J C Accounting Ltd

Supporting Small Business Digitally

Autumn Budget 2026: tax rates and allowances

Income tax rates: England, Wales & Northern Ireland (non-dividend income) (note 1 and 1a)	2027/28	2026/27
0% starting rate for savings only	Up to £5,000	Up to £5,000
0% on personal allowance (subject to any clawback of PA)	£0–£12,570	£0–£12,570
20% basic rate tax (except property and savings income)	£12,571–£50,270	£12,571–£50,270
24% basic rate tax (property and savings income)	£12,571–£50,270	n/a
40% higher rate tax (except property and savings income)	£50,271–£125,140	£50,271–£125,140
44% higher rate tax (property and savings income)	£50,271–£125,140	n/a
45% additional rate tax (except property and savings income)	Above £125,140	Above £125,140
49% additional rate tax (property and savings income)	Above £125,140	n/a
Note 1: The Welsh Government has made a commitment not to raise Welsh rates of income tax. Therefore, Welsh taxpayers will continue to pay the same rates as their English and Northern Irish counterparts. *The income tax bands will remain frozen to April 2030/31. An extra 4% income tax will be payable from April 2027 on property and savings income.* *Note 1a: The UK rates are reduced by 10p in £1 for Welsh taxpayers, and the Welsh rates of income tax are set by the Senedd and added to the UK rates. The Welsh Government's Budget for 2027/28 will be published on 16 February 2027.*		
Scottish rates of income tax (non-dividend income) (note 2)		
0% on personal allowance (subject to any clawback of PA)	£0–£12,570	£0–£12,570
19% starting rate	£12,571–£16,537	£12,571–£16,537
20% basic rate tax	£16,538–£29,526	£16,538–£29,526
Scottish rates of income tax (non-dividend income) (note 2)	**2027/28**	**2026/27**
21% intermediate rate tax	£29,527–£43,662	£29,527–£43,662
42% higher rate tax	£43,663–£75,000	£43,663–£75,000
45% advanced rate	£75,001–£125,140	£75,001–£125,140
48% top rate	Above £125,140	Above £125,140
Note 2: Scottish taxpayers pay the same tax as the rest of the UK on dividends and savings interest. Scottish budget is set for 3 December 2026, all the rates will be updated in due course.		
Income tax rates (dividend income)	**2027/28**	**2026/27**
Dividend allowance	£500	£500
Dividend ordinary rate (for dividends within basic rate band)	10.75%	10.75%
Dividend upper rate (for dividends within higher rate band)	35.75%	35.75%
Dividend additional rate (for dividends above higher rate band)	39.35%	39.35%

Child benefit/guardian's allowance rates (notes 3 and 4)		
Higher rate (eldest or only child) (per week)	£28.00	£27.05
Other children	£18.55	£17.90
Guardian's allowance per week	£23.75	£22.95
Note 3: from April 2024, the threshold for High Income Child Benefit Charge (HICBC) is increased to £60,000 (from £50,000) with the taper band extended to £80,000. Therefore, the charge reduces the financial benefit of receiving child benefit for those with 'adjusted net income' between £60,000 and £80,000. The benefit is removed completely for taxpayers with income above £80,000.		
Note 4: from January 2021, child benefit payments may be available in respect of children living overseas in certain countries only.		

Personal allowances	2027/28	2026/27
Personal allowance	£12,570	£12,570
Dividend allowance (no allowance for trustees)	£500	£500
Pensions tax allowance (note 5)	£13,037	n/a
Married couple's allowance – minimum amount	£4,690	£4,530
Maximum married couple's allowance for those born before 6 April 1935 (note 5a)	£12,110	£11,700

Personal allowances	2027/28	2026/27
Married couple's allowance – minimum amount	£4,690	£4,530
Trading and miscellaneous income allowance	£3,000	£1,000
Property income allowance	£1,000	£1,000
Income limit for personal allowance (note 6)	£100,000	£100,000
Income limit for married couple's allowance: born before 6 April 1935	£40,600	£39,200
Blind person's allowance	£3,370	£3,250
Rent-a-room relief	£7,500	£7,500
Transferable/shareable tax allowance for married couples and civil partners (note 7)	£1,260	£1,260
Personal savings allowance for basic rate taxpayers	£1,000	£1,000
Personal savings allowance for higher rate taxpayers	£500	£500
Personal savings allowance for additional rate taxpayers	£0	£0

Note 5: the pensions tax allowance will be withdrawn at a rate of £1 for every £3 of income above the eligibility threshold of £13,037, means pensions tax allowance is fully removed at £13,319.
Note 5a: this allowance is reduced by £1 for every £2 of income in excess of the income limit, but married couple's allowance will not reduce below £4,690 for 2027/28 and £4,530 for 2026/27.

