Berkshire IFA



John Healey, Chancellor of the Exchequer

Autumn Budget 2026

What Wasn't Said...

2024–25 tax recap | 2026 Budget in detail

The changes already in motion — and what the Chancellor changed today

BERKSHIRE IFA LIMITED

Independent, whole-of-market financial advice | October 2026

Client information | Not a personal recommendation

READ THIS FIRST / THE ESSENTIAL POSITION

The Budget in 90 seconds

"Breathing space" was the Chancellor's central message. The 2026 Budget offers targeted relief on household energy, fuel duty and business rates. But the important taxation decisions of 2024 and 2025 remain largely in place, and some planned increases have been raised again. For clients with pensions, investments, property or businesses, this is a story of cumulative change, not a tax reset. [1][3][4]

Six points to understand

What matters	Position after 28 October 2026
Pension inheritance tax	The 2024 decision survives. Most unused pension funds enter the estate for inheritance tax from 6 April 2027.
Employer National Insurance	The 2024 increase from 13.8% to 15%, effective since April 2025, remains. The secondary threshold is £5,000.
Personal tax thresholds	The 2025 extension freezes the principal personal allowance and relevant thresholds until April 2031.
Savings and rental income	New 2026 increase: taxable savings/property rates rise to 24% / 44% / 49% from April 2027.
Business Asset Disposal Relief	New 2026 restriction: the lifetime limit on gains eligible for BADR reduces to £500,000 from April 2027.
Cash ISAs: the exception	The 2025 plan to reduce Cash ISA subscriptions to £12,000 for under-65s is reversed; the £20,000 limit is retained.

How to read this report: *pages that follow first recap the 2024 and 2025 measures, then explain the 2026 Budget by topic. A previously announced measure can already be law but not yet have taken effect; an announcement for a future Finance Bill is not automatically enacted. [1][2]*

PART I / THE TAX MEASURES THAT REMAIN

2024 Budget: the foundations of the higher tax burden

The October 2024 Budget, delivered by Rachel Reeves, introduced major changes to the cost of employment, capital gains and future inheritance tax treatment. The following principal measures continue to shape the position after Budget 2026. [4]

2024 decision	Current position and practical relevance
Employer NI	Rate increased from 13.8% to 15% from April 2025. The annual secondary earnings threshold fell from £9,100 to £5,000. Eligible employers received a larger £10,500 Employment Allowance.
Capital Gains Tax	Main CGT rates on most gains rose from 10% and 20% to 18% and 24% on 30 October 2024. The annual exempt amount is now £3,000.
Pension inheritance tax	Most unused funds and pension death benefits are to be included in the deceased estate from 6 April 2027. This was enacted in Finance Act 2026.
Agricultural / business relief	Reform from April 2026 remains. Importantly, the original proposed £1m cap was **amended** in December 2025 to £2.5m for the 100% combined allowance.
AIM / similar shares	Certain qualifying shares designated “not listed” on recognised exchanges receive 50%, not 100%, Business Property Relief from April 2026.
Other measures	Higher stamp duty surcharge on additional dwellings, VAT on private-school fees, revised non-dom rules and the Energy Profits Levy changes remain relevant to affected taxpayers.

Why it matters

For individuals: the pension inheritance tax change can alter decisions about retirement withdrawals and what to leave to beneficiaries. **For employers:** the NI increase remains an ongoing cost, although the Employment Allowance offsets some liabilities for eligible businesses. Neither measure was reversed in 2026. [1][4][6]

PART I / THE TAX MEASURES THAT REMAIN

2025 Budget: the next wave, already scheduled

Rachel Reeves' November 2025 Budget extended threshold freezes and announced further taxation of income from assets, pension salary sacrifice and property. Several measures are now in force; others start in 2027–29. [3]

2025 decision	Position after Budget 2026
Income tax and NI thresholds	Freeze extended to April 2031. The UK personal allowance remains £12,570. Scottish non-savings income tax bands are devolved.
Pension salary sacrifice	From 6 April 2029, only the first £2,000 per year of salary-sacrificed pension contributions will benefit from employee and employer NI relief.
Dividend tax	From April 2026: 10.75% basic and 35.75% higher rates; the additional rate remains 39.35%. Annual dividend allowance: £500.
Savings / property tax	A 2025 rise to 22% / 42% / 47% was scheduled for April 2027. **2026 supersedes it** with 24% / 44% / 49%.
High-value homes	A new English council tax surcharge for homes worth £2m or more is planned from April 2028, with annual bands beginning at £2,500.
Business / investment relief	VCT upfront income-tax relief reduced to 20% from April 2026; qualifying Employee Ownership Trust sale CGT relief reduced from 100% to 50% from November 2025.
Cash ISA proposal	The planned reduction to £12,000 for under-65s has been **cancelled by Budget 2026**. The £20,000 Cash ISA allowance remains.

