

AUTUMN BUDGET · 28 OCTOBER 2026

Budget 2026: what it means for **business owners, landlords** and the self-employed

No rises in income tax, NI or VAT rates. But landlords, savers and anyone planning to sell a business are paying for it.

Swipe for the numbers →

THE HEADLINE

No headline rate rises. The squeeze is targeted.

Healey kept his word on the big taxes and went after **property, savings and business sales** instead.

Income tax rates

Unchanged

National Insurance rates

Unchanged

VAT rate

Unchanged

Dividend tax rates

Unchanged

10.75% / 35.75% / 39.35%

Corporation tax

25% cap kept

Small profits rate 19%

Cash ISA allowance

Stays £20,000

Planned cut to £12,000 reversed

The catch: income tax and NI thresholds are still frozen until April 2031. Every pay rise or profit increase is taxed harder than it looks.

LANDLORDS AND SAVERS

Property and savings income: a second 2% rise

Last year's 2% rise from April 2027 has been **doubled**. Dividends and earnings are untouched.

BAND	TODAY	FROM APR 2027
Basic rate	20%	24%
Higher rate	40%	44%
Additional rate	45%	49%

WORKED EXAMPLE

Higher-rate landlord, £20,000 rental profit

Tax today at 40%	£8,000
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Tax from April 2027 at 44%	£8,800
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Extra tax every year

+£800

HMRC is also consulting on third-party reporting of rental income, so expect platforms and agents

SELLING YOUR BUSINESS

Business Asset Disposal Relief limit halved

£1m → **£500k** lifetime limit
from 6 April 2027

Rate stays at 18%. Gains above the limit are taxed at 24%. Earlier claims count against the limit.

WORKED EXAMPLE

Owner selling with a £1m qualifying gain

Sale before 6 April 2027	£180,000
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Sale after 6 April 2027	£210,000
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Extra CGT

+£30,000

New Founders' Relief: 10% CGT on up to £10m of lifetime gains from 6 April 2027, but only for founders of high-growth, innovative companies. Most owner-managed trading businesses should not assume they qualify.

EMPLOYERS

Minimum wage up 3.9% from 1 April 2027

National Living Wage (21+)

~~£12.71~~ → **£13.21**

Age 18 to 20

£10.85 → £11.27

REAL COST PER HEAD

One full-time employee on the NLW (37.5 hrs a week)

Extra gross pay	£975
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Extra employer NIC at 15%	£146
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Extra pension at 3%	£29
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Extra cost per employee, per year

≈ £1,150

Also landing: the unfair dismissal qualifying period drops to 6 months from January 2027. Probation reviews now matter far more.

SOLE TRADERS AND SIDE INCOME

Small wins for the self-employed

Trading allowance

~~£1,000~~ → **£3,000**

Tax-free side income from 6 April 2027

Mileage over 10,000 miles

~~25p~~ → **35p**

55p for the first 10,000 miles made permanent

WORKED EXAMPLE

Sole trader driving 15,000 business miles a year

Miles above 10,000	5,000
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Extra claim at 10p more per mile	£500
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Tax and NI saved, higher-rate trader ≈ **£210**

Coming in April 2029: payments on account move to smaller, more regular instalments instead of two big January and July bills. Fuel duty 5p cut extended to 1 July 2027.

INVESTMENT AND PREMISES

Capital allowances reshuffled, rates relief widened

ALLOWANCE	TODAY	BUDGET 2026
Full expensing (companies)	100%	100%
Main rate first-year allowance	~~40%~~	50%
Main rate writing down allowance	~~14%~~	12%

WDA cut applies from April 2027. Start date for the 50% first-year allowance to be confirmed in the Finance Bill.

Reality check: the £1m Annual Investment Allowance still gives 100% relief on most SME spend. The WDA cut mainly hits company cars.

BUSINESS RATES, ENGLAND, FROM APRIL 2027

100% Small Business Rate Relief threshold (RHL)	£12k → £18k
Other retail, hospitality, leisure	Real-terms freeze, 2 yrs
Pubs, music venues and social clubs	Extra 20% off

BEFORE 6 APRIL 2027

Your action list

1

Selling in the next 18 months?

Model the BADR hit now. Whether contracts are exchanged before 6 April 2027 decides if the £1m limit still applies, subject to anti-forestalling rules.

2

Landlords: rerun the structure numbers

At 44% or 49% on rental profit, personal vs company ownership needs a fresh look.

3

Employers: budget £1,150 per NLW head

Reprice contracts and update 2027/28 forecasts now, not in March.

4

Company owners: plan exits early

New rules on buybacks, capital reductions and holdco moves are due from April 2028.

Book a Budget 2026 review

We will run your actual numbers and tell you what to do before April.

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Source: HM Treasury, Budget 2026 (28 Oct 2026). Measures are subject to Finance Bill 2026-27. Examples are illustrative and assume all income or gain falls in the band shown. General information only, not personal advice.