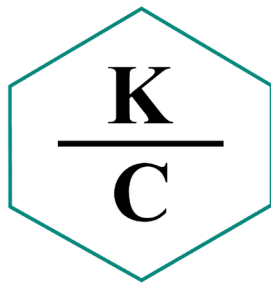


Autumn Budget October 2026

Your round-up of the announcements that matter to you, your family and your business



ACCOUNTANCY SERVICES

Budget delivered by Chancellor John Healey
Wednesday 28 October 2026

KC Accountancy Services

Youth & Community Centre, High Street, Llanfyllin, Powys, SY22 5DB

Autumn Budget

October 2026

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Chancellor John Healey delivered his first Budget on Wednesday 28 October 2026. He described it as offering *'breathing space for today, hope for the future'*, with help on energy bills and fuel alongside targeted tax rises on savings and property income.

I have pulled together the main announcements below, focusing on the ones most likely to affect you, your family and your business. A lot of the detail will only become clear once the draft legislation and HMRC guidance are published, so please treat this as an overview rather than advice for your particular situation. If anything here catches your eye, just give me a ring or drop me an email and we can talk it through.

The headlines at a glance

- Income tax on savings and property income will rise by a further two percentage points from April 2027, to 24%, 44% and 49%.
- Income tax on wages, pensions and self-employed profits is unchanged, and so is tax on dividends.
- A new Pension Tax Allowance from April 2027 means pensioners whose total income is no more than the full new State Pension will pay no income tax.
- The trading allowance rises from £1,000 to £3,000, and tax-free mileage rates are increased permanently.
- The Business Asset Disposal Relief lifetime limit is cut from £1 million to £500,000 from April 2027, while a new Founders' Relief offers a 10% rate on up to £10 million of gains for eligible founders.
- The National Living Wage rises by 3.9% to £13.21 an hour from 1 April 2027.
- The planned cut to the cash ISA limit has been dropped, so the £20,000 allowance stays.
- The 5p fuel duty cut and the 0% VAT rate on domestic electricity are both extended to 1 July 2027.

Personal Tax

Tax bands and rates

There are no changes to the main rates of income tax on earnings, pensions and trading profits. The basic rate remains 20%, the higher rate 40% and the additional rate 45%.

The personal allowance stays at £12,570 and the basic rate band at £37,700, so the higher rate continues to start at £50,270 for most people. The additional rate applies to income over £125,140. As announced in last year's Budget, these thresholds are frozen until April 2031.

The personal allowance is still reduced by £1 for every £2 of adjusted net income over £100,000, which means there is no personal allowance at all once income reaches £125,140.

Savings and property income

This is the main tax rise for individuals in this Budget. Last year's Budget had already set separate rates for savings income and property income of 22%, 42% and 47% from April 2027. The Chancellor has now added a further two percentage points, so from 6 April 2027 the rates will be:

Type of income	2026/27	From 6 April 2027
Savings income (basic / higher / additional)	20% / 40% / 45%	24% / 44% / 49%
Property income (basic / higher / additional)	20% / 40% / 45%	24% / 44% / 49%
Dividends (ordinary / upper / additional)	10.75% / 35.75% / 39.35%	No change

The government says around 84% of taxpayers will see no increase, mainly because savings within the Personal Savings Allowance (£1,000 for basic rate taxpayers and £500 for higher rate taxpayers) and the £5,000 starting rate for savings remain in place, and ISA income stays tax-free.

For landlords who own property personally, relief for mortgage interest and other finance costs will continue to be given at the property basic rate.

Comment

If you let out property in your own name, or have significant savings outside an ISA, your tax bill is likely to rise from 2027/28. Property owned through a limited company is taxed differently and is not affected by these rates.

Changing how property is held is a big decision with its own costs, including Capital Gains Tax and Land Transaction Tax, so please don't rush into anything. I'm very happy to run some figures with you so you can decide what is right for you.