The distinction to keep in mind

A Budget can leave tax **rates** unchanged while tax receipts rise because allowances remain frozen. The 2026 statement did not reinstate inflation-linked income tax thresholds, reverse the employer NI rise or remove the pension inheritance tax reform. The 2025 Cash ISA proposal is a material exception. [1][3]

PART II / WHAT THE 2026 BUDGET CHANGED

The main new announcements are grouped below. This is the starting point for the detailed breakdown in the following pages. [1][2]

2026: new, retained or reversed?

Area	2026 decision	When
Savings tax	Raise 2027 rates to 24% / 44% / 49%	6 Apr 2027
Property income tax	Raise 2027 rates to 24% / 44% / 49%	6 Apr 2027
Cash ISA	Cancel proposed £12,000 restriction; keep £20,000	Retained
BADR	Reduce lifetime gains limit from £1m to £500,000	6 Apr 2027
Founders' Relief	New 10% CGT rate for specified qualifying founders on up to £10m of gains	6 Apr 2027
Pension death benefits	Remove two-year payment timing rule as a sole source of income tax	28 Oct 2026
Pension Tax Allowance	Targeted relief for State Pension-age people with very low total income	6 Apr 2027
Bank surcharge	Temporary increase from 3% to 6%	Jan 2027–Mar 2028
Household energy	£100 eligible payment; longer temporary 0% domestic electricity VAT	2027
Business rates / housing	Targeted RHL relief and first-time-buyer equity loans	Mostly Apr 2027

"New" denotes a 2026 policy announcement. Most 2026–27 Finance Bill measures are subject to parliamentary enactment; previously legislated changes are identified separately. [1][2]

A short reading guide

The key client question is not whether every Budget measure affects everyone. It is **which combinations matter for a particular household or business**—for example, a taxable pension estate, a substantial investment portfolio and a planned company sale. The sections below identify scope, timing and limits rather than treating headline rates as universal.

01 2026 BUDGET / PENSIONS

Pension inheritance tax is not being reversed

The 2024 reform, enacted in Finance Act 2026, continues to bring most unused pension funds and pension death benefits into the deceased's estate for inheritance tax for deaths from **6 April 2027**. Spouse/civil partner exemptions and the treatment of particular death benefits continue to matter. The 2026 Budget makes technical collection and administration changes; it does **not** restore a general pension inheritance tax exemption. [2][5]

Three measures newly announced in 2026

- **Two-year rule removed:** from 28 October 2026, qualifying pension and lump-sum death benefits will not become taxable solely because payment is made more than two years after death. Other grounds for income tax can still apply. [2]
- **Excess lump-sum death benefits:** HMRC will change the assessment/collection mechanism where a member's available lump-sum and death-benefit allowance is exceeded. Transitional and retrospective dates differ; this is a technical rule. [2]
- **Pension Tax Allowance:** from 2027–28 to 2029–30, a targeted income-tax allowance will protect some State Pension-age people with total income at or around the full new State Pension; it tapers for higher income. It is not a general tax-free State Pension. [2]

Other pension policies and current limits

- The State Pension triple lock remains through April 2029. An adjusted earnings-linked protection is planned from April 2030. [1]
- The standard annual allowance remains **£60,000** and standard tax-free lump-sum allowance **£268,275**, subject to individual limits, tapering and protected rights. No general reduction to either was announced. [2][8]
- Changes are planned for terminal-illness evidence, Guided Retirement and retirement-only collective defined contribution options; implementation depends on the relevant legislation. [1][2]

For clients: pension, estate and beneficiary planning should be considered together. Income needs, tax on withdrawals, spousal exemptions and liquidity can be more important than a single headline tax rate.