Note 6: personal allowances are subject to the £100,000 income limit, which applies regardless of the individual's date of birth. The individual's personal allowance is reduced where their income is above this limit. The allowance is reduced by £1 for every £2 above the limit, down to zero.

Note 7: this allowance is available to married couples and civil partners who are not in receipt of married couple's allowance. A spouse or civil partner who is not liable to income tax, or not liable at the higher or additional rates, can transfer this amount of their unused personal allowance to their spouse or civil partner. The recipient must not be liable to income tax at the higher or additional rates. If the couple marry or register a civil partnership, they will get the allowance on a pro-rata basis for the rest of that tax year. If one of them dies or there is a divorce or separation, the allowance continues until the end of the tax year.

National insurance contributions	2027/28	2026/27
Lower earnings limit, primary class 1 (per week)	£133	£129
Primary threshold (per week)	£242	£242
Secondary threshold (per week)	£96	£96
Upper earnings limit, primary class 1 (per week)	£967	£967
Upper secondary threshold for under 21s	£967	£967

National insurance contributions	2027/28	2026/27
Apprentice upper secondary threshold (AUST) for under 21s/25s	£967	£967
Freeport upper secondary threshold	£481	£481
Investment Zones upper secondary threshold	£481	£481
Veteran upper secondary threshold	£967	£967
Employment allowance (per year/employer)	£10,500	£10,500

Employee's (primary) Class 1 contribution rates (per cent)	2027/28	2026/27
Below lower earnings limit (LEL)	n/a	n/a
Lower earnings limit (LEL) to primary threshold (PT)	0%	0%
Primary threshold (PT) to upper earnings limit (UEL)	8%	8%
Above upper earnings limit (UEL)	2%	2%

Married woman's reduced rate for (primary) Class 1 contribution rates	2027/28	2026/27
Weekly earnings from between the primary threshold (PT) and upper earnings limit (UEL)	1.85%	1.85%
Weekly earnings above the upper earnings limit (UEL)	2%	2%
Employer's (secondary) Class 1 contribution rates*	**2027/28**	**2026/27**
Below secondary threshold (ST)	0%	0%
Above secondary threshold (ST)	15%	15%
Class 1A/1B NIC	15%	15%
** The same rates of employer's secondary Class 1 contributions apply below and above the relevant secondary thresholds for employees under 21, Apprentices under 25, eligible employers in Freeports, Investment Zones and qualifying veterans.*		
Self-employed Class 2 contributions rates and thresholds (£ per week)	**2027/28**	**2026/27**
Small profits thresholds (SPT)	£7,355	£7,105
Lower profits thresholds (LPT)	£12,570	£12,570
Class 2 contribution rates (£ per week)	**2027/28**	**2026/27**
Below small profits threshold (SPT)	£3.80 (voluntary)	£3.65 (voluntary)
Above small profits threshold (SPT) to lower profits threshold (LPT)	£0	£0
Above lower profits threshold (LPT)	£0	£0
Class 2 contribution rates (£ per week)	**2027/28**	**2026/27**
Special class 2 rate for share fisherman	£4.45	£4.30
Special class 2 rate for volunteer development workers	£6.65	£6.45
Class 3 National Insurance contributions rates (£ per week)	**2027/28**	**2026/27**
Voluntary contributions	£19.05	£18.40
Self-employed class 4 rates and thresholds	**2027/28**	**2026/27**
Lower profits limit (LPL) annual threshold	£12,570	£12,570
Upper profits limit (UPL) annual threshold	£50,270	£50,270
Below lower profits limit (LPL) rate	0%	0%
Lower profits limit (LPL) to upper profits limit (UPL) rate	6%	6%
Above upper profits limit (UPL) rate	2%	2%
Pensions	**2027/28**	**2026/27**
Annual allowance (note 8)	£60,000	£60,000
Money purchase annual allowance	£10,000	£10,000
Lump sum allowance	£268,275	£268,275
Lump sum and death benefit allowance	£1,073,100	£1,073,100
Overseas transfer allowance	£1,073,100	£1,073,100
Note 8: individuals with a high income have had a tapered annual allowance, where for every £2 of adjusted income over a threshold, an individual's annual allowance is reduced by £1. From April 2023, the annual allowance is £10,000 for individuals with total adjusted income (including pension accrual) over £260,000.		
Reliefs and incentives	**2027/28**	**2026/27**
Enterprise Investment Scheme (EIS) – maximum (note 9)	£1,000,000	£1,000,000
Knowledge Intensive Companies	£2,000,000	£2,000,000
Venture Capital Trust (VCT) – maximum	£200,000	£200,000
Seed Enterprise Investment Scheme (SEIS) – maximum (note 10)	£200,000	£200,000

