Your 2026 Autumn Budget update and what it could mean for you

The Chancellor delivered the Autumn Budget on 28 October 2026, announcing a wide range of measures affecting households, savers, pensioners and businesses.

The government reaffirmed its commitment not to increase the headline rates of Income Tax on earnings, National Insurance contributions or VAT. However, the Budget included targeted tax changes, additional support with energy costs and a package of measures intended to encourage business investment and economic growth.

In this update, we look at some of the principal announcements and explain how they could affect you, your family or your business.

No increases to the main rates of Income Tax, National Insurance or VAT

The Chancellor confirmed that there would be no increase to the headline rates of:

- Income Tax on earnings
- National Insurance contributions
- VAT

The government also reaffirmed its commitment to the 2024 Corporate Tax Roadmap, including the 25% headline rate of Corporation Tax and the retention of full expensing.

Existing freezes to a number of tax thresholds and allowances will remain in place. These include:

- the Income Tax Personal Allowance of £12,570;
- the Income Tax thresholds; and
- the Inheritance Tax nil-rate bands.

Freezing these thresholds can result in more people paying tax, or paying tax at a higher rate, as their income or the value of their assets increases.

The previously announced inclusion of most unused pension funds and pension death benefits within the scope of Inheritance Tax is also due to proceed from 6 April 2027.

The Cash ISA limit will remain at £20,000

The government has reversed the planned reduction in the annual Cash ISA allowance. This means the limit will remain at £20,000 from 6 April 2027.

Using an ISA allows eligible savings and investments to grow free from UK Income Tax and Capital Gains Tax, subject to the relevant rules and annual limits.

The Budget also announced several other ISA-related measures:

- A new First-Time Buyer ISA is expected to replace the Lifetime ISA for new savers from April 2029.
- The new account is expected to allow annual contributions of up to £4,000, with a 25% government bonus.
- The bonus will be available when the funds are withdrawn for a qualifying first-home purchase, subject to the applicable conditions.
- Existing Lifetime ISA holders will be able to continue contributing to their accounts.
- The government intends to address the effect of the Lifetime ISA withdrawal charge where a first home costs more than the qualifying property limit.
- The government will work with the investment industry to explore a new incentive for people investing in a Stocks and Shares ISA for the first time.

Some of these proposals remain subject to further consultation and detailed rules.

Higher raters of Income Tax on property and savings income

The rates of Income Tax applying to taxable property and savings income are due to increase by a further two percentage points from 6 April 2027.

Budget 2025 had already announced a two percentage point increase from this date. The further increase announced in the 2026 Budget will therefore result in a total increase of four percentage points compared with the current rates.

The existing main rates of Income Tax in England, Wales and Northern Ireland are:

- basic rate: 20%;
- higher rate: 40%; and
- additional rate: 45%.

From 6 April 2027, the corresponding rates applying to taxable property and savings income are expected to be:

- basic rate: 24%;
- higher rate: 44%; and
- additional rate: 49%.

Existing tax-free savings allowances will continue to apply. The Personal Savings Allowance is currently:

- £1,000 for basic-rate taxpayers;
- £500 for higher-rate taxpayers; and
- £0 for additional-rate taxpayers.

Interest earned within an ISA will remain tax-free.

The government estimates that 84% of Income Tax payers will be unaffected by the changes to the taxation of property and savings income.

Individuals with significant savings outside an ISA, or income from residential or commercial property, should consider how the changes could affect their tax position from April 2027.

Support for new and growing businesses

The Budget included several measures intended to support entrepreneurs and small businesses.

Trading Allowance increased to £3,000

The Income Tax Trading Allowance will increase from £1,000 to £3,000 from 6 April 2027.

The allowance can exempt up to the specified amount of qualifying gross trading or miscellaneous income from Income Tax. However, whether it is beneficial to claim the allowance rather than deduct actual business expenses will depend on the individual's circumstances.

Young Entrepreneurs Allowance

The government will pilot a new Young Entrepreneurs Allowance. Successful applicants will receive support towards their living costs during the first year of their business.

Detailed eligibility requirements, the amount of support and the application process are still to be confirmed.

