

FINANCE BULLETIN - FEBRUARY 2025

What you need to know from the Budget

Employers' National Insurance contributions (NICs) will rise to 15% with the threshold at which employers start paying NI on salaries falling from £9,100 a year to £5000 a year. These increases have been offset by an increase of the Employment Allowance from £5,000 to £10,500, more than doubling the relief.

Minimum wage rates for 18 to 20-year-olds will increase to £10 per hour. For 21 and overs, the national living wage will increase by 6.7% to £12.21 per hour from April 2025. For PCCs accredited with the Living Wage Foundation visit www.livingwage.org.uk for more information.

LPWGS - The VAT refund scheme for listed buildings was set to expire in March 2025. DCMS have announced that the scheme will continue for one year from March 2025 with a cap of £25k per place of worship. Furthermore, the total amount available will be capped at £23m (last year £29m was spent).

Gift Aid - Income Tax thresholds remain frozen till 2028. This fiscal drag has brought over 3 million more taxpayers into higher tax bands. Higher rate taxpayers, paying tax at 40%, can reclaim £25 for every £100 donated to your churches through Gift Aid (the difference between basic and higher rate tax). Churches are encouraged to advise higher rate taxpayers in your congregation to take advantage of HMRC's generosity. Please note churches and other charities can only reclaim the basic rate of tax on Gift Aided donations, no matter whether the donor pays basic rate or higher rate tax.

Employment contracts - 2025 sees consultation on the Employment Rights Bill expected to be implemented in 2026. The proposals apply to Churches employing staff and could have implications to church budgets. The main points are summarised by ACAT [here](#).

