# Budget Summary 2026



FHM

FORENSIC ACCOUNTING AND BUSINESS VALUATION

# INTRODUCTION



Chancellor of the Exchequer John Healey presented his first Budget on 28 October 2026, promising 'Breathing Space now, Hope for the Future'.

## Breathing space

Mr Healey said he had rejected broad-based tax rises as families and businesses face rising energy costs. The Chancellor extended the VAT cut on domestic electricity and the 5p Fuel Duty cut to July 2027 and announced a £100 Household Energy Payment this winter for households in Council Tax bands A to D in England. For the high street, the Small Business Rate Relief threshold will rise so that a further 70,000 retail, hospitality and leisure businesses pay no business rates.

## Paying for it

To fund this support, the Chancellor temporarily doubled the Bank Corporation Tax Surcharge. In addition, the Budget announced further increases to the rates of tax on property and savings income from April 2027. The lifetime limit for Business Asset Disposal Relief will be halved, although the planned cut to the cash ISA limit will not go ahead.

For businesses, there is a further cut in the main rate Writing Down Allowance from 14% to 12% from April 2027. This funds an increase in the main rate First Year Allowance from 40% to 50% for expenditure incurred from 1 January 2027.

Mr Healey said that 'my choice in the Budget today is to give families and businesses some breathing space now, and to begin the radical reform of energy to reduce bills in the future'.

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# PERSONAL TAX



## Tax bands and rates

The basic rate band remains at £37,700, with the higher rate threshold remaining at £50,270. The additional rate threshold remains at £125,140. The freeze of these thresholds will continue until 5 April 2031. The National Insurance contributions (NICs) Primary Threshold and Lower Profits Limit remain at £12,570. The NICs Upper Earnings Limit and Upper Profits Limit will remain aligned to the higher rate threshold at £50,270 up to 5 April 2031 as well. Other employer NICs relief thresholds aligned to the Upper Earnings Limit will also be maintained at this level.

The additional rate for non-savings and non-dividend income will apply to taxpayers in England, Wales and Northern Ireland. The additional rate for savings and dividend income will apply to the whole of the UK.

### Scottish residents

The tax on income (other than savings and dividend income) is different for taxpayers who are resident in Scotland from that paid by taxpayers resident elsewhere in the UK. The Scottish Income Tax rates and bands apply to income such as employment income, self-employed trade profits and property income.

The rates and bands for 2027/28 will be announced in the Scottish Budget. Scottish taxpayers are entitled to the same Personal Allowance as individuals in the rest of the UK.

### Welsh residents

Since April 2019, the Welsh Government has had the right to vary the rates of Income Tax payable by Welsh taxpayers (other than tax on savings and dividend income). For 2026/27 the tax payable by Welsh taxpayers is the same as that payable by English and Northern Irish taxpayers. This will continue for 2027/28 subject to the Welsh Budget.

## The Personal Allowance

The Income Tax Personal Allowance is fixed at the current level of £12,570 and will remain frozen until 5 April 2031.

There is a reduction in the Personal Allowance for those with 'adjusted net income' over £100,000. The reduction is £1 for every £2 of income above £100,000. This means that there is no Personal Allowance where adjusted net income exceeds £125,140.

The government will increase the Married Couple's Allowance from 6 April 2027 by the CPI rate for September 2026 of 3.5%.

The government will increase the Blind Person's Allowance from 6 April 2027 to £3,370.

## Tax on property income

Property income is any income from letting land and buildings.

Individuals have a Property Allowance. This exempts property income of £1,000 or less. Property income over £1,000 can be offset either by the £1,000 Property Allowance or by deducting relevant expenses.

The government is increasing the rates of Income Tax applicable to property income by 2% from the previous rates announced at Budget 2025. The separate tax rates for property income from 2027/28 are:

- 24% for basic rate taxpayers
- 44% for higher rate taxpayers
- 49% for additional rate taxpayers.

**Comment**

**The government has also legislated to allow the Scottish and Welsh governments to set their own rates of taxation for property income for 2027/28. It remains to be seen whether either government decides to do so.**

## Tax on savings income

Savings income is income such as bank and building society interest.

The Savings Allowance applies to savings income and the available allowance in a tax year depends on the individual's marginal rate of Income Tax. Broadly, individuals taxed at up to the basic rate of tax have an allowance of £1,000. For higher rate taxpayers the allowance is £500. No allowance is due to additional rate taxpayers.



