Budget 2026 – Selected Tax Measures

Owner-manager profit extraction: The Government has considered representations that the tax treatment of salary and dividends should be better aligned for genuine owner-managed companies as part of its review of tax support for entrepreneurs. However, Budget 2026 does not appear to announce a specific new consultation or policy change to harmonise the taxation of owner-manager profit extraction

A. Immediate effect or before 6 April 2027

Tax	Effective date	Measure	Summary / practical effect
Capital Gains Tax	28 October 2026	UK property return penalties	Late filing penalties on UK property disposal returns stop accruing once the disposal is subsequently reported through the taxpayer's Self Assessment return.
Corporation Tax / Capital Allowances	Expenditure from 1 January 2027	First-year allowance	The main-rate first-year capital allowance increases to 50%.

B. From 6 April 2027 or for 2027/28

Tax	Effective date	Measure	Summary / practical effect
Income Tax	6 April 2027	Savings income	Basic, higher and additional savings rates become 24%, 44% and 49%, respectively. Applies UK-wide.
Income Tax	6 April 2027	Property income	Separate property Income Tax rates of 24%, 44% and 49% apply, subject to devolved arrangements.
Income Tax	6 April 2027	Trading allowance	The trading allowance increases from £1,000 to £3,000. The Self Assessment trading income reporting threshold also increases to £3,000.
Income Tax	6 April 2027	Pension Tax Allowance	A special allowance protects pensioners around the new State Pension level from small Income Tax liabilities. It applies from 2027/28 to 2029/30.
Income Tax / Capital Allowances	6 April 2027	Writing-down allowance	The main pool writing-down allowance falls to 12%. For companies, the reduction starts on 1 April 2027.
Employment Taxes	Options granted from 6 April 2027	EMI reporting	Separate grant notification is abolished. Grants are instead reported through the end-of-year EMI return.
Employment Taxes	6 April 2027	Mandatory benefit payrolling	Mandatory RTI payrolling commences for company cars and vans, car and van fuel, and medical benefits.
National Insurance	2027/28	NIC limits and rates	Lower Earnings Limit £6,916 a year (£133 a week); Small Profits Threshold £7,355; voluntary Class 2 £3.80 a week; Class 3 £19.05 a week. Other NIC thresholds remain frozen at 2026/27 levels.
Capital Gains Tax	6 April 2027	Founders' Relief	A new relief gives a lower CGT rate on qualifying disposals of shares or securities by qualifying founders and early investors. Detailed conditions remain subject to technical consultation.
Capital Gains Tax	6 April 2027	BADR lifetime limit	The Business Asset Disposal Relief lifetime limit is reduced from £1 million to £500,000. Transitional rules apply to certain pre-6 April contracts and reorganisations.
Capital Gains Tax	6 April 2027	Gift Holdover Relief	The restriction formula for gifts of qualifying shares or securities is modernised to recognise intangible fixed assets and assets qualifying for the substantial shareholding exemption.
Inheritance Tax	6 April 2027	Pensions within estates	Most unused pension funds and pension death benefits are brought into the deceased's estate for IHT. The substantive change was already legislated in Finance Act 2026.
Inheritance Tax	6 April 2027	IHT paid from pension	Prospective personal representatives can, subject to conditions, direct pension administrators to pay relevant IHT to HMRC.
IHT / Income Tax	Deaths from 6 April 2027	Pension double taxation	Consequential provisions preserve Income Tax relief where pension benefits suffer both IHT and Income Tax and address subsequent IHT refunds.

Tax	Effective date	Measure	Summary / practical effect
Corporation Tax	1 April 2027	Capital allowances	The main-rate writing-down allowance is reduced to 12%, while the new 50% main-rate first-year allowance applies to expenditure from 1 January 2027.
Corporation Tax	Claims from 1 April 2027	R&D; claims	The R&D; Claim Notification Form is abolished. The Additional Information Form is also simplified from autumn 2027.