02 2026 BUDGET / INVESTMENTS & ISAs

Higher taxes on taxable savings and rental income

The 2026 Budget adds **two more percentage points** to the increases planned in November 2025. From 6 April 2027 the savings rates apply UK-wide and the separate property-income rates apply in England, Wales and Northern Ireland. These are rates on **taxable income**, not taxes on the underlying capital. Personal Savings Allowances and other provisions remain relevant. [1][2]

Band	Before 2025	2025 plan	2026 announced
Basic: savings / property	20%	22%	**24%**
Higher: savings / property	40%	42%	**44%**
Additional: savings / property	45%	47%	**49%**

The £20,000 Cash ISA allowance is retained

The Government has reversed the 2025 proposal to restrict Cash ISA subscriptions to £12,000 for savers under 65. The existing £20,000 annual allowance remains within the overall ISA limit. An incentive for first-time Stocks & Shares ISA investors will be explored with industry; the design is not yet settled. [1][2]

Other investment-related rules

- Dividend tax rates increased in April 2026 under the 2025 Budget and are **not reversed**: 10.75% basic; 35.75% higher; 39.35% additional. [3]
- The 2026 Budget does not introduce a general increase in the main 18% / 24% Capital Gains Tax rates or the £3,000 annual exempt amount. [1][8]
- A new First Time Buyer ISA is planned from April 2029. For eligible existing LISA holders purchasing homes over the £450,000 cap, the special withdrawal charge falls from 25% to 20% from 29 October 2026. [1][2]

For clients: wrapper choice, asset allocation, investment risk, income needs and tax allowances should be assessed together; higher tax on savings does not automatically make equities suitable for a client who needs cash certainty.

03 2026 BUDGET / ESTATES & PROPERTY

The inheritance tax backdrop remains

The standard IHT nil-rate band is **£325,000**, with up to **£175,000** residence nil-rate band where conditions are satisfied. Both remain frozen to April 2031. The normal rate on chargeable value above available allowances is 40%. Higher estate values can therefore increase exposure without a headline rate rise. [3]

Business and agricultural assets: a modified earlier reform

From April 2026, the combined allowance for 100% Agricultural Property Relief and Business Property Relief is **£2.5 million per individual**, with 50% relief generally applying above it. The unused allowance may be transferable between spouses/civil partners. The proposal originated in 2024 at £1 million but was raised in December 2025; this is why it is incorrect to say every earlier proposal remained literally unchanged. Qualifying AIM-type investments have different 50%-relief treatment. [6]

New 2026 technical and anti-avoidance rules

- **Trust liabilities:** from 28 October 2026, revised rules restrict certain deductions relating to liabilities against trust assets for IHT, including arrangements using value originating from the beneficiary's own estate. [2]
- **Pension estate administration:** rules will enable prospective personal representatives, in specified circumstances, to direct scheme administrators to pay IHT. Additional technical provisions cover charity-rate calculations. [2]
- **High-value homes:** the English surcharge for properties valued at £2m or above begins April 2028 under the 2025 policy; 2026 adds deferrals, exemptions, discounts and a premium for long-empty properties. [1][2]

Estate-planning implication

The interaction of IHT on pensions, frozen nil-rate bands, residential property and eligible business reliefs is more important than any one measure alone. Beneficiary nominations, estate liquidity, legal documents and tax advice warrant review where relevant.

04 2026 BUDGET / CGT & BUSINESS OWNERS

Business Asset Disposal Relief: a new reduction

From **6 April 2027**, the lifetime limit for gains eligible for the 18% BADR rate will fall from **£1 million to £500,000**. The limit is on qualifying *gains*, not on the gross value of a company. Ordinary CGT rates on gains outside the allowance may be higher according to the circumstances. The BADR rate had already risen to 18% from April 2026 under the 2024 timetable. [1][4]

A separate incentive for certain founders

A new **10% Founders' Relief** is proposed from 6 April 2027 on up to £10m of lifetime qualifying gains for founders of specified high-growth innovative companies. Consultation will establish detailed conditions. This is not an automatic replacement for BADR and should not be assumed available to established trading-business owners generally. [1][2]

Company investment and employee incentives

- The new scheme labelled **EMI2** will expand Company Share Option Plan limits to £120,000 per person, extend the exercise period to 15 years, and allow interaction with EMI within specified rules. [1]
- The main first-year capital allowance increases to **50%** for expenditure from January 2027; the main writing-down allowance reduces to **12%** from April 2027. Different asset classes and exclusions apply. [1][2]
- R&D relief administration will be simplified: the Claim Notification Form is to be removed from April 2027 and other reporting requirements reduced from autumn 2027. [1]
- The 2025 reduction in VCT upfront income-tax relief to 20% and EOT disposal relief to 50% remain relevant. The Government is developing company-distribution reforms for April 2028, stating genuine ownership transfers, including family succession, should retain capital treatment where appropriate. [1][3]

For business owners: succession, sale timing, eligibility for reliefs and pension/estate exposure may intersect. Specialist tax advice is essential before agreeing transactions.