Savings income within the allowance still counts towards an individual's basic or higher rate band and so may affect the rate of tax paid on savings above the Savings Allowance.

Some individuals qualify for a 0% starting rate of tax on savings income up to £5,000. This will remain at £5,000 until 5 April 2031. However, the rate is not available if taxable non-savings income (broadly earnings, pensions, trading profits and property income, less allocated allowances and reliefs) exceeds £5,000.

From 6 April 2027, the government is increasing the previously announced 2% increase in the applicable tax rates by a further 2%. The basic rate will increase to 24%, the higher rate will increase to 44% and the additional rate will increase to 49%.

## Tax on dividends

These rules apply to the whole of the UK.

Currently, the first £500 of dividends is chargeable to tax at 0% (the Dividend Allowance). This £500 Dividend Allowance is retained for 2027/28.

Dividends received above the Dividend Allowance will be taxed at the following rates for 2027/28:

- 10.75% for basic rate taxpayers
- 35.75% for higher rate taxpayers
- 39.35% for additional rate taxpayers.

Dividends within the allowance still count towards an individual's basic or higher rate band and so may affect the rate of tax paid on dividends above the Dividend Allowance.

To determine which tax band dividends fall into, dividends are treated as the last type of income to be taxed.

## Income Tax ordering rules

The Income Tax ordering rules will change from 6 April 2027. The Personal Allowance will be deducted from employment, trading or pension income first. Currently, individuals can choose which income the allowance is offset against.

## Pension tax limits

For 2027/28:

- The Annual Allowance (AA) is £60,000.
- Individuals who have 'threshold income' for a tax year of greater than £200,000 have their AA for that tax year restricted. It is reduced by £1 for every £2 of 'adjusted income' over £260,000, to a minimum AA of £10,000.
- The Lump Sum Allowance, which relates to the general maximum that may be able to be taken as a tax-free lump sum, is £268,275.
- The Lump Sum and Death Benefit Allowance, which relates to the general maximum that may be able to be taken as a tax-free lump sum in certain circumstances, is £1,073,100.

## Pension Tax Allowance

The government will introduce a Pension Tax Allowance from 6 April 2027. It will be available for tax years 2027/28 to 2029/30.

The allowance ensures that pensioners whose total income is up to the value of the full new State Pension do not pay Income Tax. The Pension Tax Allowance will operate as a tax reducer at 20% of the value of the allowance.

The full allowance will effectively be the value of the new State Pension at £13,037. For every £3 of income received by an individual over the new State Pension, the Pension Tax Allowance will be reduced by £1.

For 2027/28:

- If total income is below the Personal Allowance (£12,570) there will be no tax liability.
- If total income is between £12,570 and £13,037, the full Pension Tax Allowance is available (worth up to £94).
- If total income is between £13,037 and £13,319, some of the Pension Tax Allowance is available and less income tax will be due than otherwise would be.
- If total income is £13,319 or more, none of the Pension Tax Allowance will be available.

For tax years 2028/29 and 2029/30, the allowance will be uprated in line with the full annual value of the new State Pension.

## Trading Allowance

From 6 April 2027, the Trading Allowance will increase from £1,000 to £3,000. The allowance provides relief for trading and miscellaneous income. Where the relief is chosen and the allowance covers all relevant income before expenses, the individual will not have to declare or pay tax on this income. The trading income reporting threshold for Self Assessment will also increase to £3,000 at the same time.

## Individual Savings Accounts

For 2027/28, the overall limits are as follows:

- Individual Savings Accounts (ISAs) £20,000
- Junior ISAs £9,000
- Lifetime ISAs £4,000 (excluding government bonus)
- Child Trust Funds £9,000.

These limits will remain frozen until 5 April 2031.



A new First-Time Buyer ISA will be launched in April 2029. It 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 costing up to £450,000.

Existing Lifetime ISA holders will be able to continue contributing to and using their accounts under the

current rules. There will also be a reduction in the withdrawal charge for purchases of properties above the Lifetime ISA property cap. The charge is to be reduced from 25% to 20% from 29 October 2026.

## Self Assessment payments on account

From April 2029, taxpayers who make payments on account will be required to make more regular in-year payments towards their final tax bill. The payments will be automated and eligible taxpayers will be able to choose to pay through Pay As You Earn (PAYE).

