

UKMOD Change Log

Summary of changes between B2025.07 and B2025.08

Date: 28 Nov 2025

This document provides a summary of the changes implemented since the preceding public release of UKMOD. For further technical detail, please consult the Excel log file reported in the 'Log' directory of the model.

Budget Statement 2025

- Fuel Duty: Cancel uprating for 2026-27; extend the 5p cut in rates to 31 August 2026, then increase by 1p from 1 September 2026, 2p from 1 December 2026, and 2p from 1 March 2027
- Universal Credit Child Element: Remove the two child limit from April 2026
- Maintain the personal income tax and equivalent national insurance thresholds at current levels for a further three years until April 2031¹
- Maintain the secondary threshold for employer contributions at current level for a further three years until April 2031.
- Introduce separate tax rates for property income at 22% for the property basic rate, 42% for the property higher rate and 47% for the property additional rate, from 6 April 2027
- Increase tax rates on dividend income by 2ppts at the ordinary and upper rate from 6 April 2026.
- Increase tax rates on savings income by 2ppts at the basic, higher and additional rate from 6 April 2027 and maintain the Starting Rate of Savings limit at £5000 from April 2026 to April 2031.

Statistics Presenter

- Documentation now included to facilitate access to template files used by Statistics Presenter.
 - /Documentation/Statistics Presenter Templates.pdf
- England included as separate category in all regional breakdowns.

¹ Maintains the NICs Primary Threshold (PT) and Lower Profits Limit (LPL) at £12,570 from April 2028 until April 2031. The NICs Upper Earnings Limit (UEL) and Upper Profits Limit (UPL) will be maintained at £50,270 from April 2028 to April 2031. The Upper Secondary Threshold and Apprentices Upper Secondary Threshold will stay fixed at £50,270 per annum until April 2031, to remain aligned with the UEL and UPL.

- All templates updated to reflect property income taxes as introduced in the 2025 Budget Statement.

Data Revisions

- Update all uprating indices, especially those reported by the OBR in their November Fiscal and Economic Forecast.
- UK_2023_a2
- UK_2023_b2
- UK_2023_d2

Policy Additions

- A new system has been added to the model for 2030/31, aligning the model with OBR projections.
- A new property tax has been added to the model from 2027/28 (see Budget Statement).

Code Corrections and Amendments

- Corrected bug with Free School Meals, which provided a payment to benefit units in receipt of SCP and with a child under age 12 to all children of the benefit unit, rather than just those children under age 12.
- Separate support added for Upper Secondary Threshold of Employer National Insurance Contributions.
- Indexing for the NIC Class 1 Upper Earnings Limit (UEL) in forward projections changed from Fixed to September CPI
- Replace deprecated EUROMOD functions <min>, <max>, <abs>
- Corrected bugs with coding of Free School Meals, which in places used regional coding for Northern Ireland for Wales.
- Disability benefits (bdimb, bdisc, bdimbwa, bdiscwa) re-allocated from parents to children where parents are reported to receive these benefits by the FRS but do not also report being affected by disability (ddi, ddi02, ddi03), but their children do report being affected by disability.
- Forward projections for parameter \$f_yiynt used to adjust investment incomes amended to mitigate issues arising due to switch from Bank of England to OBR data series.
 - This change results in substantially reduced non-taxable investment income in forward projections – see Redmin issue 1167 for further details: <https://iserredex.essex.ac.uk/euromod-redmine/issues/1167>
- TCO add-on for indirect taxes converted to a model extension.

- Upated forward projections for the family element of Universal Credit by September CPI.
- Forward projections for personal allowance rounded to nearest £10 (p.a.)
- Forward projections for basic rate limit to nearest £100 (p.a.)
- Forward projections for additional rate threshold set equal to the income limit for personal allowances plus 2 times the personal allowance.
- Code correction of DefConst_uk policy from 2016 to address bug when running the model using uk_2023_b1.txt data.
- Minor parameter updates and bug fixes (see EM_LOG.xlsx for details).
- Bug fixes implemented to Full Year Adjustment extension for 2022 and 2023.

Unsupported Budget Announcements

We provide here a list of the announcements made in the 2025 Budget Statement that are not supported by UKMOD, mostly because these are beyond the scope of the model. A brief explanation is also provided if pertinent.

- Renewables Obligation: Fund 75% of the domestic share of the Renewables Obligation via the Exchequer over the Spending Review period
- Warm Homes Plan: Increase funding for the Warm Homes Plan and expand the Warm Home Discount Scheme
- Rail Fares: Freeze rail fares in England for one year from 1 March 2026
- Health and Social Care: Freeze NHS prescription charges in England for one year from 1 April 2026
- Universal Credit: Extend the £2,500 surplus earnings threshold for one year from 6 April 2026 - *Model does not account for intra-year income fluctuations*
- Child Benefit: Exempt 16–19-year-olds with an illness or disability from the 12-hour weekly rule and equalise the treatment of non-standard educational settings from 1 September 2025
- Carer's Allowance Review: Reassess overpayments from 2015 to 2025 caused by incorrect operational guidance
- Housing Benefit: Reduce the financial cliff edge for claimants in supported housing and temporary accommodation from Autumn 2026 – *To be added as additional detail is made available*
- DWP Fraud and Error: Extend Targeted Case Review of Universal Credit to 2030-31
- DWP Fraud and Error: Improve accuracy in Pension Credit claims from April 2026
- Health and Disability Benefits: Improve operations by increasing face-to-face assessments, increasing WCA reassessment capability, and PIP award review changes, starting from April 2026
- Introduce VAT at the standard rate on Advance Payments paid to Motability or equivalent schemes, and Insurance Premium Tax at the standard rate on insurance related to vehicle leases, from 1 July 2026
- Housing Benefit and Pension Credit Administration: Bring together the administration of pensioner Housing Benefit and Pension Credit from Autumn 2026
- National Insurance: Remove access to Class 2 National Insurance contributions (NICs) and increase the initial residency and contributions history requirements for Class 3 NICs for individuals abroad from 6 April 2026
- All announcements listed under "Growth, business & entrepreneurship"
- All announcements listed under "Cutting waste and investing in public services"
- Freeze Plan 2 repayment threshold for three years from 6 April 2027
- Limit the value of salary sacrificed pension contributions that can receive employee and employer NICs relief to £2,000 per year from 6 April 2029

- Reduce Capital Gains Tax relief on qualifying disposals to employee ownership trusts from 100% to 50% from 26 November 2025
- Maintain the nil-rate band, residence nil-rate band, and allowance for 100% rate of agricultural property relief and business property relief for a further year, from April 2030 until April 2031
- Cap inheritance tax trust charges at £5 million for historic trusts settled by former non-domiciled individuals from 6 April 2025 and close post-departure trade profits loophole from 6 April 2026
- Reduce the main rate writing-down allowance to 14% from April 2026 and introduce a new 40% first-year allowance from 1 January 2026
- Air Passenger Duty: Extend the scope of the higher rate to cover all private jets over 5.7 tonnes from 1 April 2027
- HMRC Closing the Tax Gap Measures
- All announcements listed under “Modernising the tax system”
- All announcements listed under “Modernising motoring tax and supporting the British automotive industry”