



Autumn Budget 2026

Summary

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The Autumn 2026 Budget was presented as one designed to deliver “good growth in every postcode” while creating “breathing space for Britain”. But against the backdrop of the Government’s commitment not to raise taxes on “working people”, the more interesting question for our clients is clear; where will the tax burden fall instead?

For high-net-worth individuals, business owners and investors, the distinction between taxing work and taxing wealth, investment returns and capital is becoming more important. Property, pensions, investment income, capital gains and the transfer of wealth therefore remain firmly in focus, making it important to look beyond the headline announcements to their wider impact on how wealth is owned, invested, structured and ultimately passed on.

There is also a broader question for entrepreneurs and business owners. If the Government wants growth across the UK, does the tax system provide sufficient incentive to invest, take risk, build businesses and retain capital here?

Against that backdrop, our initial view is that the Budget can be cautiously welcomed by TAP clients. Many of the more unfavourable measures trailed ahead of the announcement have, for now at least, failed to materialise. However, the wider tax environment remains complex, particularly when today’s announcements are considered alongside recent reforms and current consultations affecting internationally mobile individuals, inheritance and succession, pensions, investment income and capital gains.

In this document, we highlight the measures we think matter most for private clients, and what they mean in practice.



Businesses & Entrepreneurs



Founders Relief

A consultation was launched on a new capital gains tax relief for founders selling shares after 5 April 2027. If the qualifying conditions are met, gains of up to £10m will be taxed at 10%, with the normal rate of CGT applying over this threshold. If these thresholds and rates sound familiar, they are; it is where Entrepreneur's Relief started when first introduced.

The new relief though is targeted to founders of fast-growing businesses. In overview, the proposed conditions for the reduced rate of CGT are:

- the shareholders must own at least 25% of the shares, and must have held them throughout from before the company commenced trading,
- the shares must be held for at least 5 years, and the shareholder must be UK tax resident in the 5 years leading up to sale,
- the company must be a trading company or holding company of a trading group, with a substantial presence in the UK. The trade it is carrying on must be the same it was set up to establish and there will be requirements relating to employee numbers and turnover, and
- the company will also need to meet two of the following three criteria:
 - annual average compound 25% growth in turnover over a three-year period in the last 10 years starting with turnover of at least £10m,
 - annual average compound 25% growth in FTE employees, starting with at least 15 employees,
 - annual R&D spend of at least £1.5m in the three years prior to sale.

As can be seen, the rules are likely to be very prescriptive and therefore are likely to apply in a limited set of circumstances. The consultation closes on 30 November, and therefore further details will be announced in due course.

Businesses & Entrepreneurs

BADR Changes

The lifetime threshold for BADR is being reduced further from £1 million to £500,000. This is expected to apply for disposals after 5 April 2027. The Chancellor reported that 3 out of 4 claimants for the relief will be unaffected, however, the relief has gradually eroded over the last five years, which alongside the increased CGT rate now only provides a marginal benefit.

EMI Changes

The Chancellor also announced an expansion of tax-approved share option arrangements, the full details of which have not yet been released. It is expected that these will only have marginal impact for businesses.

ERS/ Family Company Changes

The government previously announced that it was looking to modernise the rules on how distributions from companies to individual shareholders are taxed with a view to ensuring that similar transactions are taxed more consistently. Several different types of distribution were considered; these were typically those made when a shareholder is exiting from a business or looking to extract funds in a capital rather than income form.

The responses to the initial consultation have today been published, along with some further detail on which of the proposals will be taken forward. The Budget commentary states that the proposed reforms are designed to protect capital treatment for genuine changes in ownership, including families passing down their business, and in some cases make the relief more generous for demergers. Most of the detail is still to follow, with proposed implementation in April 2028



Rates, Reliefs and Allowances



Income Tax On Savings And Property Income

The Chancellor announced a further increase in the rates of income tax applying to savings and property income, reinforcing the Government's distinction between income from work and income generated from assets. From 6 April 2027, savings income will be taxed at separate rates of 24%, 44% and 49% for basic, higher and additional rate taxpayers respectively. The same 24%, 44% and 49% rates will apply to property income in England, Wales and Northern Ireland. These rates are two percentage points higher than those previously scheduled to apply from April 2027.