## Making Tax Digital

The government will not apply the late submission penalty points to quarterly updates for the tax year 2027/28, where the taxpayer was required to join Making Tax Digital (MTD) for Income Tax from April 2027.

The following groups will also be exempted from MTD until further notice:

- those eligible for qualifying care relief
- non-UK resident foreign entertainers and sportspeople
- expected non-resident customers.

# EMPLOYMENT



## National Insurance contributions

### Employees

For 2026/27 the rates of Class 1 employee NICs are 8% and 2%. The employer rate is 15%. These remain the same for 2027/28.

The Secondary Threshold is the point at which employers become liable to pay NICs on an individual employee's earnings and is currently set at £5,000 a year. This remains for 2027/28. The government has announced that this will be maintained at this level until 5 April 2031.

### The self-employed

For 2026/27 the rates of Class 4 self-employed NICs are 6% and 2%. These rates remain the same for 2027/28.

For Class 2 NICs from 6 April 2027:

- self-employed people with profits of £7,355 and above get access to contributory benefits, including the State Pension, through a National Insurance Credit, without paying Class 2 NICs
- those with profits under £7,355 who pay Class 2 NICs voluntarily to get access to contributory benefits, including the State Pension, will continue to be able to do so. The main Class 2 rate will be £3.80 per week.

### Other NIC points

The government will increase the Lower Earnings Limit (LEL) from 2027/28. For those paying voluntarily, the government will increase Class 3 NICs for 2027/28.

The LEL will be £6,916 per annum (£133 per week). The Class 3 rate will be £19.05 per week.

The remaining NIC limits and thresholds will, as previously announced, be maintained at current levels until 5 April 2031.

### Employer NICs relief for veterans

The government has extended the employer NICs relief for employers hiring qualifying veterans to 5 April 2028.

This means that businesses continue to pay no employer NICs up to annual earnings of the Veterans Upper Secondary Threshold of £50,270 for up to the first year of a veteran's employment in a civilian role.

## National Living Wage and National Minimum Wage

The government has announced increased rates of the National Living Wage (NLW) and National Minimum Wage (NMW) which will come into force from 1 April 2027. The hourly rates which will apply are as follows:

| | NLW 21+ | NMW 18-20 | NMW 16-17 | Apprentices |
|---|---|---|---|---|
| From 1 April 2027 | £13.21 | £11.27 | £8.31 | £8.31 |

The apprenticeship rate applies to apprentices under 19, or 19 and over in the first year of apprenticeship. The NLW applies to those aged 21 and over.

## Taxable benefits for company cars

The rates of tax for company cars are amended for 2027/28:

- the charge for zero emission cars rises from 4% to 5%
- the charge for other cars with emissions below 70g/km increases by 1%
- the maximum benefit of 37% remains.

The government has confirmed increases to the benefit in kind rates for company cars for tax years up to and including 2029/30 and will introduce legislation to set the rates for the tax year 2030/31.

The government has announced that it is introducing a temporary easement to mitigate the increasing benefit in kind tax liabilities of Plug-in Hybrid Electric Vehicle (PHEV) company cars due to new emission standards. The easement will apply retrospectively from 1 January 2025 to 5 April 2028. Transitional arrangements will apply to certain PHEVs until 5 April 2031.

### Car Fuel Benefit Charge

The government will increase the Car Fuel Benefit Charge from 6 April 2027.

## Company vans

The government will increase the Van Benefit Charge and the Van Fuel Benefit Charge from 6 April 2027.

## Mandating the reporting of benefits in kind via payroll software

The government has confirmed that the use of payroll software to report and pay tax on benefits in kind will become mandatory, in phases, from April 2027. This will apply to income tax and Class 1A NICs.

From 6 April 2027, mandatory payrolling will apply to:

- company cars
- car fuel
- vans
- van fuel and
- employer-provided medical benefits.

The mandatory payrolling of most other benefits in kind will be introduced from 6 April 2028. This excludes loans and accommodation, which will remain voluntary.

## Changes to salary sacrifice for pensions from April 2029

The government is changing how salary sacrifice for pension contributions works.

Salary sacrifice is when an employee agrees to reduce their gross salary or sacrifice a bonus and, in return, the employer pays the same amount into their pension.

