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charity  
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group

## Spring Budget 2025 Bulletin



CTG is relieved to see that the [Spring Statement 2025](#) was a lot less dramatic than that last 'budget that was not a budget' and in particular it does not bring any additional tax burden to charities. However, we were disappointed to see that there is still no amelioration of the NI increase for charities who cannot increase prices to cover this additional cost.

We also feel that whilst it is clear that the government still has its hands tangled in the manifesto commitment not to raise those taxes that raise the most money, the government has missed the opportunity to make a number of other low-cost changes to the tax landscape for charities which would make a significant difference to the charity sector.

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### Closing the Tax Gap

The [tax announcements](#) are all connected to the Herculean task of 'closing the tax gap'. This is what most people would consider quite a sticky problem – despite the introduction of a General Anti Avoidance rule or GAAR just over 10 years ago, the UK tax gap was estimated to be around £40bn in 2022-23. The budget measures are expected to recoup just 2.5% of that.

Bucking the trend of trimming the civil service, there will be 600 new debt management staff, 500 new compliance officers, and the government will be working with private companies to increase debt collection activity. There will also be a significant increase in

the [late payment penalties](#) for VAT and income taxes from April 2025 onwards. Taxpayers will rack up penalties where tax is overdue by 15 days at a rate of 3% per annum, and this will increase to 10% per annum where tax is overdue by 31 days or more.

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## Consultations

In a similar vein, the government has also launched three consultations on [penalties for failure to disclose tax obligations to HMRC](#), [tackling tax advisers who facilitate non-compliance](#), and [closing down promoters of tax avoidance](#).

The consultation on penalties considers options for changing the current regime and also whether it would be preferable to move to a new simpler regime, with two bands. The first would be a misdeclaration/failure to notify penalty which would apply in most cases, and as now would incorporate provisions for reductions for disclosure and cooperation, and a civil evasion penalty which would apply to the most serious offenders only. If you do want to respond to this consultation the deadline is 18 June 2025.

Although hopefully not of interest to charities, the consultations on unscrupulous tax advisers and tax promoters are a welcome sight. It seems that there has been a flood of such businesses selling schemes to unwitting taxpayers which normally result in substantial losses for the government and the taxpayer, with the only winner being the seller of the schemes.

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