Support for women founders

The British Business Bank has developed a pipeline of commitments to women-led funds worth more than £100 million. The Budget also referred to wider programmes intended to address barriers affecting women founders and women working in the technology sector.

More regular Self Assessment payments

From April 2029, Self Assessment taxpayers who make payments on account are expected to move towards smaller and more regular payments towards their tax liabilities.

Further implementation details will be needed before taxpayers can assess how the new arrangement will affect their cash flow and administrative responsibilities.

Parental support for self-employed fathers and partners

From April 2029, eligible self-employed fathers, partners and adopters in Great Britain will become eligible for a new Parental Allowance.

The measure is intended to provide two weeks of financial support, although eligibility conditions and the final payment arrangements will be set out separately.

Changes to business rates

From April 2027, the Small Business Rates Relief thresholds for qualifying retail, hospitality and leisure properties in England will increase:

- the threshold for 100% relief will rise from a rateable value of £12,000 to £18,000; and
- tapered relief will apply to qualifying properties with rateable values of up to £21,000, increased from £15,000.

The government estimates that the change will take around 70,000 additional high-street businesses out of business rates.

Qualifying retail, hospitality and leisure businesses will also benefit from other measures, including:

- additional relief for pubs, social clubs and eligible live music venues;
- a two-year real-terms freeze in qualifying business rates bills; and
- an extension of transitional support for certain small businesses.

The detailed eligibility conditions will be important, particularly for businesses with multiple premises or properties used for more than one purpose.

Changes to capital allowances

The Budget announced changes to the tax relief businesses can claim on qualifying capital expenditure.

From April 2027, the main rate of writing-down allowances will reduce from 14% to 12%.

From 1 January 2027, the main rate First Year Allowance will increase from 40% to 50%, while full expensing will remain available to qualifying companies.

The timing, type and ownership of capital expenditure can affect the relief available. Businesses considering significant investment in plant, machinery, equipment or other qualifying assets should therefore review their expenditure plans before the new rules take effect.

New Founders' Relief

A new Capital Gains Tax Founders' Relief will be introduced from 6 April 2027.

The relief will offer a reduced 10% Capital Gains Tax rate on qualifying disposals, subject to a lifetime limit of £10 million in gains. It is intended to support qualifying founders of high-growth, innovative UK companies.

Detailed eligibility requirements are still being developed. These are expected to include conditions relating to the company, the founder's involvement and the nature and growth of the business.

Individuals should therefore not assume that a disposal will qualify until the legislation and supporting guidance are available.

Business Asset Disposal Relief lifetime limit reduced

The lifetime limit on gains qualifying for Business Asset Disposal Relief will reduce from £1 million to £500,000 from 6 April 2027.

The government estimates that three-quarters of claimants will continue to receive relief on their entire qualifying gain.

The reduction could nevertheless be significant for business owners considering a future sale, retirement or succession plan. The availability of the relief depends on several conditions, including the nature of the business, the individual's shareholding and the length of the qualifying ownership period.

Reform of company distributions

The government intends to modernise the rules governing how payments and distributions from companies to individual shareholders are taxed.

The stated aim is to ensure similar transactions are taxed consistently and to reduce opportunities to extract profits using a more favourable tax treatment.

The government has said that the reforms will protect capital treatment for genuine changes in ownership, including some family business successions. Draft legislation will be subject to consultation ahead of implementation in April 2028.

Reform of non-compete clauses

The government has confirmed its intention to legislate so that non-compete clauses are no longer an unnecessary barrier to recruitment or to employees moving jobs.
The reforms are expected to apply across the economy. Employers should review their contracts when the legislation and implementation timetable are published.

State Pension and the triple lock

The government has confirmed that the State Pension triple lock will remain in place for the duration of the current Parliament.

The State Pension is therefore expected to continue rising each year by the highest of:

- 2.5%;
- inflation; or
- earnings growth.

From April 2030, the triple lock is expected to be adjusted so that the State Pension increases by the highest of inflation, 2.5%, or the amount needed to maintain its value relative to earnings at the level reached in April 2029.