From April 2029, only the first £2,000 of employee pension contributions through salary sacrifice each year will be exempt from NICs. Contributions through salary sacrifice, like all pension contributions, will still be exempt from Income Tax (subject to the usual limits).

Employers and employees can still make contributions above £2,000 through salary sacrifice arrangements. However, employee contributions above this amount will be subject to employer and employee NICs like other employee workplace pension contributions.

Employers will need to report the total amount sacrificed through their existing payroll. All employer pension contributions will continue to be free of NICs.

## Changes to employee share schemes

The government will introduce legislation to make changes to the Company Share Option Plan (CSOP) and Enterprise Management Incentives (EMI) schemes:

- the CSOP individual option limit will be increased to £120,000
- the interaction between the CSOP and EMI

individual options limits will be removed
- the CSOP exercise period will be extended to 15 years
- the period for certain tax-advantaged and non-tax advantaged shares and share options reserved by third parties to be excepted from the disguised remuneration rules will also be extended to 15 years
- the exception for Employee Ownership Trusts (EOTs) in the EMI rules will be extended to companies arranging to be controlled by an EOT
- the EMI exercise window following disqualifying events will be extended to 180 days.

The changes will take effect from 6 April 2027.



## Enterprise Management Incentives: changes to the process to notify a grant of options

The government will introduce legislation to remove the requirement for a company to submit a separate notification of a grant of an EMI option to HMRC. Instead, a company will be required to notify such a grant through the end-of-year return.

The changes will take effect for options granted on or after 6 April 2027.

## Legislation to clarify the tax treatment of image rights payments

The government will introduce legislation to clarify that image rights payments related to an employment are treated as taxable employment income.

These payments will be subject to Income Tax and NICs.

The changes will take effect from 6 April 2028 rather than 6 April 2027 as previously announced.

## Income Tax: certificate of sponsorship fee and immigration skills charge

The government will introduce legislation to exempt from Income Tax an employer's payment of a fee for a certificate of sponsorship or an immigration skills charge, which employers are required to pay when sponsoring a worker under the Skilled Worker route. The changes will apply to payments made on or after 28 October 2026.

## Cancelled shifts: technical update

Statutory payments provided for cancelled, moved or curtailed shifts are taxable as employment income.

The government will introduce legislation to ensure that statutory payments made to agency workers for cancelled, moved or curtailed shifts are also covered by existing tax legislation.

The changes will take effect from 6 April 2027.

## Approved Mileage Allowance Payments and Self-Employed simplified mileage rates

The government had previously announced that Approved Mileage Allowance Payments and simplified mileage rates for business mileage up to 10,000 would be increased from 45p per mile to 55p from 6 April 2026.

The government has now announced that for business mileage above 10,000 miles the rates will be increased from 25p per mile to 35p. The changes will take effect from 6 April 2027.

## Reform of Benchmark Scale Rates and Overseas Scale Rates

The government will reform and simplify Benchmark Scale Rates (BSRs) and Overseas Scale Rates (OSRs) which are used by employers to reimburse their employees for domestic and overseas travel and subsistence expenses, without the need to check receipts.



BSRs will be modernised to better reflect current subsistence costs. The OSRs will be simplified replacing the more than 200 destination-specific OSRs with a simplified tiered approach that links to the updated BSRs.

This will be implemented from 6 April 2028.

## Reforming how taxpayers claim for employment expenses

The government will remove the £2,500 Income Tax Self Assessment expenses threshold from April 2028, allowing more taxpayers to claim tax relief on non-reimbursed expenses through PAYE.

This change will simplify the process for taxpayers by removing the need to enter Self Assessment solely to claim employment expenses, and ensure more tax relief claims are subject to evidence before relief is issued.

# BUSINESS



## Corporation Tax

The government has confirmed that the rates of Corporation Tax will remain unchanged, which means that, from April 2027, the rate will stay at 25% for companies with profits over £250,000. The 19% small profits rate will be payable by companies with profits of £50,000 or less. Companies with profits between £50,001 and £250,000 will pay tax at the main rate reduced by a marginal relief, providing a gradual increase in the effective Corporation Tax rate.

**Comment**

**The government has committed to capping the main rate of Corporation Tax at 25% for the duration of the Parliament.**

A temporary increase has been announced to the rate of Corporation Tax surcharge on banking companies to 6% for 15 months. The changes will apply from 1 January 2027 to 31 March 2028.

