

# Autumn Budget 2026

## Key announcements



## In summary

Chancellor John Healey delivered his first Budget to the House of Commons on Wednesday 28 October 2026. Our initial reaction is below.

### Income Tax and Employment

- **Income Tax and dividend tax rates:** There are no changes to the rates of Income Tax for employment income and pension income and no changes to dividend tax rates.
- **Property and Savings tax:** Rates to increase by 2%.
- **National Minimum Wage and National Living Wage:** Both rates increase by 3.9%, including for workers aged 18 to 20.
- **Apprenticeships:** An additional £100 million of apprenticeship funding.
- **Non-compete clauses:** Reform of non-compete clause restriction to be advanced.
- **Paternity leave:** Self-employed fathers and partners will become eligible for paid parental leave.

### Capital Taxes

- **Business Asset Disposal Relief:** The lifetime limit for Business Asset Disposal Relief is reduced from £1 million to £500,000.
- **Founders' relief:** A new relief giving founders a 10% Capital Gains Tax rate on lifetime gains of up to £10 million.

### Corporate transactions

- **Value extraction:** Changes to the tax rules on company purchase of own shares and demergers and transactions in securities anti-avoidance rules to avoid value extraction at capital rates.

### Business Taxes

- **Capital allowances:** Full expensing is retained. The first-year allowance for qualifying new investment increases from 40% to 50%, and the main rate writing down allowance reduces from 14% to 12%.
- **Business rates relief:** The rateable value threshold for small business rate relief for retail, hospitality and leisure businesses increases from £12,000 to £18,000.

- **Employee equity rewards:** Reliefs to be increased on employee share rewards – referred to by the chancellor as EMI2.
- **Trading allowance:** The trading allowance increases from £1,000 to £3,000, qualification to be confirmed.
- **Support for founders:** A new young entrepreneurs allowance covering a year of living costs for young founders, and a new scale-up programme for female founders, with the British Business Bank doubling its commitment to funds for women-led businesses to £200 million.
- **Corporation tax:** Consultation on simplify corporation tax.

## Tax Administration and Compliance

- **HMRC powers:** HMRC will receive additional funding for compliance and stronger powers to collect overdue tax from those who can afford to pay but ignore repeated contact.
- **Self Assessment:** Self Assessment payments will be reformed so that taxpayers make smaller, more regular payments.

## Savings and Pensions

- **Cash ISAs:** The planned cut to the cash ISA allowance will not go ahead. The annual allowance remains £20,000 for all ages.
- **Starter ISA:** The government will work with the industry on a new Starter ISA to reward first-time investors.

## Duties and Motoring

- **Fuel duty:** The 5p cut in fuel duty is extended until July 2027.
- **Mileage rates:** The higher mileage rate increases from 25p to 35p per mile, and the increase to the standard mileage rate is made permanent.
- **Small brewers:** £10 million of alcohol duty relief for small brewers.

## Economy and Public Finances

- **Growth forecast:** The OBR forecasts GDP growth of 1.2% in 2026, upgraded from its March forecast, and 1% in 2027, down from 1.6%. Forecasts for 2028 onwards have been revised upwards. The Chancellor stated that the UK economy is the fastest growing in the G7 alongside the US.
- **Borrowing and debt:** Borrowing is forecast to fall to 1.8% of GDP by 2030/31, and debt is forecast at 81.7% of GDP in 2031/32. Spending on debt interest is forecast to be £14 billion higher this year.

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