Clear House Accountants

Autumn Budget Summary 2026

On 28 October 2026, Chancellor of the Exchequer John Healey delivered the Autumn Budget, announcing changes affecting personal taxation, savings, business investment, employment, energy costs, housing and tax administration. The Budget focuses on supporting households and businesses facing higher costs, encouraging investment and maintaining fiscal stability.

Economic and Fiscal Outlook

The Budget responds to higher energy costs and wider global pressures while aiming to support economic growth. The Office for Budget Responsibility (OBR) has reduced its 2027 growth forecast from 1.6% to 1.0% and increased its 2027 inflation forecast from 2.0% to 3.4%. The government is forecast to meet its fiscal rules, with £15 billion of headroom against the current budget rule in 2029-30.

Increased Tax on Property and Savings Income

From 6 April 2027, Income Tax rates on property income in England, Wales and Northern Ireland will be 24% for the basic rate, 44% for the higher rate and 49% for the additional rate. The same rates will apply to savings income across the UK. The main rates of Income Tax on earnings remain unchanged.

These changes may increase tax liabilities for landlords and savers with taxable income in the affected categories.

Cash ISAs and Pension Tax Allowance

The annual Cash ISA allowance will remain at £20,000 from April 2027, reversing the previously planned reduction. A new Pension Tax Allowance will also be introduced from April 2027 to help prevent pensioners with total income up to the value of the full new State Pension from becoming liable for Income Tax. The allowance is scheduled to apply until April 2030.

Business Investment and Capital Gains Tax

The lifetime limit for Business Asset Disposal Relief will fall from £1 million to £500,000 for qualifying disposals made on or after 6 April 2027. A new Founders' Relief will offer qualifying founders of high-growth, innovative companies a 10% Capital Gains Tax rate on up to £10 million of lifetime gains from the same date. Detailed eligibility conditions remain subject to technical consultation.

The main rate of writing-down allowances will fall from 14% to 12% from April 2027, while the main rate first-year allowance will increase to 50% for qualifying expenditure from 1 January 2027. The Trading Allowance will also rise from £1,000 to £3,000 from 6 April 2027.

Employee Share Schemes

From 6 April 2027, the individual option limit under the expanded EMI2 scheme, formerly the Company Share Option Plan (CSOP), will increase from £60,000 to £120,000. The changes are intended to give eligible growing businesses greater flexibility to offer tax-advantaged share options to employees.

Business Rates and Employment Costs

From April 2027, the Small Business Rate Relief thresholds in England will increase, allowing an additional 70,000 retail, hospitality and leisure (RHL) businesses to pay no business rates. Other qualifying RHL properties will benefit

from a two-year real-terms freeze in business rates bills. Relief for pubs, social clubs and eligible live music venues will increase from 15% to 35%.

The National Living Wage for workers aged 21 and over will rise by 3.9% to £13.21 per hour from April 2027. The rate for workers aged 18-20 will increase to £11.27, while the rate for workers aged 16-17 and eligible apprentices will rise to £8.31.

For cars and vans, the 55p-per-mile rate for the first 10,000 business miles in a tax year was announced earlier in 2026 and is being made permanent. From 6 April 2027, the rate for business mileage above 10,000 miles will increase from 25p to 35p per mile.

Energy Costs and Household Support

The temporary 0% VAT rate on qualifying domestic electricity supplies in Great Britain will continue until 1 July 2027, with the annual Ofgem price cap expected to fall by around £ 50 in April 2027. Comparable support is expected to apply in Northern Ireland from April 2027. A £100 Household Energy Payment will be available to eligible households in England in council tax bands A-D from January 2027.

The government has also asked Ofgem to abolish domestic gas standing charges by the end of 2027, or as soon as possible afterwards. The temporary 5p-per-litre fuel duty cut will be extended to 1 July 2027, when the cut is scheduled to be reversed, and the planned Retail Prices Index (RPI) increase deferred to that date. Single bus fares in England outside London will be capped at £2 for one year from 1 January 2027.

Housing and First-Time Buyers

A new First-Time Buyer ISA will be introduced from 6 April 2029, replacing the Lifetime ISA for new savers. It will allow contributions of up to £4,000 a year and provide a 25% government bonus on the account balance at the time of a qualifying withdrawal for a first home worth up to £450,000. The bonus will be capped at £20,000. Existing Lifetime ISA holders will be able to continue contributing to and using their accounts under the existing rules.

The £4.7 billion Your First Home scheme is an equity-loan scheme in England intended to support around 70,000 first-time buyers onto the housing ladder, supporting the delivery of an estimated 20,000 new homes. An additional £1.5 billion will support the delivery of around 10,000 social and affordable homes in England.

Tax Compliance and Reporting

VAT e-invoicing will become mandatory from 1 April 2029. From October 2027, online marketplaces will be responsible for collecting VAT on sales by UK VAT-registered businesses and by other UK businesses with annual sales of at least £90,000 through the relevant platform. The rules will not apply to personal sales, second-hand goods or business-to-business transactions.

From April 2029, Income Tax Self Assessment taxpayers who currently make Payments on Account will be required to make more regular payments towards their tax bills during the year.

Direct debit arrangements will be required for VAT return liabilities from 1 April 2029, and PAYE return liabilities from 6 April 2029, subject to defined exceptions. Businesses will still be able to use other payment methods before a specified cut-off date; the direct debit will collect any balances that remain unpaid.

From July 2029, HMRC is expected to gain a new power to recover lower-value tax debts through regular instalments directly from the bank accounts of individuals and companies that can afford to pay but repeatedly fail to do so. Safeguards and the operational framework are to be developed before the measure is introduced through legislation.

Other Business Tax Changes

The Bank Corporation Tax Surcharge will temporarily increase from 3% to 6% for 15 months, from 1 January 2027 to 31 March 2028, before returning to 3%. Machine Games Duty will rise from 20% to 25% from April 2027 for machine games with stakes

over £1 or prizes over £100. Small Producer Relief in the Alcohol Duty system will also become more generous, providing an estimated £10 million of support each year to more than 2,000 small alcohol producers across the UK.

Budget Implications for Individuals and Businesses

- Landlords and savers should review their tax projections in light of the higher rates on property and savings income from April 2027.
- Business owners considering a sale should assess the reduced Business Asset Disposal Relief limit, while eligible founders of high-growth, innovative companies should review the conditions for Founders' Relief.
- Employers should account for higher minimum wage rates and review payroll budgets and mileage arrangements for cars and vans.
- Retail, hospitality and leisure businesses should check their eligibility for business rates relief and prepare for the changes taking effect from April 2027.
- Businesses should prepare for the upcoming e-invoicing and payment requirements, while Self Assessment taxpayers making Payments on Account should plan for more regular payments from April 2029.