Tax on dividends

Dividend tax rates are unchanged at 10.75% for basic rate taxpayers, 35.75% for higher rate taxpayers and 39.35% for additional rate taxpayers. The first £500 of dividends each year remains tax-free under the Dividend Allowance.

The new Pension Tax Allowance

From 6 April 2027, people over State Pension age whose total income from all sources is no more than the full new State Pension (£13,036.40 in 2027/28) will pay no income tax. The allowance is worth up to £94 in 2027/28 and is tapered away by £1 for every £3 of income above that level, disappearing completely at £13,319. ISA income does not count towards the limit.

HMRC will apply the allowance automatically, so there is nothing to claim. It is due to run for three tax years, from 2027/28 to 2029/30, and will be reviewed after that. The State Pension itself remains taxable.

ISAs

The planned reduction in the cash ISA limit to £12,000 has been scrapped, so you can still save up to £20,000 a year in cash. Other limits are unchanged: the overall ISA allowance is £20,000 and the Junior ISA limit is £9,000.

- Lifetime ISA: the withdrawal charge is cut to 20% with effect from Budget day, and buyers whose property costs more than the £450,000 price cap will no longer be penalised.
- A new First Time Buyer ISA is planned, and the government is exploring a new incentive for first-time stocks and shares investors. Details are still to follow.

Pensions

The pension limits are unchanged. The Annual Allowance remains £60,000, the Money Purchase Annual Allowance £10,000 and the Lump Sum Allowance £268,275. As a reminder, unused pension funds and death benefits will come into the scope of Inheritance Tax from 6 April 2027.

Other allowances

The Marriage Allowance continues to allow certain couples to transfer £1,260 of their personal allowance to their spouse or civil partner. The Blind Person's Allowance rises to £3,370 for 2027/28. Child Benefit will be £28.00 a week for the eldest or only child and £18.55 for each additional child from April 2027.

Employment

National Insurance contributions

There are no changes to National Insurance rates. For 2027/28:

- Employees pay 8% on earnings between £12,570 and £50,270 a year, and 2% above that.
- Employers pay 15% on earnings above the Secondary Threshold of £5,000 a year.
- The Employment Allowance stays at £10,500.
- Self-employed Class 4 contributions remain at 6% on profits between £12,570 and £50,270, and 2% above that.
- The Small Profits Threshold rises to £7,355. Voluntary Class 2 contributions will be £3.80 a week and Class 3 £19.05 a week.

National Living Wage and National Minimum Wage

The government has confirmed increases of 3.9% from 1 April 2027:

Rate	From 1 April 2026	From 1 April 2027
National Living Wage (21 and over)	£12.71	£13.21
18 to 20 year olds	£10.85	£11.27
16 to 17 year olds and apprentices	£8.00	To be confirmed

Comment

For a full-time worker on the National Living Wage, this is worth around £910 a year. If you employ staff, it is worth checking now how the new rates will affect your wage bill and your employer National Insurance from next April. I can help with the payroll side of this.

Mileage rates

The 55p per mile tax-free rate for the first 10,000 business miles, which was introduced from April 2026, has been made permanent. The rate for business miles above 10,000 will rise from 25p to 35p from 6 April 2027. These rates apply to employees using their own cars for work, and to self-employed people who use the simplified mileage method. Motorcycle and bicycle rates are unchanged.

Company cars

As previously announced, the benefit in kind percentages for company cars continue to rise each year up to 2030/31. Remember too that reporting benefits in kind through payroll software is due to become mandatory from April 2027.

Parental pay for the self-employed

Self-employed fathers, partners and adopters in Great Britain will be able to claim a new Parental Allowance from April 2029, worth two weeks' pay at up to £194 a week at current rates. Eligibility details are still to be published.

Business

Corporation Tax

Corporation Tax rates are unchanged. The main rate stays at 25% for companies with profits over £250,000, and the 19% small profits rate applies where profits are £50,000 or less. Companies in between pay the main rate reduced by marginal relief.

