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ACCA Think Ahead

A guide to the Autumn Budget 2026

The Chancellor delivered his Budget highlighting intentions to modernise many of the tax areas and made a series of announcements relating to businesses, individuals and their agents.

Within the Budget documents, a number of changes have been detailed which will impact on business investment planning and cashflow.

As with previous budgets, complexity may increase as we will see a number of consultations and further details shared over the next few weeks.

Key measures announced by the Chancellor in the Autumn Budget 2026 are summarised within this Guide.

Income tax rates: England, Wales & Northern Ireland (non-dividend income)	2027/28	2026/27
0% starting rate for savings only	Up to £5,000	Up to £5,000
0% on personal allowance (subject to any clawback of PA)	£0–£12,570	£0–£12,570
20% basic rate tax (except property and savings income)	£12,571–£50,270	£12,571–£50,270
24% basic rate tax (property and savings income)	£12,571–£50,270	n/a
40% higher rate tax (except property and savings income)	£50,271–£125,140	£50,271–£125,140
44% higher rate tax (property and savings income)	£50,271–£125,140	n/a
45% additional rate tax (except property and savings income)	Above £125,140	Above £125,140
49% additional rate tax (property and savings income)	Above £125,140	n/a
Income tax rates (dividend income)	**2027/28**	**2026/27**
Dividend allowance	£500	£500
Dividend ordinary rate (for dividends within basic rate band)	10.75%	10.75%
Dividend upper rate (for dividends within higher rate band)	35.75%	35.75%
Dividend additional rate (for dividends above higher rate band)	39.35%	39.35%

BUSINESSES

Corporation tax

Budget 2025 extended the 100% first year allowances (FYA) for qualifying expenditure on zero emission cars and the 100% FYA for qualifying expenditure on plant or machinery for electric vehicle (EV) charge points until 31 March 2027 for corporation tax purposes, and 5 April 2027 for income tax purposes. This has not been extended in the Budget 2026 and the 100% FYA rate will end on the above dates.

As part of modernising the administration of corporation tax submission, the government will be publishing a Call for Evidence on the future administration of Corporation Tax, seeking views on how a modernised Corporation Tax administration system could better support companies to report and pay the right amount of tax first time.

No other major announcements related to corporation tax were included in the Budget 2026.

MTD
As previously announced Making Tax Digital (MTD) for Income Tax will be extended to sole traders and landlords with income over £30,000 from April 2027 and for those with income over £20,000 from April 2028.

Taxpayers joining MTD for income tax in April 2027 will not receive penalty points for late submission of their first four quarterly updates for the tax year 2027-28.

The government previously announced a one-year deferral for several small groups of taxpayers (recipients of trust and estates income, individuals who use averaging adjustments, those eligible for qualifying care relief, and non-UK resident foreign entertainers or sportspeople). The roll-out of MTD to these taxpayer groups will now be deferred until further notice.

Increase in National Minimum Wage and other employment opportunities
On 1 April 2027, the National Living Wage will increase by 3.9% to £13.21 per hour; the National Minimum Wage will increase by 3.9% to £11.27 per hour for 18 to 20-year-olds and by 3.9% to £8.31 per hour for 16 to 17-year-olds and eligible apprentices; and the accommodation offset will rise by 3.9% to £11.53 per day.

Rates relief
Small Business Rates Relief thresholds for Retail, Hospitality and Leisure (RHL) – The government is increasing the SBRR eligibility thresholds for qualifying RHL properties in England from 1 April 2027. The threshold for 100% relief will increase to a rateable value of £18,000, and the threshold for tapered relief will increase to a rateable value of £21,000. These thresholds will provide ongoing support to qualifying properties, with their level kept under review alongside the 2029 revaluation.

The government will extend the existing Transitional Relief Supplement in England for a further two years. This 1p supplement only affects properties that have seen smaller increases or reductions in their business rates bills and will help fund the two-year real-terms freeze for qualifying RHL properties.

SDLT
From 1 May 2026, Stamp Duty Land Tax (SDLT) no longer applies to the rent element of assured tenancies, and tenants are no longer required to file SDLT returns solely because rent is payable under an assured tenancy.

Modernisation of the Stamp Taxes on shares framework
From late 2027, the new Securities Transfer Tax will replace Stamp Duty and Stamp Duty Reserve Tax. The government will introduce legislation in Finance Bill 2026–27, with the changes coming into force through a commencement order in late 2027.

IHT
From 6 April 2027 most unused pension funds and pension death benefits will be brought within the value of a person's estate for inheritance tax purposes from 6 April 2027. This was legislated for in Finance Act 2026.