The longer-term reform is intended to place the State Pension on a more sustainable footing while continuing to provide annual increases.

A new Pension Tax Allowance

The full new State Pension is expected to rise by 3.9% in April 2027, taking it above the current Income Tax Personal Allowance of £12,570 a year.

To prevent pensioners whose only income is the full new State Pension from being brought into Income Tax solely because of the increase, the government will introduce a Pension Tax Allowance.

The allowance is expected to protect pensioners whose total income does not exceed the value of the full new State Pension. It will apply from 6 April 2027 until April 2030, after which the government will consider the arrangements required alongside the reform of the triple lock.

Pensioners with private pensions, employment income, savings income or other taxable income may still have an Income Tax liability.

Support for first-time buyers

The government has confirmed £4.7 billion for the new Your First Home equity-loan scheme, which is intended to support eligible first-time buyers purchasing qualifying new-build homes in England.

Under the proposed scheme:

- the government will provide an equity loan worth up to 20% of the purchase price;
- buyers will generally require a deposit of at least 2.5%;
- the equity loan will be interest-free for five years; and
- household income limits and regional property price caps will apply.

The government expects the scheme to help around 70,000 households onto the property ladder.

Prospective buyers should wait for the final scheme rules and consider the longer-term implications of an equity loan, including how repayment is calculated if the property's value changes.

Support with household energy costs

The Budget included several measures intended to reduce household energy costs.

VAT on domestic electricity

The temporary reduction in VAT on domestic electricity from 5% to 0% will apply from 1 October 2026 until 1 July 2027.

The government expects the measure to reduce the annual Ofgem price cap by around £50 from April 2027.

£100 Household Energy Payment

Eligible households in Council Tax bands A to D in England will receive a £100 Household Energy Payment from January 2027.

The payment will be delivered through local authorities and is expected to support up to 20 million households. Devolved governments will receive corresponding funding through the Barnett formula.

Gas standing charges

The government intends to abolish domestic gas standing charges in Great Britain from 2027 onwards.

The underlying costs will not disappear altogether and are expected to be reflected elsewhere in the charging structure. The effect on individual households will therefore depend on their gas consumption, with targeted support planned for those adversely affected.

Fuel duty

The temporary 5p-per-litre reduction in fuel duty will be extended until 1 July 2027. The planned Retail Prices Index increase will also be deferred until that date.

The government has also extended the reduction in the duty charged on red diesel and maintained the existing road tax support for most heavy goods vehicles until 1 July 2027.

Tax-free business mileage rates

The temporary mileage rate of 55p per mile for the first 10,000 qualifying business miles travelled in an employee's or self-employed person's own car or van will be made permanent. From 6 April 2027, the rate for qualifying business mileage above 10,000 miles will increase from 25p to 35p per mile.

The rules apply only to qualifying business travel. Ordinary commuting between a person's home and permanent workplace does not normally qualify.

Employers should review their mileage policies and payroll procedures to ensure the appropriate rates are applied.

National Minimum Wage and National Living Wage

National Minimum Wage and National Living Wage rates will increase by 3.9% from April 2027.

Employers should review their payroll arrangements before the new rates take effect. They should also consider workers whose salaries are already above the statutory minimum, as deductions or unpaid working time can sometimes cause an inadvertent breach.

New HMRC tax-debt recovery powers

The Budget included further measures to close tax loopholes, improve compliance and recover unpaid tax.

From July 2029, HMRC is expected to receive additional powers to recover lower-value tax debts through regular instalments taken directly from the bank accounts of individuals and companies that can afford to pay but repeatedly fail to do so.

Safeguards and detailed operating rules will be developed before the powers are introduced.

Other measures for individuals and families

The Budget included a number of additional announcements.

Carer's Allowance

The government plans to introduce an earnings taper for Carer's Allowance in England and Wales during 2030/31.

The change is intended to remove the current cliff edge under which an individual can lose their entire entitlement after earning slightly more than the Weekly Earnings Limit.

Temporary removal of import tariffs

Import tariffs will be temporarily suspended on a range of food, drink and household products.

