

Autumn Budget 2026 – Headline Tax Measures

On 28 October 2026, the Chancellor presented the Autumn Budget. This initial briefing summarises the principal tax measures announced. As further details of certain announcements become available in the next day or two, we will publish a further briefing.

The most significant announcements include further increases in the proposed savings and property income tax rates, a reduction in the Business Asset Disposal Relief lifetime limit, and a new CGT Founders' Relief of up to £10M. Measures remain subject to legislation and, in some cases, consultation.

Personal Taxes and National Insurance

Significant further increases in tax on property and savings income were announced. From 6 April 2027, both categories will be taxed at rates four percentage points above the current rates, rather than the two-point increase announced in Budget 2025. The comparison below applies to England, Wales and Northern Ireland for property income, and UK-wide for savings income.

The rates announced in Budget 2025 were 22%, 42% and 47% for 2027/28. Budget 2026 increases those planned rates by a further two percentage points, to 24%, 44% and 49%.

Income / band	Current 2026/27	2025 planned 2027/28	New 2027/28
Property – Basic	20%	22%	24%
Property – Higher	40%	42%	44%
Property – Additional	45%	47%	49%
Savings – Basic	20%	22%	24%
Savings – Higher	40%	42%	44%
Savings – Additional	45%	47%	49%

Property income broadly comprises profits from UK or overseas property businesses, including rents and other receipts from letting land and buildings. HMRC also includes certain property income distributions from investment funds. It is not the same as gains realised on selling property, which fall within CGT.

Savings income broadly comprises interest on bank and building society accounts, interest on securities and other taxable interest, together with certain other income taxed as savings income (including relevant gains on life insurance policies). Dividends are a separate category and do not fall within the new savings rates. As a reminder, the income tax rates for dividends increased in the 2025 Budget but no further increase has been announced this year.

The starting rate for savings and the Personal Savings Allowance remain unchanged. The property allowance and Rent a Room Scheme also remain unchanged. Residential property finance cost relief will be calculated at the new property basic rate of 24%, subject to the final consequential legislation.

The trading allowance and Self Assessment trading income reporting threshold will increase from £1,000 to £3,000 from 6 April 2027.

Employment Taxes and Pensions

The Government has previously announced planned changes concerning the tax treatment of employment-related image rights arrangements. The implementation of these changes has been delayed by a year to 5 April 2028, with the legislation to be introduced in the 2026/27 Finance Bill. Further details on scope to follow shortly.

The Company Share Option Plan individual option limit will increase to £120,000, and the exercise period will extend to 15 years, from 6 April 2027. Changes to EMI include extending the exercise window following disqualifying events to 180 days.

Most benefits in kind will become subject to mandatory payrolling: cars, vans, fuel and medical benefits from 6 April 2027, and most remaining benefits from 6 April 2028.

The two-year payment rule for pension death benefits will be removed for payments made on or after 28 October 2026, so qualifying benefits will not become taxable solely because of late payment.

Changes will be made to the income tax assessment of excess pension lump sum death benefits, with some provisions applying retrospectively.

Capital Gains Tax

No changes were made to the rates of capital gains tax.

The lifetime limit for Business Asset Disposal Relief will fall from £1 million to £500,000 for qualifying disposals from 6 April 2027. Transitional provisions apply to certain earlier contracts and reorganisations.

A new Founders' Relief is proposed for qualifying disposals of shares or securities from 6 April 2027, offering a 10% CGT rate for qualifying "founders" on lifetime gains of up to £10M. The detailed conditions are subject to consultation closing on 30 November 2026.

A CGT exit charge easement will apply where a trust becomes UK resident because a trustee moves to the UK and ceases UK residence later that tax year or the following tax year. Effective from 28 October 2026.

The gains attribution rules for non-resident close companies will be extended to protected cell companies from 28 October 2026.

Certain transfers into and out of qualifying cryptoasset lending and liquidity pool arrangements will be on a no-gain/no-loss basis from 6 April 2027.

Inheritance Tax

From 28 October 2026, new provisions will govern the deduction of liabilities incurred by trustees when valuing settled property, including anti-avoidance restrictions concerning liabilities funded by value originating from a beneficiary's estate.

Technical changes will support the inclusion of most unused pension funds and death benefits within estates for IHT purposes from 6 April 2027, including arrangements for payment of IHT by pension scheme administrators.



Business and Corporate Taxes

The main corporation tax rate will remain 25% and the small profits rate 19% for the financial year beginning 1 April 2028.

The main-rate first-year capital allowance will increase to 50% for expenditure incurred from 1 January 2027; the main-rate writing-down allowance will reduce to 12% from April 2027.

The foreign permanent establishment exemption will become mandatory for corporation tax accounting periods beginning on or after 1 January 2027 (previously announced).

The Advance Tax Certainty Service investment threshold will be reduced from £1 billion to £300 million from 4 November 2026.

Changes to the SEIS, EIS and VCT regimes will address technical issues, with most taking effect from 6 April 2027.

SDLT group relief clawback rules will be amended from 29 October 2026 so that winding up the vendor does not prevent clawback where the purchaser subsequently leaves the group.

From April 2027, the VAT reverse charge on overseas services will apply only where the UK recipient is VAT registered; overseas suppliers to unregistered UK businesses will instead be required to account for UK VAT.

Further Information and Advice

For further information or advice, please speak to your usual Verfides contact, or email or call the Tax Team:
tax_team@verfides.com; +44 20 7930 7111.

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