Enterprise Management Incentive Scheme (EMI) – individual employee limit up to the value of £250,000 in a three-year period	£250,000	£250,000
Income tax relief on EIS schemes	30%	30%
Income tax relief on VCT schemes	20%	20%
Income tax relief on SEIS schemes	50%	50%
Note 9: From April 2026, the VCT and EIS annual investment limit for the capital companies can raise will increase to £10m (£20m for knowledge-intensive companies (KICs)). The lifetime limit will increase to £24m (£40m for KICs); however, the rate of relief for individual investors for VCT schemes was reduced from 30% to 20%.		
Note 10: capital gains tax reinvestment relief may also be available for investments made up to 50% of the amount invested.		
Individual Savings Account (ISA)	**2027/28**	**2026/27**
ISA (NISA) annual limit (note 11)	£20,000	£20,000
Junior ISA investment annual limit – under 18, living in the UK	£9,000	£9,000
Child Trust Fund annual limit	£9,000	£9,000
Lifetime ISA annual limit (note 12)	£4,000	£4,000
Note 11: all ISA limits are frozen until 5 April 2031. *Note 12: to open a Lifetime ISA, you must be 18 or over but under 40. Contributions can be made until the age of 50. The government will add a 25% bonus to the savings, up to a maximum of £1,000 per year. The lifetime ISA limit of £4,000 counts towards the annual ISA limit.* *From April 2029, a new First Time Buyer will replace the Lifetime ISA for new savers. It will provide a 25% bonus on the final account balance up to a maximum of £20,000, paid on withdrawal, towards a purchase of a first home worth up to £450,000. Existing Lifetime ISA holders will be able to continue contributing to and using their accounts under the current rules.*		
Capital gains tax	**2027/28**	**2026/27**
Basic rate individual taxpayer (other than carried interest)	18%	18%
Higher rate taxpayer/main rate for trustees and personal representatives (other than carried interest)	24%	24%
Annual exemption – individuals, personal representatives and trusts for disabled persons	£3,000	£3,000
Annual exemption – other trusts	£1,500	£1,500
Business Assets Disposal Relief lifetime limit (note 13/13a)	£500,000	£1,000,000
Investors' Relief lifetime limit	£1,000,000	£1,000,000
Business Assets Disposal Relief/Investors' rate	18%	18%
Founders' Relief (note 13b)	10%	n/a
Founders' Relief lifetime limit (note 13b)	£10,000,000	n/a
Chattels exemption	£6,000	£6,000
Temporary Repatriation Facility (TRF) for designated foreign income and gains (FIG) (note 13c)	15%	12%
Note 13: The Business Asset Disposal Relief (BADR) is reduced from £1,000,000 to £500,000 for BADR qualifying disposals made on or after 6 April 2027. *Note 13a: From 26 November 2025, Capital Gains Tax relief available on qualifying disposals to Employee Ownership Trusts reduced from 100% of the gain to 50% of the gain on disposal of shares to the trustees of an EOT.* *Note 13b: From 6 April 2027, Founders' Relief applies, with any Business Asset Disposal Relief or Investors' Relief claimed from that date reducing the available lifetime limit for Founders' Relief.* *Note 13c: The Temporary Repatriation Facility (TRF) is available to former remittance basis users who have unremitted foreign income and gains for tax years prior to 2025/26. Individuals can elect to pay tax at the TRF rate on offshore funds that they designate. The designated funds will then not be taxed on remittance to the UK. Former remittance basis users can also use the TRF to designate distributions from trust structures, which are matched to foreign income and gains which arose prior to April 2025.*		
Inheritance tax	**2027/28**	**2026/27**
Single person's nil-rate band (note 14)	£325,000	£325,000
Single person's 40% band	over £325,000	over £325,000
Residence nil-rate band (RNRB) – maximum (note 15)	£175,000	£175,000
Reduced rate (note 16)	36%	36%