Capital allowances

- Full expensing for companies continues for qualifying new plant and machinery.
- The Annual Investment Allowance stays at £1 million for both companies and unincorporated businesses.
- The first year allowance for main rate assets, which includes assets bought for leasing, rises from 40% to 50%.
- The main rate writing down allowance falls from 14% to 12% from April 2027. The special rate stays at 6%.
- The Structures and Buildings Allowance remains at 3%.

Trading allowance

The trading allowance, which lets individuals earn a small amount from trading without paying tax or registering for Self Assessment, will increase from £1,000 to £3,000. We understand this is expected to apply from April 2027, and we are waiting for HMRC's guidance on exactly how it will work.

Comment

This is good news for anyone with a small side business or occasional trading income. Remember that the allowance is an alternative to claiming actual expenses, so if your costs are higher than the allowance it may still be better to claim those instead.

Company distributions

The government will modernise the rules on company distributions to stop profits being extracted at lower tax rates than intended, with protections for genuine commercial transactions and family businesses. This follows HMRC's consultation over the summer, which looked at areas such as company purchases of own shares, capital reductions and the transactions in securities rules.

Comment

If you are thinking about retiring, passing your company on, buying out a fellow shareholder or restructuring, please talk to me before you take any steps. The detail is not yet available, and it is important that any decision is made with the final rules in front of you.

VAT

- The VAT registration threshold stays at £90,000 and the deregistration threshold at £88,000.
- From October 2027, online marketplaces will have to collect VAT on qualifying sales made by UK businesses through their platforms. If you sell through Amazon, eBay, Etsy or similar, we will look at what this means for you once the detail is out.
- Larger private hire operators will have to account for VAT on the full passenger fare. Smaller local firms are protected.

Business rates (England)

In England, the Small Business Rate Relief threshold for retail, hospitality and leisure properties rises from £12,000 to £18,000 of rateable value, which the government says will take around 70,000 more businesses out of business rates. Bills for these properties are frozen in real terms for two years, and this builds on the 20% cut for pubs and live music venues from April 2027. Vape shops and adult gaming centres will lose certain reliefs. Business rates in Wales are set separately, as explained below.

Help for young entrepreneurs

A new Young Entrepreneurs Allowance has been announced to help with a year of living costs for young founders while they build their businesses. No details have been published yet.

Other business measures

- The Bank Corporation Tax Surcharge rises from 3% to 6% for 15 months, from January 2027 to 31 March 2028, to help fund energy bill support.
- Machine Games Duty rises from 20% to 25% on higher-stakes machines, with pubs and seaside arcades protected.
- From April 2027, over 10,000 businesses in electricity-intensive sectors will see their electricity bills cut by up to 25% under the British Industrial Competitiveness Scheme.
- Improvements were announced to the venture capital schemes, R&D tax reliefs and tax-advantaged employee share schemes. Details are to follow.

Capital Taxes

Capital Gains Tax

Capital Gains Tax rates are unchanged at 18% for gains within the basic rate band and 24% above it. The annual exempt amount remains £3,000.

Business Asset Disposal Relief

The rate of Business Asset Disposal Relief has been 18% since 6 April 2026. From 6 April 2027, the lifetime limit on gains that qualify for the relief will be cut from £1 million to £500,000. The Chancellor said three in four people who claim the relief will not be affected.

New Founders' Relief

A new Founders' Relief will tax qualifying gains at 10%, on up to £10 million of lifetime gains, for eligible founders of high-growth businesses. It is expected to apply from 2027/28. The eligibility rules have not yet been published, and the government has indicated that it is aimed at founders of high-growth companies rather than all business owners.

Comment

If you have been thinking about selling your business, the timing of a sale could now make a real difference to the tax you pay. Every situation is different, so please get in touch before agreeing anything with a buyer and we can look at the options together once the full rules are known.