The government will also introduce legislation allowing those administering an estate to decide whether notional pension property included in the 'general' component of the estate or as a separate component for the purposes of calculating the reduced rate of inheritance tax when part of the estate is left to charity.

No other rate changes for Inheritance tax have been announced, and the thresholds remain frozen until April 2031.

HMRC is also working on the digitisation of IHT. The new digital Inheritance Tax service will allow executors and representatives to manage and complete IHT cases online, with faster processing, clear guidance, and reduced manual intervention and improved compliance.

CGT
From 6 April 2027 the lifetime limit of how much Business Asset Disposal Relief (BADR) an individual can claim will be reduced from £1,000,000 to £500,000.

From 6 April 2027, gift holdover relief will be extended through a revised calculation that takes account of assets within the intangible fixed assets regime and shares qualifying for the substantial shareholding exemption.

Introduction of a new relief for founders
From 6 April 2027, Founders' Relief will introduce a 10% Capital Gains Tax rate on qualifying disposals of shares or securities, subject to a £10 million lifetime limit. The relief is intended to support founders and early investors who have made a significant, long-term contribution to developing high-growth and innovative UK companies.

Capital allowances
From 1 January 2027 the new First-Year Allowance of 40% for main-rate assets will be increased to 50%. The relief will be applying to certain assets beyond the current availability of full expensing and the AIA. This will enable the leasing sector, which is currently excluded, to now be eligible for first year allowances. Cars, second-hand assets and assets for leasing overseas will not be eligible.

With effect from 1 April 2027 for Corporation Tax and 6 April 2027 for Income tax the main rate writing-down allowance will be reduce from 14% to 12%. A hybrid rate will apply to chargeable periods spanning the relevant date.

VAT Thresholds
There have been no announcements to the VAT thresholds and registration/deregistration limits or rates applicable to various products and services.

E-invoicing
The government will require VAT invoices to be issued in a specified electronic format from 1 April 2029. The government has published an implementation roadmap, which sets out the key elements of the e-invoicing regime, and by April 2028 will provide full details on the policy and technical design of e-invoicing. The government has also published a consultation on potential future uses of structured invoice data generated through e-invoicing.

VAT online marketplace liability (OMPL)
Subject to the rules being finalised, from October 2027, VAT OMPL rules will be extended to UK businesses. Online marketplaces will be responsible for collecting VAT on sales by UK VAT-registered businesses and any other UK business with a minimum annual sales threshold per platform of £90,000. The rules will not apply to non-business (i.e. personal) sales, second-hand goods, or business-to-business transactions.

Reverse charge
From April 2027, the VAT reverse charge for B2B supplies of services from overseas will be restricted to cases where the receiving UK business is VAT registered. Where the UK business is not VAT registered, the overseas supplier will be required to charge and account for UK VAT. The government will introduce legislation in Finance Bill 2026–27 to implement this change.

Research & Development (R&D) claims
From 1 April 2027 the R&D Claim Notification Form (CNF) requirement will be removed for claims made on or after that date. This removes the challenging requirement for a business to make a pre-notification to HMRC that it intends to make an R&D tax relief claim.

In addition, from autumn 2027, HMRC will rationalise the Additional Information Form (AIF) that companies must submit to HMRC in support of an R&D tax relief claim. The improvements will include reducing unnecessary duplication, improving the information requested on contracting and on externally provided workers, and providing greater clarity on project information requirements and the Enhanced R&D Intensive Support intensity ratio.

Close company reporting
Following consultation on company payments to participators, the government will not implement the proposed new reporting requirements at this time.

INDIVIDUALS

Income tax
The Autumn Budget 2025 extended the freeze on personal tax thresholds – ie personal allowance, basic and higher-rate thresholds for income tax at the current level of £12,570 and £50,270 – until 2030-31.

Whilst no further tax rises on employment or dividends were announced, from April 2027, tax rates on property and savings income will increase by a further 2% on top of the previously announced 2% increase. The property tax rates will apply across England, Wales and Northern Ireland, whilst the savings tax rates will apply across the whole of the UK. The rates applicable from April 2027 will increase as follows:

- 20% to **24%** (basic rate)
- 40% to **44%** (higher rate)
- 45% to **49%** (additional rate)

Company Share Option Plan (CSOP) and Enterprise Management Incentives (EMI) schemes
From 6 April 2027, the individual option limit under the Company Share Option Plan (CSOP) will increase from £60,000 to £120,000, doubling the value of share options that employees can hold under the scheme.