The government will introduce legislation to make the foreign permanent establishment exemption regime mandatory. This will apply for accounting periods beginning on or after 1 January 2027.

Following the launch of the Advance Tax Certainty Service in July 2026, the government has announced the entry threshold for qualifying projects will reduce from £1 billion to £300 million. The reduced entry threshold will apply from 4 November 2026. Additionally, changes have been announced to the definition of 'qualifying investment projects' and to the associated penalty provisions.

The government has announced a new, permanent additional 35% levy (the 'Oil and Gas Revenue Levy') on exceptional oil and gas revenues arising during periods of unusually high prices. The levy will apply to exceptional oil or gas revenues arising on or after the day immediately following the cessation of the Energy Profits Levy, which will be 1 April 2030 or an earlier date if the Energy Security Investment Mechanism is triggered.

The government will introduce legislation to repeal the remaining Advance Corporation Tax (ACT) regime with effect from 1 April 2031, with all remaining unrelieved ACT balances being extinguished when the regime ends.

From 1 April 2027, the Annual Tax on Enveloped Dwellings (ATED) annual charges will rise by 3.5%.

## Capital allowances

The Full Expensing rules for companies allow a 100% write-off on qualifying expenditure on most plant and machinery (excluding cars) as long as it is new and unused. Similar rules apply to integral features and long-life assets at a rate of 50%.

The government has announced a reduction in the main rate Writing Down Allowance (WDA) from 14% to 12% per year from 1 April 2027 for Corporation Tax purposes and 6 April 2027 for Income Tax purposes. For businesses with chargeable periods which straddle those dates, a hybrid rate will apply. The WDA on the special rate pool remains at 6% per year.



For expenditure incurred on or after 1 January 2027, the government will increase the First Year Allowance (FYA) from 40% to 50% for all businesses on main rate assets, including most expenditure on assets for leasing. Cars, second-hand assets and assets for leasing overseas are not eligible.

The Annual Investment Allowance (AIA) is available to both incorporated and unincorporated businesses. It gives a 100% write-off on certain types of plant and machinery up to a financial limit per 12-month period. The limit remains at £1 million.

## Comment

**There was no announcement relating to zero emission cars in the Budget. The law currently states that an FYA of 100% is due on cars of 0g/km, for cars purchased before 1 April 2027 (6 April 2027 for Income Tax).**

**As there was no announcement extending this FYA, and as cars do not qualify for other FYAs or the AIA, such cars bought from 1 or 6 April 2027 will only qualify for an allowance at the WDA of 12%.**

# CAPITAL TAXES



## Capital Gains Tax

### Capital Gains Tax rates

The Capital Gains Tax (CGT) rates remain unchanged for 2027/28.

### Capital Gains Tax Annual Exemption

The annual exempt amount for individuals will remain at £3,000 for 2027/28.

### Business Asset Disposal Relief

The rate applying for individuals claiming Business Asset Disposal Relief (BADR) and Investors' Relief will remain at 18% for disposals made in 2027/28.

For qualifying disposals made on or after 6 April 2027, the lifetime limit will be reduced from £1 million to £500,000. There will be special provisions applied to contracts entered into before 6 April 2027 but not completed, as well as certain share reorganisations and exchanges that have not completed by 6 April 2027.

### Gift Holdover Relief

As announced at Budget 2025, the formula to restrict gift holdover relief on the disposal of qualifying shares or securities will be amended to include assets within the intangible fixed asset regime as well as assets that qualify for the substantial shareholding exemption. This change will have effect from 6 April 2027.

### Founders' Relief

The government is launching a consultation for a new CGT relief for founders of and significant early investors in high-growth, innovative UK companies. Founders' Relief will take effect for qualifying disposals made on or after 6 April 2027.

The relief will apply a 10% CGT rate to qualifying disposals of shares. There will be a lifetime limit of £10 million of gains per individual.

The consultation seeks views on how the proposed individual, company and growth and innovation conditions will work in practice.

### Late filing penalties for UK property disposal returns

Changes will be made to the late filing penalties regime to ensure that where penalties arise on the late submission of a UK property disposal return, these will cease to accrue if the person later reports the disposal on their Self Assessment tax return.