Inheritance Tax

No new Inheritance Tax changes were announced. As a reminder of the rules already in place:

- The nil rate band remains £325,000 and the residence nil rate band £175,000, both frozen until April 2031.
- Since 6 April 2026, 100% Agricultural and Business Property Relief applies to the first £2.5 million of qualifying assets, with 50% relief above that.
- From 6 April 2027, most unused pension funds and death benefits will be included in a person's estate for Inheritance Tax.

Other Matters

Energy bills

- A one-off £100 Household Energy Payment will be paid in 2027 to around 20 million households in council tax bands A to D in England. Wales, Scotland and Northern Ireland will receive funding to offer similar support if they choose to.
- The 0% VAT rate on domestic electricity is extended to 1 July 2027.
- Ofgem will be asked to remove gas standing charges and move the cost into unit rates, in 2027 or as soon as possible after.

Fuel duty

The 5p per litre fuel duty cut is extended for a further six months, and the planned inflation-linked increase is deferred to 1 July 2027. The reduced rate for red diesel is also extended.

HMRC and tax administration

- HMRC is receiving more funding for compliance work and stronger powers to collect overdue tax from people who can afford to pay.
- From 2029, Self Assessment is being reformed so that more taxpayers make smaller, more regular payments, rather than large payments in January and July.

Making Tax Digital for Income Tax

There was no change to the Making Tax Digital timetable. It has applied since April 2026 to sole traders and landlords with qualifying income over £50,000, and it extends to those with income over £30,000 from April 2027 and over £20,000 from April 2028.

Comment

If your turnover and rental income together are over £30,000, you are likely to need to start quarterly updates from April 2027. I will be in touch with everyone affected well before then, so there is no need to worry, but do let me know if you have any questions in the meantime.

Housing

The new Your First Home scheme, which offers a 20% equity loan on new-build homes with a 2.5% deposit, will be backed by £4.7 billion of government lending in England. An extra £1.5 billion is going into social and affordable housing.

What this means in Wales

Some of today's announcements apply to England only, because the Welsh Government is responsible for those areas:

- Welsh rates of income tax on earnings, pensions and trading profits are set by the Welsh Government and are currently the same as in England. Any changes for 2027/28 will be announced in the Welsh Government's own budget.
- The government has previously said it will work with the Welsh Government on how the separate property income rates apply in Wales. I will confirm how the new rates affect Welsh landlords as soon as this is clear.
- Business rates in Wales are set by the Welsh Government. The new reliefs for small retail, hospitality and leisure businesses apply in England, and Wales will receive extra funding which it can choose to use for similar support.
- In Wales, Land Transaction Tax applies instead of Stamp Duty Land Tax.
- The £100 Household Energy Payment is for England. Wales will receive a share of the funding to provide its own support.

Changes already on the way

Alongside today's announcements, here is a reminder of some changes announced previously that are coming into effect over the next couple of years:

Change	Date
Making Tax Digital for Income Tax for qualifying income over £30,000	6 April 2027
Payrolling of benefits in kind becomes mandatory	April 2027
Unused pension funds included in estates for Inheritance Tax	6 April 2027
Savings and property income rates rise to 24% / 44% / 49%	6 April 2027
Business Asset Disposal Relief lifetime limit cut to £500,000	6 April 2027
Making Tax Digital for Income Tax for qualifying income over £20,000	6 April 2028
Normal minimum pension age rises from 55 to 57	6 April 2028
Personal tax thresholds frozen	Until April 2031

Here to help

Budgets always bring a lot of detail, and it can be hard to know which parts really matter for you. The figures above are based on the announcements and documents published on Budget day, and some of them may change as the legislation goes through Parliament.

Please do not make any decisions based on this summary alone. If you would like to talk about how any of these changes might affect you, your family or your business, I would be really pleased to hear from you. You can call me on 01691 674792 or email info@kcaccountancyservices.co.uk.

Best wishes,

Kim Cleminson-Jones FMAAT

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