IHT rate (for chargeable lifetime transfers)	20%	20%
Married couples or civil partnerships allowance nil-rate band	£650,000	£650,000
Gifts to charities	Exempt	Exempt
Small gifts to same person	£250	£250
General gifts – annual exemption	£3,000	£3,000
Wedding gifts to children	£5,000	£5,000
Wedding gifts to grandchildren	£2,500	£2,500
Wedding gifts to any other person	£1,000	£1,000
Note 14: all unspent pension pots will be brought into the scope of inheritance tax from April 2027.		
Note 15: the RNRB is available in respect of a main residence given away to children (including adopted, foster or stepchildren). Any unused nil-rate band transfers to the deceased's spouse or civil partner, even where death predates the availability of the additional threshold. It applies in addition to the existing nil-rate band (NRB) or threshold (currently £325,000) if the individual and estate meet the qualifying conditions. Inheritance tax nil-rate band and residence nil-rate band – thresholds are maintained at the current level until April 2031.		
Note 16: the estate can pay inheritance tax at a reduced rate of 36% on some assets if you leave 10% or more of the net value to charity in your will.		
Business property relief and Agricultural property relief	**2027/28**	**2026/27**
Business or interest in a business and transfers of unquoted shareholdings (note 17) Up to £2.5m gain More than £2.5m gain	 100% 50%	 100% 50%
Note 17: from April 2026, agricultural property relief (APR) and business property relief (BPR) are proposed to be restricted 100% for the first £2.5m combined value and it will be 50% thereafter. Any unused £2.5m allowance for the 100% rate of agricultural property relief and business property relief will be transferable between spouses and civil partners, including if the first death was before 6 April 2026. *The individual combined BPR/APR allowance is fixed at £2.5m until 5 April 2031.*		
Taxation of trusts (accumulation or discretionary trusts)	**2027/28**	**2026/27**
Trust income up to £500 – dividend type income	10.75%	10.75%
Trust Property and Savings basic rate	24%	n/a
Trust income up to £500 – all other income	20%	20%
Dividend trust rate for accumulated and discretionary dividend income	39.35%	39.35%
Property and savings trust rate for accumulated and discretionary property income	49%	n/a
Trust rate for other accumulated and discretionary income	45%	45%
Taxation of trusts (interest in possession trusts)	**2027/28**	**2026/27**
Dividend-type income	10.75%	10.75%
All other income	20%	20%

Corporation tax	**2027/28**	**2026/27**
All profits and gains (excluding determination agreements and diverted profits) Small profits rate (companies with profits under £50,000) Main rate of corporation tax (companies with profits over £250,000)	 19% 25%	 19% 25%
Limits for marginal relief	£50,000–£250,000	£50,000–£250,000
Standard fraction for marginal relief	3/200	3/200
S.455 tax on loans made by close companies to participators	35.75%	35.75%
Capital allowances	**2027/28**	**2026/27**