## Inheritance Tax

### Inheritance Tax nil rate bands

The nil rate band has been frozen at £325,000 since 2009 and will continue to be frozen until 5 April 2031. An additional nil rate band, called the 'residence

nil rate band' is also frozen until 5 April 2031 at the current £175,000 level, as is the residence nil rate band taper starting at £2 million.

### Unused pension funds and death benefits

The government will bring unused pension funds and death benefits payable from a pension into a person's estate for Inheritance Tax (IHT) purposes from 6 April 2027.

All death in service benefits payable from registered pension schemes will generally be excluded from the value of an individual's estate for IHT purposes.

The personal representatives will be responsible for paying any IHT due on unused pension funds and death benefits in a person's estate. However, pension beneficiaries of registered pension schemes will be able to request that the pension scheme administrator pays their IHT liability directly to HMRC in specific circumstances. Personal representatives may also direct scheme administrators to withhold 50% of taxable benefits for up to 15 months.



**Comment**

**The rules may potentially have significant effects for those with pension funds.**
**For example, John made contributions to his private pension scheme. At the date of his death, aged 90, the pension fund is valued at £400,000. The remainder of his estate is valued at £1,000,000. Currently, the IHT bill is £270,000. This will rise to £430,000 under the new rules.**

### Agricultural Property Relief and Business Property Relief

For 2027/28, agricultural and business property will continue to benefit from the 100% IHT relief up to a limit of £2.5 million. The limit is a combined limit for both agricultural and business property. Such property in excess of the limit will benefit from a 50% relief.

The £2.5 million limit applies per person and is refreshed every seven years. This allowance is transferable between married couples or civil partners.

There may be a further £2.5 million allowance for trusts in certain situations but the rules are complex.

The £2.5 million limits for both individuals and trusts will be frozen until 5 April 2031.

# OTHER MATTERS



## VAT

From 1 April 2027, the VAT registration threshold remains at £90,000 and the deregistration threshold at £88,000.

The government has announced that online marketplaces will be responsible for collecting VAT on sales by UK VAT-registered businesses and any other UK businesses with a minimum annual sales threshold per platform of £90,000. The rules will not apply to non-business sales, second-hand goods or business-to-business transactions. The changes will come into effect from October 2027.

From April 2029, VAT invoices will be required to be issued and received in a prescribed electronic format. The government has published an implementation roadmap, setting out further details about e-invoicing and a timeline on when it will share further information and publish guidance.



## High Value Council Tax Surcharge

The Budget confirmed that, from April 2028, residential properties valued at £2 million or more will be liable to an additional charge, the High Value Council Tax Surcharge.

## Electric Vehicle Excise Duty

From 1 April 2028, the Electric Vehicle Excise Duty will apply to Battery Electricity Vehicles (BEVs), Plug-in Hybrid Electric Vehicles (PHEVs) and Hydrogen Fuel Cell Electric Vehicles (HFCEVs). The rates of tax will be 3p per mile for BEVs and HFCEVs and 1.5p per mile for PHEVs.

## Income Tax

**Rates and bands** (other than savings and dividend income)

| 2027/28 | | 2026/27 | |
|---|---|---|---|
| **Band £** | **Rate %** | **Band £** | **Rate %** |
| 0 - 37,700 | 20* | 0 - 37,700 | 20 |
| 37,701 - 125,140 | 40* | 37,701 - 125,140 | 40 |
| Over 125,140 | 45* | Over 125,140 | 45 |

* For 2027/28, new rates are introduced for savings and property income of 24%, 44% and 49%. Income tax rates in Scotland and Wales on income other than savings and dividend income have been devolved.

| **Savings income** | **2027/28 and 2026/27** |
|---|---|
| Savings allowance basic rate | £1,000 |
| Savings allowance higher rate | £500 |

A starting rate of 0% may be available unless taxable non-savings income exceeds £5,000.

| **Dividend income** | **2027/28** | **2026/27** |
|---|---|---|
| Dividend allowance | £500 | £500 |
| Dividend ordinary rate | 10.75% | 10.75% |
| Dividend upper rate | 35.75% | 35.75% |
| Dividend additional rate | 39.35% | 39.35% |

## Income Tax Allowances

| | **2027/28** | **2026/27** |
|---|---|---|
| Personal allowance | £12,570 | £12,570 |
| Personal allowance income limit | £100,000 | £100,000 |
| Marriage allowance | £1,260 | £1,260 |
| Married couple's allowance | £12,110 | £11,700 |
| - minimum amount | £4,690 | £4,530 |
| - income limit | £40,600 | £39,200 |
| Blind person's allowance | £3,370 | £3,250 |
| Pensions Tax Allowance (PTA) below which full PTA applies* | £13,037 | n/a |
| - limit at which PTA removed | £13,319 | n/a |

* The PTA is withdrawn by £1 for every £3 of income over £13,037.

