Autumn Budget Review 2026

Information correct as of 29 October 2026.

The Autumn Budget 2026 was delivered on 28 October 2026 by new Chancellor John Healey. Positioned as a budget to provide "breathing space" for households and businesses, the key policy announcements span energy relief, cost of living support, tax adjustments, and structural devolution.

Energy & Household Support

Energy Payment: A one-off £100 household energy payment will be distributed to 20 million households in council tax bands A–D across England, with equivalent funding given to devolved parliaments/assemblies in Scotland, Wales, and Northern Ireland.

Standing Charges: Daily fixed standing charges will be scrapped from household gas bills in 2027, shifting costs exclusively to usage unit rates to reward lower energy use.

VAT on Electricity: The temporary VAT cut on electricity bills to 0% is extended until July 2027, saving households an average of £50 annually.

Green Levies: The government will remove some green and hydrogen project levies off household energy bills to lower monthly charges.

Tariff Suspension Packages: Tariffs on 135 food products will be suspended from 21 June 2026 until 31 December 2028; 101 food products and kerosene for heating oil from 26 November 2026 until 31 December 2028; and fertiliser from 26 November 2026 until 31 December 2027.

Bus Fare Cap: The regional single bus fare cap at £2 outside London will be restored.

Transport & Wages

Fuel Duty: The 5p-a-litre fuel duty cut has been extended until July 2027 to shield motorists from rising global oil pressures.

Red Diesel: The government is extending the 3.7p cut to duty on red diesel for a further six months to 1 July 2027.

Electric Vehicle Excise Duty: This was originally announced in Budget 2025. This is a new mileage-based charge for electric and plug-in hybrid cars, from April 2028. The government will:

- Introduce a mileage estimation tool to support motorists that will be available at launch in April 2028.

- Develop an opt-in system to make use of vehicles' in-built connectivity. 'eVED Connect' will allow motorists to use this connectivity so that they do not have to report their mileage manually.

- Develop an automated refunds model by 2030, making refunds easier and available in more circumstances.

Mileage Allowances: The tax-free mileage rate for business travel in your own vehicle for fewer than 10,000 miles at 55p per mile will be made permanent. Relief for business miles over 10,000 miles is increased from 25p to 35p per mile from April 2027.

Minimum Wage: The National Living Wage (ages 21+) rises by 3.9% to £13.21 per hour. The National Minimum Wage for 18–20-year-olds will see their rate rise to £11.27 per hour.

State Pension: The full **new** State Pension increases by 3.9%, bringing it to **£13,036 annually** from April.

Taxation Changes

Headline Rates Stable: True to manifesto promises, there are no additional taxes on workers.

Additional 4% Surcharge on Savings and Property Income from April 2027: Income tax on earnings (employment and self-employment) remains unchanged. Budget 2025 proposed to increase the rates of tax on savings and property income by 2% across all tax bands from 6 April 2027. The government will increase these rates by a further 2% from that date (i.e. for a basic rate taxpayer the rate will become 24%).

The New "Pension Tax Allowance": The government will introduce a Pension Tax Allowance from April 2027, which reduces the disproportionate administrative burden of paying small amounts of tax for those whose incomes only just exceed the Personal Allowance. This will ensure that pensioners with incomes at or under the value of the full **new** State Pension (see above) will not be brought into paying income tax on that pension income.

Trading Allowance: The government is tripling the Trading Allowance from £1,000 to £3,000 from 6 April 2027. This is an allowance that may be claimed instead of using actual costs in the period.

Income Tax Self-Assessment and Payments on Account: The government will modernise the existing Payments on Account system for Income Tax Self-Assessment (ITSA). From April 2029, taxpayers who already make Payments on Account will make smaller, more regular contributions towards their tax bill throughout the year. The aim is to reduce the risk of large, unexpected tax bills and making payment less likely and building up debt. The government will make it easier for employees to claim tax relief on employment expenses by removing the need to use self-assessment solely to make these claims.

Compliance for Wealthy Taxpayers: There will be a multi-year plan to modernise the approach to the compliance of wealthy taxpayers. The plan sets out how HMRC will make

better use of data, technology and specialist expertise to ensure that this population of individuals is submitting accurate tax returns and paying on time.

E-Commerce Liability: From October 2027, online marketplaces will become legally responsible for collecting VAT directly from small businesses with sales over £90,000 per platform.

Business Asset Disposal Relief: The government is reducing the lifetime limit for capital gains eligible for Business Asset Disposal Relief (BADR) from £1m to £500,000 from April 2027. The limit for relief was originally £1m, and was quickly increased to £2m, then £5m and £10m, only to be reduced to £1m again in March 2020.

New Founders' Relief: Launches a new framework from April 2027 offering a 10% Capital Gains Tax rate for up to £10 million of lifetime gains. This is tightly targeted at long-term, high-growth, innovative entrepreneurs. There are conditions on both the individual shareholders (e.g. minimum 25% shareholding) and also the company (turnover of at least £10m with significant growth or significant spend on qualifying research and development).

First-Year Plant Allowances: Unincorporated and leasing small businesses will benefit from an increase in the first-year writing down allowance from 40% to 50% from April 2027.

Writing-Down Allowance Cut: The standard ongoing main-rate writing-down allowance drops from 14% to 12% from April 2027.

Female & Young Founders: The British Business Bank will double its funding to £200 million for female-led businesses, alongside a new living-cost allowance for young entrepreneurs starting out.