Dividend income is not subject to this further increase. Dividend tax rates remain unchanged at 10.75% for ordinary rate taxpayers, 35.75% for upper rate taxpayers and 39.35% for additional rate taxpayers, with the Dividend Allowance remaining at £500. The Budget therefore creates a more pronounced distinction between different forms of investment return, with savings and property income facing higher rates while dividend rates remain unchanged.

Individual Savings Accounts (ISAs)

The Budget contains a welcome U-turn on the previously announced restriction to Cash ISAs. The Government had planned to reduce the amount that individuals under 65 could subscribe to a Cash ISA from £20,000 to £12,000 a year from April 2027, while retaining the overall £20,000 ISA allowance. That reduction has now been abandoned and the Cash ISA limit will remain at £20,000 a year for savers of all ages. This also means that the associated anti-avoidance measures, including the proposed charge on interest earned on cash held within Stocks & Shares ISAs, will not proceed. Junior ISAs had not been subject to the proposed cash investment restriction and remain unchanged in today's Budget announcement.

The Government appears to remain keen to encourage greater investment by individuals. It has announced that it will work with the investment industry on a new incentive for individuals investing through a Stocks & Shares ISA for the first time, sometimes referred to as a "Starter ISA". The precise design of the incentive has not yet been announced. In addition, the Government is proceeding with its reform of the Lifetime ISA (LISA) and the introduction of a new First Time Buyer ISA from April 2029.

Rates, Reliefs and Allowances

Trading Allowance

The Government will increase the Income Tax Trading Allowance from £1,000 to £3,000 from 6 April 2027, increasing the amount of gross trading income an individual can receive before a potential Income Tax liability arises under the allowance.

Self-Assessment Tax Payments

The Government intends to move towards earlier and more regular payment of Self-Assessment tax, reducing the delay between income arising and the associated tax being paid. Following consultation, the initial proposal to mandate collection through PAYE has been amended, to instead be available on an optional basis.

The reforms are expected from April 2029, supported by new digital tools to forecast liabilities and make payments during the year.

Practical impact for HNW taxpayers: Those with significant or fluctuating investment, partnership, property or other non-PAYE income may need to forecast tax liabilities and fund payments earlier, making cashflow planning increasingly important. However, retaining flexibility over the method of payment is a welcome change.



US LLCs and other Reverse Hybrids

The Government has confirmed that it intends to address the double taxation that can arise for UK-resident individuals investing through US LLCs and other “reverse hybrid” entities. This mismatch can currently result in very high effective tax rates, in some cases exceeding 75%, due to the US taxing the individual directly on the LLC’s profits while the UK taxes subsequent distributions without giving credit for the US tax already suffered.

Following the recent consultation, the Government has rejected the proposed move towards treating these entities as transparent for UK tax purposes. Instead, it intends to introduce a new elective domestic foreign tax credit regime.

Under the proposed approach:

- certain entities, expected to include US LLCs and S-Corporations, as well as Jersey LLCs and French SCIs, would be specifically treated as opaque for these purposes;
- distributions to UK-resident individual members would continue to be subject to UK Income Tax at dividend rates;
- individuals could elect to claim credit against that UK tax for qualifying foreign taxes paid personally on the underlying profits, income and gains of the entity; and
- qualifying tax is expected to include US federal, state and local taxes, with the credit calculated using an average foreign tax rate rather than requiring detailed tracing of individual profits into distributions.

This is a potentially significant improvement for UK-resident, US LLC members, particularly founders, entrepreneurs and investors who currently face material double taxation.

However, the rules are not yet in force. A further technical consultation is expected before legislation is introduced in a future Finance Bill, with claims under the new regime expected to be possible from early 2028. The Government is also considering how to deal with earlier periods and existing disputes, but no solution for historic liabilities has yet been confirmed.

Our view: The announcement provides welcome direction of travel, but important detail remains outstanding, particularly around timing differences between US taxation of LLC profits and UK taxation of distributions. Individuals currently affected should therefore continue to review their existing position carefully rather than assuming that future relief will apply retrospectively.

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Thank you

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The logo for Tap Tax Advisory Partnership is located in the bottom right corner. It consists of a teal circle containing the word "tap" in a large, white, lowercase sans-serif font. Below "tap", the words "tax", "advisory", and "partnership" are stacked vertically in a smaller, white, lowercase sans-serif font.

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