## Pensions

| | **2027/28** | **2026/27** |
|---|---|---|
| Lump sum allowance | £268,275 | £268,275 |
| Lump sum and death benefit allowance | £1,073,100 | £1,073,100 |
| Annual allowance | £60,000 | £60,000 |
| Money purchase annual allowance | £10,000 | £10,000 |

## Inheritance Tax

| **Death rate** | **Lifetime rate** | **Chargeable transfers 2027/28 and 2026/27** |
|---|---|---|
| Nil | Nil | 0 - £325,000 (nil rate band) |
| 40% | 20% | Over £325,000 |

A further nil rate band of £175,000 may be available in relation to current or former residences.

## Corporation Tax

| **Years to 31.3.27 and 31.3.28** | **Profits band £** | **Rate %** |
|---|---|---|
| Small profits rate | 0 - 50,000 | 19 |
| Marginal rate | 50,001 - 250,000 | 26.5 |
| Main rate | Over 250,000 | 25 |
| Marginal relief fraction | 3/200 | |

Profits limits are reduced for a company with associated companies. Different rates apply for ring-fenced (broadly oil industry) profit.

## Devolved Income Tax

### Scotland rates and bands

| 2027/28 | | 2026/27 | |
|---|---|---|---|
| **Band £** | **Rate %** | **Band £** | **Rate %** |
| tba | tba | 0 - 3,967 | 19 |
| tba | tba | 3,968 - 16,956 | 20 |
| tba | tba | 16,957 - 31,092 | 21 |
| tba | tba | 31,093 - 62,430 | 42 |
| tba | tba | 62,431 - 125,140 | 45 |
| tba | tba | Over 125,140 | 48 |

### Wales rates and bands

| 2027/28 | | 2026/27 | |
|---|---|---|---|
| **Band £** | **Rate %** | **Band £** | **Rate %** |
| 0 - 37,700 | tba | 0 - 37,700 | 20 |
| 37,701 - 125,140 | tba | 37,701 - 125,140 | 40 |
| Over 125,140 | tba | Over 125,140 | 45 |

## National Insurance

### 2027/28 Class 1 (employed) rates

| **Employee** | | **Employer** | |
|---|---|---|---|
| **Earnings per week** | **%** | **Earnings per week** | **%** |
| Up to £242 | Nil | Up to £96 | Nil |
| £242.01 - £967 | 8 | Over £96 | 15 |
| Over £967 | 2 | | |

Entitlement to contribution-based benefits for employees retained for earnings between £133 and £242 per week. The employer rate is 0% for certain military veterans, employees under 21 and apprentices under 25 on earnings up to £967 per week.

| | |
|---|---|
| **Class 1A (employers)** | 15% on employee taxable benefits |
| **Class 1B (employers)** | 15% on PAYE Settlement Agreements |
| **Class 2 (self-employed)** | nil (£3.80 per week where those with profits below £7,355 wish to make a voluntary contribution) |
| **Class 3 (voluntary)** | flat rate per week £19.05 |
| **Class 4 (self-employed)** | 6% on profits between £12,570 and £50,270 plus 2% on profits over £50,270 |

## Car, Van and Fuel Benefits

| 2027/28 | | |
|---|---|---|
| $CO_2$ emissions g/km | | % of list price taxed |
| 0 | | 5 |
| 1 - 50 | | |
| Electric range | 130 or more | 5 |
| | 70 - 129 | 8 |
| | 40 - 69 | 11 |
| | 30 - 39 | 15 |
| | under 30 | 17 |
| 51 - 54 | | 18 |
| For every extra 5 (other than the 70-74 and 75-79 brackets) | | +1 |
| 155 and above | | 37 |