05 2026 BUDGET / TAX & THE COST OF BUSINESS

Employers' National Insurance: the 2024 rise survives

The standard employer Class 1 NI rate remains **15%**, compared with 13.8% before April 2025, and the secondary earnings threshold remains £5,000. Eligible employers continue to have a £10,500 Employment Allowance. The October 2026 Budget did not reverse these costs. [1][4]

Other new 2026 business and employment measures

- **Corporation tax:** the main rate remains 25% under the Corporate Tax Roadmap. Banks face a temporary surcharge increase from 3% to 6% for 15 months from January 2027. [1]
- **National Living Wage:** adult rate rises to £13.21 an hour from April 2027; the rate for ages 18–20 becomes £11.27. These affect pay and employer budgets. [1]
- **Small-scale trading:** income-tax Trading Allowance increases from £1,000 to £3,000 from April 2027. It is not an increase in the VAT registration threshold. [2]
- **Benefits in kind:** mandatory reporting and payrolling of most benefits is planned from April 2027, with some classes deferred to April 2028. [2]
- **Business-rate support:** further relief for qualifying pubs, social clubs, music venues and smaller retail/hospitality/leisure properties; criteria and thresholds depend on rateable values and jurisdiction. [1]
- **Business finance:** additional British Business Bank capacity and National Wealth Fund capital are intended to support investment, not to reduce general business tax rates. [1]

A balanced reading

Businesses may benefit from particular rates relief, capital allowances or financing measures while still facing the earlier employer NI increase and higher wage bills. The net effect depends on size, staffing, profitability, investment plans and location.

06 2026 BUDGET / HOUSEHOLDS, ENERGY & HOMES

The “breathing space” measures

- **£100 Household Energy Payment:** council tax rebate for up to 20m eligible households in English bands A–D from January 2027, with funding for comparable support in devolved nations. [1]
- **Domestic electricity VAT:** the temporary 0% VAT rate is extended to 1 July 2027. Treasury estimates a reduction of about £50 in the Ofgem annual price cap from April 2027. [1]
- **Fuel duty:** the temporary 5p-per-litre reduction and postponed inflation increase extend to 1 July 2027. [1]
- **Mileage expenses:** the 55p-per-mile authorised rate for the first 10,000 qualifying business miles for cars/vans is made permanent, and the rate above 10,000 miles rises from 25p to 35p. [1]
- **Warm Homes loans:** low- and zero-interest loans are planned to help with qualifying household efficiency measures, including solar and heat pumps. [1]

Housing, first-time buyers and social housing

- **Your First Home:** £4.7bn programme, aiming to help about 70,000 first-time buyers, with equity loans up to 20%, smaller deposits and an initial five-year interest-free period. Starts April 2027, subject to eligibility. [1]
- **Social housing:** an additional £1.5bn has been announced and zero VAT rating for certain land sold to registered social housing providers is planned from April 2027. [1]
- **Lifetime ISA changes:** a new First Time Buyer ISA is due from April 2029 for new savers; existing LISA savers retain their accounts. See the investment section for withdrawal-charge rules. [1]

Why the distinction matters

These measures reduce particular short-term costs or improve housing access for eligible households. They do not reverse the longer-term inheritance tax, employment tax and investment income changes summarised at the start of this report.