The measures also cover certain fertilisers and kerosene used as heating oil, with different end dates applying to different products.

Support for children's organisations

The government will provide up to £5 million a year for three years from 2027/28 to improve children's access to books, including through programmes supporting families with children aged from birth to five.

Welfare reform

The government intends to publish further proposals on working-age welfare reform. The detailed changes, eligibility conditions and implementation timetable will be set out separately.

Temporary increase in the Bank Corporation Tax Surcharge

The Bank Corporation Tax Surcharge will increase temporarily from 3% to 6%.

The higher rate will apply for 15 months, from 1 January 2027 to 31 March 2028. The revenue will help fund support with household energy costs.

Investment in AI and national security

The Budget announced additional investment in the UK's AI and cyber-security capabilities, including:

- £120 million for the AI Security Institute;
- £165 million for a new National AI Biosecurity Initiative;
- £154 million to strengthen cyber defences;
- £40 million to establish a National Agentic Security Unit; and
- an additional £140 million for the Sovereign AI Unit.

The government also plans to introduce a Data Centre Covenant setting out the standards expected of strategically important data centres, including their contribution to local communities and the UK's wider economic interests.

Defence spending and support for Ukraine

The government intends to increase defence spending to 3% of GDP by 2030 and 3.5% by 2035.

It is also making available more than £10 billion of additional financial support to Ukraine. This is alongside the existing commitment to provide £3 billion a year in military support until 2030/31, or for as long as required.

GDP, government debt and the economic outlook

The Office for Budget Responsibility has increased its UK economic growth forecast for 2026 to 1.2%.

The UK recorded joint-fastest growth in the G7 during the first half of 2026. However, international conflict, higher energy prices and rising borrowing costs continue to place pressure on households, businesses and the public finances.

The OBR estimates that the UK will spend an average of £14 billion more each year on government debt interest compared with its Spring forecast.

The government's plans are intended to reduce borrowing over the forecast period. Public sector net financial liabilities as a proportion of GDP are forecast to be:

- 83.2% in 2026/27;
- 83.8% in 2027/28;
- 83.8% in 2028/29;
- 83.1% in 2029/30;
- 82.3% in 2030/31; and
- 81.7% in 2031/32.

The OBR expects GDP growth of:

- 1.2% in 2026;
- 1.0% in 2027;
- 1.6% in 2028;
- 1.8% in 2029;
- 1.7% in 2030; and
- 1.6% in 2031.

Economic forecasts remain subject to uncertainty and may change as economic and geopolitical conditions develop.

Greater fiscal devolution

The Budget sets out a roadmap for greater fiscal devolution, giving local leaders more control over funding and investment decisions.

A new Good Growth Fund will provide £285 million in 2027/28. This comprises:

- £165 million for places with a mayor in place during 2027; and
- £120 million of incubator capital funding for areas moving towards a devolution agreement or strategic authority.

A separate £1.5 billion borrowing facility will become available to Mayoral Strategic Authorities from April 2028 to support locally determined growth projects.

The devolved governments will receive additional funding through the Barnett formula.

What happens next?

A Budget announcement does not always mean that a measure takes immediate effect.

Some of the policies announced on 28 October 2026 will require:

- consultation;
- primary or secondary legislation;
- technical guidance from HMRC or another government department; or
- further details about eligibility and implementation.

Businesses and individuals should therefore consider both the announcement and the final legislation before taking action. Please contact your usual adviser at RPG by calling 0161 608 0000 or email info@rpg.co.uk if you would like any further information.

Please note

This summary is based on information published by HM Treasury following the Autumn Budget on 28 October 2026. Some measures remain subject to consultation, legislation or detailed implementation guidance.

The content is intended for general information purposes only. It does not constitute tax, financial, legal or investment advice and should not be relied upon as a substitute for advice based on your individual circumstances.

While we have taken care to ensure that the information is accurate at the date of publication, the position may change as further legislation, consultations and guidance are published.

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For further information about how we can help, please speak to your usual RPG contact or email info@rpg.co.uk . Last date reviewed October 2026 – please do not rely on this document alone and seek advice to take into account your own circumstances.

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