YOUR GUIDE TO THE

Autumn Budget 2026

28 OCTOBER 2026

The main highlights from the Chancellor's Autumn Budget

A summary of the announcements affecting households, savers, business owners and the wider economy.

Mindful Financial Planning

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The Chancellor presented a Budget combining short-term support for households and businesses with changes to taxation, saving, investment and housing. The priorities were to ease immediate pressures, support enterprise and address longer-term challenges in energy, public services and national security.

For individuals, families, retirees and business owners, the announcements include higher tax rates on property and savings income, protection of the Cash ISA limit, a new pension tax allowance, help with energy costs, support for first-time buyers and changes to business reliefs.

Key announcements

- **Property and savings income:** Basic, higher and additional rates increase by a further two percentage points from 6 April 2027, to 24%, 44% and 49%.
- **Cash ISAs and investment:** The annual Cash ISA limit is retained at £20,000. The government will explore a new incentive for first-time Stocks and Shares ISA investors.
- **Pensioners:** A new Pension Tax Allowance from April 2027 will protect eligible people over State Pension age with total income at or below the full new State Pension from income tax.
- **Energy payments:** Eligible households in council tax bands A-D in England will receive a £100 Household Energy Payment from January 2027; devolved governments will receive corresponding funding.
- **Energy bills:** The 0% VAT rate on qualifying domestic electricity in Great Britain continues through 30 June 2027. Ofgem has been asked to abolish household gas standing charges by the end of 2027, or as soon as possible afterwards.
- **First-time buyers:** A new First Time Buyer ISA will replace the Lifetime ISA for new savers from April 2029; existing Lifetime ISA holders can keep their accounts. A separate equity loan scheme is planned for April 2027.
- **Businesses and high streets:** The Trading Allowance rises to £3,000 from April 2027, with new Founders' Relief and expanded business rates relief for eligible retail, hospitality and leisure premises in England.
- **Families and work:** Minimum wage rates rise by 3.9% from April 2027. Plans include extending parental pay to eligible self-employed fathers and partners from April 2029 and reforming Carer's Allowance in 2030-31.
- **Motoring:** The 55p tax-free rate for the first 10,000 business miles is made permanent; the rate above 10,000 miles rises from 25p to 35p on 6 April 2027. Fuel and red diesel duty cuts continue through 30 June 2027.

The economy and public finances

The Chancellor attributed pressure on household and business costs, and on the public finances, to global trade tensions and conflict in the Middle East.

The Office for Budget Responsibility forecast UK growth of 1.2% in 2026 and 1.0% in 2027, followed by 1.6% in 2028, 1.8% in 2029, 1.7% in 2030 and 1.6% in 2031.

The Chancellor said the Budget meets both fiscal rules in the third forecast year: covering day-to-day spending with tax receipts and ensuring public sector net financial liabilities fall as a share of GDP.

The government forecast that its plans would eliminate the current budget deficit within three years. This is a projected outcome, rather than a guarantee.

Personal taxation, savings and retirements

From 6 April 2027, the basic, higher and additional rates on taxable property and savings income will rise by a further two percentage points, to 24%, 44% and 49%. Property income rates will apply in England, Wales and Northern Ireland, while savings income rates will apply UK-wide. The Chancellor announced no change to tax rates on dividends or employment income in this Budget.

The planned reduction in the annual Cash ISA subscription limit will not go ahead; the limit will remain £20,000. The government will work with industry on a possible new incentive for people investing in a Stocks and Shares ISA for the first time. No final product terms were announced.

A Pension Tax Allowance will run from 6 April 2027 to 5 April 2030. It will provide an automatic tax reduction for eligible individuals over State Pension age whose total income is at or below the full new State Pension, tapering for incomes just above that level. It is not a general tax exemption on all pension income.

The Budget documents also remove the two-year rule under which certain pension and lump-sum death benefits could become taxable solely because payment was made more than two years after death. This applies to payments from 28 October 2026. A technical inheritance tax change will clarify the treatment of liabilities in trust arrangements for chargeable events from that date.

The government also confirmed changes to coal pension scheme surplus-sharing arrangements, intended to return 100% of future surpluses to members, and continued work towards transferring the remaining Guarantor's Fund.

Household costs and support for families

A £100 Household Energy Payment will be provided from January 2027 to households in England in council tax bands A-D, with corresponding funding for devolved governments. Local authorities will administer the support in England.

The 0% VAT rate on domestic electricity in Great Britain, introduced in October 2026, is extended through 30 June 2027. Similar relief is expected in Northern Ireland from April 2027. The annual Ofgem price cap is expected to fall by around £50 in April 2027; actual savings will vary.

Ofgem has been asked to abolish gas standing charges on household bills in Great Britain by the end of 2027, or as soon as possible afterwards. The cost of supplying gas must still be recovered through bills, and reforms to electricity standing charges will be considered separately.

The 5p-per-litre fuel duty cut and 3.7p-per-litre red diesel duty reduction continue through 30 June 2027. The government also announced tariff suspensions on more than 100 food and drink products.

