



AUTUMN BUDGET 2026

OVERVIEW

On 28th October 2026 the Chancellor, John Healey, delivered his first Budget, the first under Prime Minister Andy Burnham. Headline rates of income tax, National Insurance and VAT are unchanged. Targeted rises on savings income, property income and banks help fund new support with energy bills, a first-time buyer scheme and business rates relief.

KEY TAX MEASURES

- No change to the rates of income tax, NI, VAT or dividend tax. The freeze on income tax and NI thresholds until 2031 remains in place.
- Savings Income: A further 2% rise on top of the increase already planned, taking savings income rates to 24%, 44% and 49% from April 2027.
- Property Income: Also up a further 2%, to 24%, 44% and 49% from April 2027 (England, Wales and NI). A basic rate landlord with £10,000 of profit will pay £2,400.
- ISAs: The planned £12,000 cash ISA cap for under 65s is scrapped; the £20,000 limit stays for all ages. A First Time Buyer ISA will replace the Lifetime ISA for new savers from April 2029.
- Capital Gains Tax: New 10% Founders' Relief on up to £10m of lifetime gains for founders of highgrowth companies from April 2027. The Business Asset Disposal Relief lifetime limit falls from £1m to £500,000.
- Trading Allowance: Tripled from £1,000 to £3,000 from April 2027.
- Pension Tax Allowance: From April 2027 to April 2030, pensioners whose total income is no more than the full new State Pension will pay no income tax.
- Making Tax Digital: Those joining in April 2027 will get no late submission penalty points for their first four quarterly updates.
- Mileage Allowance: 55p per mile for the first 10,000 business miles made permanent; the higher-mileage rate rises from 25p to 35p from April 2027.

LIVING COSTS & WELFARE

- Energy Bills: A £100 Household Energy Payment for up to 20 million homes in council tax bands A-D from January 2027. 0% VAT on household electricity extended to June 2027, and gas standing charges to be abolished.
- Minimum Wage From 1 April 2027: All rates rise by 3.9%.
- Living Wage: Increases from £12.71 to £13.21 per hour.
- Apprentice: Increases from £8.00 to £8.31 per hour.
- Under 18: Increases from £8.00 to £8.31 per hour.
- 18-20 year olds: Increases from £10.85 to £11.27 per hour.
- State Pension: Full new State Pension up 3.9% to £13,036. The triple lock will change from April 2030 to track earnings.
- Fuel Duty: 5p cut extended until July 2027.
- Student Loans: Plan 2 and 3 interest capped at 6% until August 2027.
- Food Costs: Tariffs suspended on over 100 imported food products until December 2028.

BUSINESS & ECONOMY

- Business Rates: 100% small business rate relief threshold for retail, hospitality and leisure rises from £12,000 to £18,000 from April 2027, taking around 70,000 more firms out of rates. Pubs and live music venues get an extra 20% relief.
- Bank Surcharge: Doubles from 3% to 6% from January 2027 for 15 months, to help fund energy bill support.
- Capital Allowances: First-year allowance up from 40% to 50% from January 2027; main writing-down allowance cut from 14% to 12%.
- Machine Games Duty: Up from 20% to 25% on machines with stakes over £1 from April 2027.
- Online Marketplaces: Platforms must collect VAT on sales by UK businesses selling over £90,000 through them from October 2027.
- Share Options: CSOP renamed EMI2, with the individual option limit doubled to £120,000 from April 2027.

ECONOMIC OVERVIEW

The Office for Budget Responsibility (OBR) provided updated forecasts:

- Inflation: 3.5% in the year to September 2026, driven by higher energy prices from the Iran war. Forecast at around 3.5% in 2027, returning to the 2% target in 2028.
- Growth: Upgraded to 1.2% for 2026, but cut from 1.6% to 1.0% for 2027.
- Fiscal Headroom: Around £15bn, down from £23.6bn in March.

HOUSING

- Your First Home: New £4.7bn equity loan scheme from April 2027 for around 70,000 first-time buyers in England: loans up to 20%, deposits from 2.5%, interest-free for five years.
- Council Tax Surcharge: Confirmed for homes over £2m from April 2028, with a new deferral scheme and exemptions.