For fully diesel cars generally add a 4% supplement (unless the car is registered on or after 1 September 2017 and meets the Euro 6d emissions standard) but the maximum is still 37%. For emissions of 75g/km or more if the $CO_2$ figure does not end in a 5 or 0 round down to the nearest 5 or 0.

| | 2027/28 |
|---|---|
| Car fuel benefit | £30,200 |
| Van benefit | £4,310 |
| Van fuel benefit | £825 |

## Capital Allowances

**First Year Allowance (FYA)** on certain plant, machinery and cars of 0g/km (for cars purchased before 1 April 2027 (6 April 2027 for income tax)) **100%**

**Corporation tax FYA ('full expensing')** on certain new, unused plant and machinery **100%**

**Corporation tax FYA** on new, unused long-life assets, integral features of buildings, etc. **50%**

**FYA** for all businesses on certain new, unused plant and machinery for expenditure incurred from 1 January 2027 **50%**

**Annual Investment Allowance £1,000,000** excluding cars

**Writing Down Allowance**

Long-life assets, integral features of buildings, cars over 50g/km **6%**

Other plant and machinery **14%/12%***

**Structures and Buildings Allowance** **3%**

* The 12% rate applies from 1 April 2027 (6 April 2027 for income tax), subject to transitional rules for chargeable periods which straddle those dates.

## Value Added Tax

| | From 1.4.27 | From 1.4.26 |
|---|---|---|
| Standard rate | 20% | 20% |
| Reduced rate | 5% | 5% |
| Annual Registration Limit | £90,000 | £90,000 |
| Annual Deregistration Limit | £88,000 | £88,000 |

## Capital Gains Tax

| Individuals | 2027/28 | 2026/27 |
|---|---|---|
| Exemption | £3,000 | £3,000 |
| Standard rate | 18% | 18% |
| Higher/additional rate | 24% | 24% |
| **Trusts** | | |
| Exemption | £1,500 | £1,500 |
| Rate | 24% | 24% |

### Business Asset Disposal Relief

The first £500,000 (£1m for 2026/27) of qualifying gains are charged at 18%.

## Property Taxes

Across the whole of the UK, residential rates may be increased by 5% (8% in Scotland and up to 8.5% in Wales) where further residential properties are acquired.

### Stamp Duty Land Tax

Land and buildings in England and N. Ireland

| Residential Band £ | Rate % | Non-residential Band £ | Rate % |
|---|---|---|---|
| 0 - 125,000 | 0 | 0 - 150,000 | 0 |
| 125,001 - 250,000 | 2 | 150,001 - 250,000 | 2 |
| 250,001 - 925,000 | 5 | Over 250,000 | 5 |
| 925,001 - 1,500,000 | 10 | | |
| Over 1,500,000 | 12 | | |

First-Time Buyer relief may apply to residential purchases up to £500,000.

### Land and Buildings Transaction Tax

Land and buildings in Scotland

| Residential Band £ | Rate % | Non-residential Band £ | Rate % |
|---|---|---|---|
| 0 - 145,000 | 0 | 0 - 150,000 | 0 |
| 145,001 - 250,000 | 2 | 150,001 - 250,000 | 1 |
| 250,001 - 325,000 | 5 | Over 250,000 | 5 |
| 325,001 - 750,000 | 10 | | |
| Over 750,000 | 12 | | |

First-Time Buyer relief may apply on the first £175,000 of residential purchases.

### Land Transaction Tax

Land and buildings in Wales

| Residential Band £ | Rate % | Non-residential Band £ | Rate % |
|---|---|---|---|
| 0 - 225,000 | 0 | 0 - 225,000 | 0 |
| 225,001 - 400,000 | 6 | 225,001 - 250,000 | 1 |
| 400,001 - 750,000 | 7.5 | 250,001 - 1,000,000 | 5 |
| 750,001 - 1,500,000 | 10 | Over 1,000,000 | 6 |
| Over 1,500,000 | 12 | | |

**Disclaimer:** Rates are for guidance only. Certain figures were not available at the time of writing. Whilst we take care to ensure the accuracy of this document, no responsibility for loss occasioned by any person acting or refraining from action as a result of this information can be accepted by the authors or firm.




We act as Single Joint Expert, Party Expert or Shadow Advisor. We can assist with:

- Share and business valuations
- Liquidity reviews
- Capital extraction
- Taxation considerations
- Capital gains tax calculations
- Income assessment
- Form E review
- Investigations

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