that the rate is increased at least every five years to better take account of the cost of annual staff functions for employers. As a starting point, it suggested that the exemption should be increased to at least £200 per head (including VAT).

The ATT feels that the exemption could be set at a level that allows employers to organise an annual social function to provide recognition to all employees generally, without incurring a tax liability.

The ATT budget representations are available to view here:

Inheritance tax simplifications: www.att.org.uk/ref496
Simplifying income tax Self-Assessment: www.att.org.uk/ref500
Trivial benefits: www.att.org.uk/ref498
Working from home allowance: www.att.org.uk/ref497
Mileage allowances: www.att.org.uk/ref499
Annual parties and social functions: www.att.org.uk/ref501

CIOT representations

Reintroduce Certificates of Tax Deposit

The Certificate of Tax Deposit scheme previously allowed taxpayers to deposit money with HMRC and use it later to pay their tax liabilities. It was useful in stopping late payment interest charges accruing on the tax owed whilst a taxpayer's affairs were under investigation, but it was closed by HMT without consultation in November 2017.

With the recent significant increase in the late payment interest rate, this issue comes up repeatedly in discussions with CIOT volunteers. We believe that it is time for HMT to consider reintroducing Certificate of Tax Deposits. Our representation builds on the comments we made about unaffordable tax debts comprising large amounts of interest in our response to HMRC's recent consultation on tackling marketed tax avoidance (see www.tax.org.uk/ref1489 para 5).

Repayment interest and commercial restitution for VAT

This reiterates representations CIOT sent to HMT ahead of the Spring Budget 2023 and Autumn Budget 2024. It highlights the ongoing imbalance in repayment and late payment interest rates, which has been exacerbated by the significant increase in the late payment interest rate from April 2025.

CIOT believes there should be a consultation on the rate and treatment of repayment interest on overpaid tax. This should ensure that repayment interest provides adequate recompense for the loss of the use of the monies by the taxpayer, and an adequate incentive for HMRC to process repayments in a timely fashion.

Specifically in relation to VAT, we also urge the government to re-introduce the concept of 'commercial restitution' when levying interest on underpaid VAT, to prevent interest from being charged in circumstances where there is no loss of tax to the Exchequer.

Current tax barriers to housing supply

The CIOT's submission identifies tax barriers in the current tax system that may hinder the UK government's target of building 1.5 million homes. Key issues include land assembly, stamp duty land tax reliefs, aspects of the corporate interest restriction rules and residential property developer tax, which adversely affect SME housebuilders and how the VAT treatment of affordable housing could be simplified to enhance supply. The submission builds on and consolidates earlier representations in this key area of government policy.

The CIOT budget representations are available to view here:

Reintroduce Certificates of Tax Deposit: www.tax.org.uk/ref1568
Repayment interest and commercial restitution for VAT: www.tax.org.uk/ref1577
Current tax barriers to housing supply: www.tax.org.uk/ref1538

LITRG representation

Operating PAYE on the state pension

LITRG's budget submission reiterates its longstanding recommendation for the state pension to be given its own PAYE scheme, administered by the Department for Work

and Pensions. This will give state pension recipients greater clarity over their tax position, as well as allowing tax to be collected in real time and reducing HMRC's administrative burden.

With the personal allowance frozen until 2027/28 (at the time of writing), and the state pension increasing annually under the government's triple lock commitment, LITRG believes now is the time for modernisation. The submission acknowledges the implementational challenges and transitional issues but suggests that these will be outweighed by the long-term benefits.

As a minimum step, LITRG's submission calls for the Department for Work and Pensions and HMRC to issue clear, annual communications confirming the taxable amount of state pension and how tax will be collected.

The LITRG budget representation is available to view here: www.litrg.org.uk/11112

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