Main writing-down allowance (reducing balance)	12%	14%
Special rate writing-down allowance (reducing balance)	6%	6%
Structures and buildings allowance (SBA)	3%	3%
Full expensing (main rate plant and machinery) (note 18)	100%	100%
Capital allowances	**2027/28**	**2026/27**
Full expensing (special rate plant and machinery) (note 18)	50%	50%
First-year allowance (main rate plant and machinery) (note 18a)	50%	40%
Motor cars if CO2 > 1/km but does not exceed 50g/km)	12%	14%
Motor cars if CO2 > 50g/km	6%	6%
First-year allowances (FYA) – New and unused motor cars if CO2 emissions are 0 g/km or car is electric (note 19)	100%	100%
Small pool write-off where written-down value (WDV) is £1,000 or less	100%	100%
FYA for electric charge points (note 19)	100%	100%
Annual investment allowance (AIA)	£1,000,000	£1,000,000
AIA rate	100%	100%
Note 18: Full expensing has been made permanent from 1 April 2026. *Note 18a: From 1 January 2026, a new first year allowance is introduced for main rate expenditure (including UK leased assets). From 1 January 2027 the First-Year Allowance of 40% for main-rate assets will be increased to 50%.*		
Note 19: From April 2021, the thresholds for FYA will be reduced from 50g/km to 0g/km. Main rate of capital allowance will be applicable for business cars with CO2 emissions not exceeding 50g/km. Business cars with CO2 emissions exceeding 50g/km will be eligible for writing-down allowance at the special rate of 6%. First year allowance on electric cars and electric charge points is extended to 31 March 2027.		
Research and development tax credit rates	**2027/28**	**2026/27**
R&D merged scheme (note 20)	20%	20%
R&D Intensive SME deduction rate	186%	186%
R&D Intensive SME payable credit	14.5%	14.5%
R&D Intensive SME intensity ratio (note 21)	30%	30%
Note 20: From April 2024, both R&D tax credits and RDEC schemes are merged, and relief is available at a flat rate of 20%. SME R&D payable credit is only available to R&D intensive companies.		
Note 21: Loss-making SMEs whose R&D expenditure constitutes at least 30% (for accounting periods beginning on or after 1 April 2024) of total expenditure are referred to as 'R&D intensive SMEs'.		
Patent box	**2027/28**	**2026/27**
Patent box	10%	10%
VAT	**2027/28**	**2026/27**
Standard rate	20%	20%
Reduced rate	5%	5%

VAT	**2027/28**	**2026/27**
Zero rate	0%	0%
Flat rate of VAT on gross turnover (for limited cost trader)	16.5%	16.5%
Normal scheme registration threshold	£90,000	£90,000
Deregistration threshold	£88,000	£88,000
Cash and annual accounting scheme – maximum to join	£1,350,000	£1,350,000
Cash and annual accounting scheme – exit threshold	£1,600,000	£1,600,000
Flat-rate scheme – maximum allowed to join	£150,000	£150,000
Flat-rate scheme exit threshold	£230,000	£230,000

Making Tax Digital for Income Tax (MTD for ITSA)	2027/28	2026/27
From April 2026, for those with qualifying income in 2024/25 over	£50,000	£50,000
From April 2027, for those with qualifying income in 2025/26 over	£30,000	£30,000
From April 2028, for those with qualifying income in 2026/27 over	£20,000	£20,000

Annual tax on enveloped dwellings (ATED)	2027/28	2026/27
More than £0.5m but not more than £1m	£4,750	£4,600
More than £1m but not more than £2m	£9,750	£9,450
More than £2m but not more than £5m	£33,300	£32,200
More than £5m but not more than £10m	£78,050	£75,450
More than £10m but not more than £20m	£156,750	£151,450
More than £20m	£314,050	£303,450

Economic crime (anti-money laundering) levy (note 22)	2027/28	2026/27
Small entity (less than £10.2m UK revenue)	n/a	n/a
Medium entity (UK revenue £10.2m–£36m)/Band A	£10,200	£10,200
Large entity (UK revenue £36m–£500m)/Band B Large entity (UK revenue £36m–£1bn)	£36,000	£36,000
Large (Upper) entity (UK revenue £500m–£1bn)/Band C	£500,000	£500,000
Very large entity (UK revenue more than £1bn)/Band D	£1,000,000	£1,000,000
Note 22: The Economic Crime Levy (ECL) is an annual charge that will affect entities (organisations) that are supervised under the Money Laundering Regulations (MLR) and whose UK revenue exceeds £10.2m per year.		

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