07 2026 BUDGET / WIDER TAX & ECONOMIC CHANGES

Digital tax administration, compliance and duties

- From **October 2027**, online marketplace operators become responsible for VAT on specified UK seller transactions, with a £90,000 per-platform threshold for certain sellers and exclusions for private sales, second-hand items and B2B sales. [1]
- VAT e-invoicing in a specified electronic format is scheduled from **April 2029**. More frequent Self Assessment payments on account are planned from the same year. [1]
- HMRC plans 670 additional compliance officers, enhanced debt recovery powers with safeguards and tax-gap enforcement initiatives. [1]
- Machine Games Duty rises from 20% to 25% for higher-stake machines in April 2027, with liability arrangements changed in April 2028. [1]
- The Budget also addresses alcohol and vehicle duties, company-car benefit percentages, certain private-hire fares, cross-border tax matters and tax rules applying to foreign sovereign investors. Their effects are sector-specific. [1][2]

Regional control and public investment

- The Fiscal Devolution Roadmap provides for greater local business-rate retention, income-tax assignment to mayors from 2028 and powers for strategic authorities to introduce overnight visitor levies. [1]
- The Government sets out greater financial capacity for public investment institutions, housing and strategic technology, alongside defence and energy-security plans. Funding and delivery will be clarified through later spending decisions. [1]

What is not in the Budget

The 2026 statement does not announce a general increase in headline income tax, employee National Insurance, VAT or the main rate of corporation tax. Nor does it undo the existing 2024–25 changes to employer NI, the 2027 pension IHT treatment or the 2031 personal threshold freeze. [1][2][3][4]

08 2026 BUDGET / THE PUBLIC FINANCES

The forecast in context

HM Treasury and the Office for Budget Responsibility project falling borrowing as a share of GDP, but a high outstanding stock of public debt. The figures are forecasts, not guaranteed outcomes; changes to interest rates, economic growth, inflation or geopolitical events can move them. [1][7]

OBR forecast measure	2026–27	2029–30	2031–32
Public sector net borrowing (% GDP)	4.2%	2.1%	1.8%
Public sector net debt (% GDP)	95.5%	96.7%	95.6%

The OBR estimates that debt-interest spending will average around **£14bn a year more** over the forecast than estimated in the spring. The Government nevertheless expects the current Budget to enter surplus from 2029–30. Both points matter: borrowing is forecast to decline, but debt and interest costs continue to constrain fiscal choices. [1][7]

Why clients may care

- Frozen thresholds can raise effective tax liabilities over time, even where basic headline tax rates remain the same.
- Tax rates and tax-relief eligibility may change again before currently scheduled implementation dates; plan with flexibility, not an assumption that all future Budgets will be unchanged.
- Pension and investment decisions should reflect long-term objectives, liquidity, risk and estate needs; they should not be driven solely by short-term fiscal headlines.

What Wasn’t Said: the factual conclusion

The 2026 Budget delivers some targeted “breathing space”, including on household energy and the Cash ISA decision. But it leaves the major 2024–25 increases and restrictions largely intact and adds further changes for savings, rental income and qualifying business disposals. That combination, rather than any one headline announcement, is the relevant context for long-term financial planning. [1][3][4]

About this document and Berkshire IFA

This is a client-facing explanation of the major Budget 2026 policy announcements and the relevant earlier decisions; it is not a reproduction of the full 166-page Treasury document or a complete tax-law manual. Proposed measures remain subject to enactment, detailed conditions and potential revision.
Prepared, and checked at 5pm 28 October 2026.

Primary and supporting sources

[1] HM Treasury — Budget 2026 (28 October 2026)
[2] HMRC — Budget 2026: Overview of tax legislation and rates
[3] HM Treasury — Budget 2025 (26 November 2025)
[4] HM Treasury — Autumn Budget 2024 (30 October 2024)
[5] HMRC — Inheritance Tax on pensions: technical note (May 2026)
[6] HMRC — Changes to Agricultural and Business Property Relief
[7] OBR — October 2026 Economic and Fiscal Outlook
[8] HMRC — 2026–27 and 2027–28 rates and allowances

Berkshire IFA Limited · Independent, whole-of-market financial advice · 0118 334 3500 · post@berkshireifa.com · www.berkshireifa.com

Authorised and regulated by the Financial Conduct Authority (FCA 826120). Company number 11248066. Registered office: Albany House, 14 Shute End, Wokingham, Berkshire RG40 1BJ. Head office: 100 Berkshire Place, Winnersh Triangle, Reading RG41 5RD. This document is general information, not a personal recommendation or individual tax or legal advice. Tax treatment depends on personal circumstances and may change. Pension and investment values may fall as well as rise. Taxation advice is not regulated by the FCA. Subject to Berkshire IFA compliance approval.