AUTUMN BUDGET UPDATE

Oct 2026

The Autumn Budget 2026

What small business owners need to know

Wages and employment | Property and savings | Business rates | Key dates

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The bottom line

Your business gets a breather, but your property, savings and business sale are taxed harder.

Breathing room

- Business rates cut for retail, hospitality and leisure
- Full expensing stays; first-year allowance up to 50%
- 55p a mile rate made permanent
- Side-income allowance rises to £3,000

Taxed harder

- Property and savings income tax up a further 2%
- Business sale relief limit halved to £500,000
- Minimum wage up 3.9% from April 2027
- Unused pension pots liable for Inheritance Tax

Your wage bill is about to jump

3.9%

From April 2027, you'll be paying more for staff as the minimum wage has gone up by 3.9%.

Age group	Current rate	From April 2027
21 and over	£12.71	**£13.21**
18–20	£10.85	**£11.27**
Under 18s and apprentices	£8.00	**£8.31**

Employment tax thresholds, such as National Insurance and Income Tax, are frozen until 2031.

Property and savings income: taxed harder again

Last year's Budget set new tax rates on property income from April 2027. They are now going up by a further 2%.

Tax band	Was due to be	Now
Basic rate	22%	**24%**
Higher rate	42%	**44%**
Additional rate	47%	**49%**

The same rise applies to tax on savings income.

+2%

on top of the property and savings rates already set for April 2027

Good news

Dividend tax and your £20,000 ISA allowance are unchanged.

YOUR BUSINESS

Selling your business one day?

Less of your gain gets the tax break.

BUSINESS ASSET DISPOSAL RELIEF

18%

Capital Gains Tax when you sell, instead of 24%

LIFETIME LIMIT FROM APRIL 2027

£500,000

of gains covered, down from £1 million

COMING SOON

10%

Founders' Relief, but only for fast-growing companies

New rules on taking money out of your company start in April 2028.

Good news if you have a shop or restaurant

From April 2027, business rates in England are being cut for retail, hospitality and leisure:

- The small business rates relief threshold rises from £12,000 to £18,000
- Pubs, music venues and social clubs get an extra 20% cut
- Other retail, hospitality and leisure businesses have their rates frozen for two years
- Vape shops and adult gaming centres lose these reliefs

£18,000

new small business rates relief threshold, up from £12,000

70,000

more businesses will pay nothing

CAPITAL ALLOWANCES

Buying equipment? Timing matters

Changes to tax relief on vans, machinery and other business kit:

100%

Full expensing stays

Companies can still deduct 100% of the cost of new plant and machinery in the year they buy it

50%

First-year allowance rises

The first-year allowance on other main-pool kit rises from 40% to 50%

12%

Writing-down allowance falls

The yearly writing-down allowance falls again, from 14% to 12% from April 2027

A few wins for drivers and start-ups

Use your own car for work?

The 55p a mile tax-free rate is now permanent for the first 10,000 miles, and the rate above that rises from 25p to 35p.

Starting something on the side?

From 6 April 2027, you can earn £3,000 a year from it before paying tax, up from £1,000.

Young founder?

A new Young Entrepreneurs Allowance will cover a year's living costs.

Fuel

The 5p cut in fuel duty is extended to July 2027.

New costs and admin coming your way

When	What changes
April 2027	Company cars and other benefits must be reported through payroll
April 2027	Making Tax Digital reaches sole traders and landlords earning over £30,000
April 2027	Unused pension pots become liable for Inheritance Tax
October 2027	Online marketplaces collect VAT for UK sellers with £90,000+ sales
April 2028	Electric cars pay 3p a mile (1.5p for plug-in hybrids)
2028	Mayors can add an overnight visitor levy (hotels and holiday lets)
April 2029	Self-assessment moves to smaller, more regular payments
April 2029	VAT e-invoicing, and NI on salary-sacrificed pensions over £2,000

COMPLIANCE

HMRC is coming after small businesses harder

FUNDED NOW

670

more HMRC compliance officers

BY 2029-30

5,500

compliance officers in total

HMRC is also getting a new power to take tax debts directly from people who can pay but repeatedly don't.

Make sure your records would stand up to an HMRC enquiry, and consider tax investigation insurance.

ACTION POINTS

What should you do now?

1. Budget for the April 2027 wage increases
2. Own rental property or have large savings? Review how they're held before April 2027
3. Thinking of selling in the next few years? Talk to us about the new £500,000 limit
4. Time big equipment purchases around the capital allowance changes
5. Check if you qualify for lower business rates
6. Sole trader or landlord earning over £30,000? Get ready for Making Tax Digital

TALK TO US

Not sure how the Budget affects you?

Your Affinity Associates adviser can review your position and plan ahead with you.

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