Bank Corporation Tax Surcharge: The rate of the Bank Corporation Tax Surcharge will temporarily increase from 3% to 6%, from 1 January 2027 until 31 March 2028. This will not be extended.

ISA Allowance: Despite speculation, the government has decided not to reduce the cash ISA limit, which remains £20,000.

First Time Buyer ISA and Lifetime ISA: The government will introduce the new First Time Buyer ISA from April 2029. The product will allow contributions of up to £4,000 a year with a 25% government bonus (as permitted under the Lifetime ISA rules). The new product will have no upper age restriction. In recognition that some Lifetime ISA holders may wish to purchase a property above the £450,000 property price cap, the government will from 29 October 2026 allow Lifetime ISA funds to be withdrawn for such purchases which otherwise meet the qualifying rules, with a reduced withdrawal charge of 20%, ensuring the value of individual contributions is protected if the value of the property is above the price cap.

The Lifetime ISA penalty is also amended from today (29 October 2026) for those who use the LISA funds for an unauthorised payment. This is effect reduces the penalty from 25% to 20% (i.e. in line with the bonus that the government provides).

Gambling Tax: Machine Games Duty will increase from 20% to 25% on high-stakes machines, explicitly exempting seaside arcades and pubs.

Changes to the Company Share Option Plan (CSOP): The Company Share Option Plan will now be known as Enterprise Management Incentives 2 (or EMI2). This allows employers to grant tax advantage share options to employees. The EMI2 limit will double from £60,000 to £120,000, which represents the value of the options when granted. Companies of any size and in any sector can generally offer EMI2 options. Employees are eligible if they are an employee or full-time director of the company / group granting the options and if they do not have a material interest in the company.

Corporate Tax & Allowances

Corporation Tax: The Corporation Tax main rate remains at 25%, and the small profits rate is frozen at 19%.

Dividend Taxation: Crucially, there are no changes to the tax on dividend income. This offers critical stability if you extract profits through a salary-and-dividend mix.

Capital Allowances: The full expensing regime is maintained for companies. As with non-incorporated businesses, the main rate of writing down allowances is reduced. The main pool rate will be 12% from April 2027. (This was 18% in 2025/26 and 14% in 2026/27)

R & D Relief: The government plans to make R&D tax reliefs easier to access by simplifying administration.

Private & Workplace Pension Allowances

While the state pension received a major shield, standard retirement savings frameworks emerged from the 2026 budget largely stable:

Pensions Tax-Free Lump Sum: Despite speculation that it would be changed, the 25% tax-free lump sum withdrawal cap remains frozen at £268,275.

Pensions Annual Allowance: The standard pension annual allowance remains capped at £60,000 or 100% of your earnings per tax year (whichever is lower).

Removal of the Two-Year Rule: The government eliminated a structural penalty on death benefits. Moving forward, tax-free pension and lump-sum death benefits will no longer become taxable solely because they are distributed more than two years after the scheme administrator was notified of a member's death.

Housing, Business & Devolution

First-Time Buyers: A new ‘Your First Home’ scheme is aimed at those without access to the ‘bank of mum and dad’ being able to buy their own homes. This is a £4.7 billion scheme and will provide 20% equity loans to first-time buyers who would not otherwise be in a position to purchase a residential property. Income caps will be set at £110,000 per household outside London and £140,000 inside London. Price caps will be set based on local authority median prices to ensure support is targeted at those who need it, with inner and outer London caps

of £650,000 and £500,000 respectively. The deposit requirement will be set at 2.5%, with a maximum deposit of 15%. People will be able to access equity loans with a five-year interest free period, with a gradual increase after five years.

Business Rates Relief: Retail, Hospitality and Leisure businesses in England will see their business rates either frozen in real terms, reduced, or cut to zero. The government will deliver this by:

- Taking around 70,000 more high street businesses out of business rates through an increase of the Small Business Rates Relief (SBRR) thresholds to £18,000 for 100% relief (from £12,000) and £21,000 for tapered relief (from £15,000) for qualifying RHL properties in England from April 2027

- Delivering a real-terms freeze of business rates bills for qualifying RHL properties in England in 2027 28 and 2028 29, so all RHL businesses have greater confidence to plan, invest and protect jobs. On average, over 14,000 restaurants will avoid an extra £7,500 paid over the two years and 120,000 shops will avoid an extra £3,250 paid over the two years.

- Extending transitional support by extending the 2026 Supporting Small Business (SSB) scheme in England to those who were in receipt of 2023 SSB for a further year, so that around 37,000 small and independent ratepayers will continue to receive protection next year worth an average of £3,000.

Pubs and Music Venues: The government is providing an extra 20% relief for pubs, social clubs and all but the very largest live music venues in England from 1 April 2027. This is in addition to the support introduced earlier this year, bringing the total relief to 35%.

Fiscal Devolution: Metro mayors will retain 20% of local business rates from 2027, scaling up to 100% by the end of the decade, alongside a share of local income tax from 2028 to fund regional infrastructure.

Economic & Fiscal Forecasts (OBR)

GDP Growth: Forecasted at **1.2% for this year**, dipping slightly to 1.0% in 2027, before recovering to 1.6% in 2028.

Deficit & Debt: The OBR aims to eliminate the structural budget deficit **within three years**. Government debt is projected to fall continuously to 81.7% of GDP by 2031–32.

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