The 55p tax-free rate for the first 10,000 business miles in a person's own car or van, temporarily introduced from 6 April 2026, is now permanent. The rate above 10,000 miles rises from 25p to 35p on 6 April 2027.

The National Living Wage will rise by 3.9% to £13.21 an hour from 1 April 2027. National Minimum Wage rates for younger workers and apprentices will also rise by 3.9%.

From April 2029, a new parental allowance is planned for eligible self-employed fathers, partners and adopters, including certain people with irregular employment histories. In 2030-31, Carer's Allowance is planned to move from an earnings cliff edge to a taper for earnings above the weekly limit in England and Wales.

Further measures include funding for early-years books and action on pay transparency in job advertisements.

Savings for a first home and housing

The new First Time Buyer ISA will replace the Lifetime ISA for new savers from 6 April 2029. It is intended to allow annual contributions up to £4,000 and a 25% government bonus, paid on qualifying withdrawal for a first home worth up to £450,000, subject to a maximum bonus of £20,000. Existing Lifetime ISA holders may continue contributing to and using their accounts.

From 29 October 2026, the Lifetime ISA withdrawal charge is reduced from 25% to 20% for first-home purchases above the £450,000 property price cap. The existing 25% charge remains for other non-qualifying withdrawals.

A separate Your First Home equity loan scheme is planned from April 2027 to assist first-time buyers, including those without family financial backing. The government announced £4.7 billion of government-backed lending through the scheme.

An additional £1.5 billion was announced for social and affordable housing, taking the wider council housing commitment to £40 billion. The government also plans cheaper council borrowing and zero-rated VAT for eligible land sales to registered social housing providers from April 2027.

The Chancellor said major changes to building regulations would be avoided during this Parliament unless required for safety, with biodiversity requirements removed for more brownfield sites. Around £430 million of additional support was also announced to extend help for people sleeping rough.

Businesses, entrepreneurs and investment

The Trading Allowance will increase from £1,000 to £3,000 from 6 April 2027, allowing individuals up to £3,000 of qualifying trading and miscellaneous income tax-free each year.

New Founders' Relief will introduce a 10% capital gains tax rate on up to £10 million of lifetime gains for qualifying founders of high-growth, innovative companies from 6 April 2027. The detailed design is subject to technical consultation and legislation.

The lifetime gains limit for Business Asset Disposal Relief will fall from £1 million to £500,000 from 6 April 2027.

The main-rate first-year capital allowance will rise from 40% to 50% for qualifying spending from 1 January 2027; the main writing-down allowance will fall from 14% to 12% from April 2027.

The government will pilot a Young Entrepreneurs Allowance in England, providing successful applicants with help towards first-year living costs. A separate initiative will support women-led scale-ups, and the British Business Bank will double its commitments to women-led firms and funds to £200 million.

A further £20.4 billion was announced for the National Wealth Fund and British Business Bank over the coming years. The government also intends to work with pension providers and asset managers to encourage private investment in growing British businesses.

High streets, business costs and tax administration

From April 2027, the rateable value threshold for 100% Small Business Rates Relief will increase from £12,000 to £18,000 for qualifying retail, hospitality and leisure premises in England. The tapered relief threshold will rise from £15,000 to £21,000.

The government also plans a two-year real-terms business rates bill freeze for qualifying premises in these sectors in 2027-28 and 2028-29. Machine Games Duty will increase to 25% for certain higher-stakes machines; vape shops and adult gaming centres will lose specified business rates reliefs.

The government plans to expand VAT obligations for online marketplaces, with new rules for relevant UK sellers from October 2027. HMRC will recruit additional compliance staff and strengthen powers to collect some overdue tax from those who can pay but do not respond to repeated contact.

The Bank Corporation Tax Surcharge will increase temporarily from 3% to 6% for the 15 months from 1 January 2027 to 31 March 2028, helping to fund household energy support.

Self-assessment taxpayers who already make payments on account will be required to make more regular in-year payments from April 2029. This is not a change applying to every taxpayer.

Changes to the taxation of company distributions will be developed further, while aiming to protect genuine commercial transactions and family business succession. Draft legislation is expected for consultation in 2027.

From April 2027, the British Industrial Competitiveness Scheme will cut electricity bills by up to 25% for more than 10,000 eligible manufacturers in Great Britain. An additional payment in 2027 will reflect support eligible businesses would have received had the scheme started in 2026-27.

Local investment and public services

The Chancellor announced an additional £1.5 billion of devolved lending for mayoral authorities, with the aim of retaining all business rates locally by the end of the decade. From 2027, 20% of business rates revenue is intended to flow to mayors; from 2028, mayors will gain a share of income tax receipts, and strategic authorities are expected to receive powers to introduce overnight visitor levies.

Announcements included £100 million to expand local apprenticeship brokerage services and a review of NHS productivity and the use of artificial intelligence.

The National Wealth Fund and British Business Bank are also expected to deploy up to £5 billion in investment and lending over four years in defence, dual-use technologies and sovereign capability.

Discussing your circumstances

The measures outlined in this summary may affect individuals and businesses differently depending on their circumstances. To discuss the announcements, please contact Mindful Financial Planning and speak with an adviser.

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Important information

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