From 6 April 2027, changes to the Company Share Option Plan (CSOP) and Enterprise Management Incentives (EMI) schemes will increase the individual CSOP option limit to £120,000, remove the interaction between the CSOP and EMI individual option limits, and extend the CSOP exercise period to 15 years. The changes will also extend certain exceptions to the disguised remuneration rules to 15 years, widen the EMI exception for companies arranging to become controlled by an Employee Ownership Trust (EOT), and extend the EMI exercise window following disqualifying events to 180 days.

National Insurance
For the 2027–28 tax year, the Class 1 Lower Earnings Limit and Class 2 Small Profits Threshold, along with voluntary Class 2 and Class 3 National Insurance contribution rates, will be uprated in line with September CPI inflation of 3.5%. The remaining National Insurance limits and thresholds will be frozen at 2026–27 levels until 2030-31.

National Insurance on pension salary sacrifice schemes
As announced in the previous Budget, from April 2029 the amount of employee pension contributions made through salary sacrifice that is exempt from National Insurance contributions (NICs) will be capped at £2,000 per year.

Employees who contribute up to £2,000 into their pension each year via salary sacrifice can continue to benefit in full, but employee and employer NICs will be charged in the usual way on the amount above £2,000.

The government also confirmed that employees who use salary sacrifice to access Tax-Free Childcare or Child Benefit can continue to do so, but any pension contributions above the £2,000 cap will now be subject to NICs.

Trading and Miscellaneous Income Allowance
From 6 April 2027, the UK tax-free Trading Allowance and self-assessment reporting threshold will both increase from £1,000 to £3,000

Approved Mileage rates
The government is permanently increasing tax-free mileage rates for employees and self-employed people who use their own car or van for work. The tax-free, per mile rate will be 55p for the first 10,000 miles (from April 2026) and 35p per mile (from April 2027) for mileage above 10,000 miles.

More timely payment for self-assessment
From April 2029, the government will require Income Tax Self Assessment (ITSA) taxpayers who are liable to make Payments on Account to pay more of their tax payments in year, through direct debit by default. Those who also have PAYE income may be able to elect for payments to be settled via PAYE.

HMRC has said it will release a new web and app functionality for ITSA taxpayers to estimate their liability, make voluntary payments towards it and track how their payments are covering their forecasted tax liability. The budget documents say this functionality will become available in 2028, supporting taxpayers to proactively make pre-payments and prepare for the transition to the new arrangements from April 2029.

The government has indicated an intention to “design arrangements that reflect the realities of self-employment, responding to the concerns raised through the consultation. This includes considering the appropriate frequency of payments, how taxpayers can update forecasts when their income changes, and what safeguards and flexibilities may be needed for taxpayers experiencing cashflow difficulties”.

Further detail will be published next year on:

- the frequency and timing of in-year payments
- the safeguards and flexibilities needed for taxpayers facing financial difficulty
- approach to compliance, including penalties and interest
- communications and support for customers
- detail on how the transition to the new arrangements will work

Payment of VAT and PAYE liabilities by direct debit
From April 2029, businesses will be required to set up a Direct Debit instruction for HMRC VAT and PAYE return payments unless exempt. However, HMRC have stated that the DD mandate will only be used as a safeguard to collect any return liability which remains unpaid at the due date; businesses will retain the flexibility in how they pay before the due date.

HMRC has indicated that it will work with stakeholders and use the time before the change is introduced to address concerns around misallocations, system errors and compatibility with the direct debit process.

Individual Savings Accounts (ISA)
The government has decided not to reduce the cash ISA limit, so that it remains at £20,000.

From April 2029, a new First Time Buyer will replace the Lifetime ISA for new savers. It will provide a 25% bonus on the final account balance up to a maximum of £20,000, paid on withdrawal, towards a purchase of a first home worth up to £450,000. Existing Lifetime ISA holders will be able to continue contributing to and using their accounts under the current rules.

OTHER

Investing in HMRC's debt management capacity
The government will invest a further £70 million over the next five years in HMRC's existing partnerships with private sector debt collection agencies to collect more tax debt.

Investing in additional HMRC compliance staff
The government will recruit an additional 670 HMRC compliance officers, building on previous commitments to recruit 5,500 additional compliance officers, by 2029-30.

October 2026

ACCA LEGAL NOTICE

This is a basic guide prepared by ACCA UK's Technical Advisory Service for members and their clients. It should not be used as a definitive guide since individual circumstances may vary. Specific advice should be obtained, where necessary.