TAXKINGS
tax made simple

CLIENT NEWSLETTER
29 OCTOBER 2026

THE TAX EDIT

Breathing space? Read the small print.

BUDGET 2026

The changes that matter to your property, your business and the money you keep.

The headlines offer relief. The detail asks for a plan.

Higher tax on savings and property, a tighter business disposal relief and a new timetable for paying HMRC. We have cut through the speech to focus on the decisions worth making, and the expensive assumptions worth avoiding.

01
Landlords & savers

02
Business owners

03
Your next move

Scotland matters. UK-wide headlines do not settle Scottish property income tax. We keep that distinction front and centre.

PROPERTY & SAVINGS

The extra 2 points are only half the story.

New rates from 6 April 2027. Scottish property rates remain a separate decision.

24%	44%	49%
BASIC	HIGHER	ADDITIONAL

Announced savings rates across the UK; property rates for England, Wales and Northern Ireland. Scottish property income: see below.

Why “2% more” understates it

This Budget adds 2 percentage points to increases already announced. Together, the changes take the relevant rates 4 points above 2026/27. The extra tax applies to taxable income, not the value of your savings or property.

What that could cost

On £20,000 of rental profit taxed entirely at the higher property rate, tax rises from £8,000 at 40% to £8,800 at 44%. That is £800 more a year, of which £400 comes from this Budget.

Illustration for a non-Scottish taxpayer; ignores finance-cost tax reductions, losses and other interactions.

Scotland: hold the calculator

Do not add 4 points to Scottish rental rates or use the table above for a Scottish landlord. The Scottish Government sets the relevant rates; its 2027/28 decisions are still awaited. Scottish taxpayer status matters, not simply where the property sits.

Our view: model the whole picture

Review borrowing, ownership, repairs, cash reserves and your eventual exit together. Moving property into a company can create tax, refinancing and legal costs. A lower headline rate is not a business case.

For savers, check unused ISA capacity and ownership before spending the interest.

TAXKINGS TAKE

“Passive income” is doing an impressive amount of work for the Treasury. Update your cash-flow forecast before spending the surplus.

OWNERS & EXIT PLANNING

Selling up? Timing just got pricier.

Business Asset Disposal Relief narrows. Founders' Relief is aimed at a much smaller club.

£1m to **£500k**

BADR lifetime limit from 6 April 2027

A potential £30,000 difference

The BADR rate stays at 18%, but the lifetime limit on qualifying gains is due to halve. A £1 million qualifying gain, with no previous relief used, could mean £30,000 more tax where the excess is taxed at 24%. This ignores the annual exemption.

Already considering a sale or retirement? Review eligibility, previous claims and the transaction timetable now. Special rules can catch contracts signed before April but completed afterwards. A hurried signature is not a guarantee.

Profit extraction is also changing

Reforms planned for April 2028 target company profits taken as capital receipts. Review buybacks, reconstructions and winding-up plans before proceeding.

10% Founders' Relief: read the tests

The proposed relief offers a 10% CGT rate on up to £10 million of qualifying lifetime gains from 6 April 2027. Its detailed design is under consultation.

Proposals include a substantial initial shareholding, five-year ownership and residence tests, and company size, growth and innovation conditions. This is not a general replacement for BADR and will not fit most small-business exits.

Company rates: no headline change

Corporation Tax stays at 19% for small profits and 25% at the main rate, with marginal relief between the usual £50,000 and £250,000 limits. Associated companies and short periods can reduce the limits.

YOUR NEXT MOVE

Send us your expected sale date, ownership history and likely proceeds. Plan the tax around a sound deal, not a panic sale around a tax date.

BUSINESS INVESTMENT & PAYROLL

Tax relief is useful. Cash still comes first.

Some investment deductions improve, others slow down. Employers have a separate April checklist.

Capital allowances: two directions

From 1 January 2027, the 40% first-year allowance for qualifying new plant and machinery is set to rise to 50%. The main writing-down allowance falls from 14% to 12% from April 2027, slowing relief on unrelieved expenditure.

The £1 million Annual Investment Allowance and company full expensing remain available where conditions are met. Many smaller businesses will still obtain 100% relief on eligible purchases.

Buying an electric car? Check first

No extension was announced to the 100% allowance for qualifying new zero-emission cars beyond 31 March 2027 for companies and 5 April 2027 for individuals.

Check the final rules and expenditure date before ordering. Cars do not qualify for the ordinary AIA or full expensing, and company-car benefit tax is a separate calculation.

Benefits move into payroll

From 6 April 2027, mandatory payrolling is planned for company cars and vans, fuel benefits and medical benefits. Most other benefits follow in April 2028, with loans and accommodation outside the mandatory regime.

Tell us what you provide, how it is valued and when it changes. Payroll needs reliable information during the year, not a box of surprises after it.

Build the full employment cost

The National Living Wage for workers aged 21 and over rises to £13.21 an hour from 1 April 2027. Employer NIC rates are unchanged, but higher pay can still increase the total bill.

Budget for wages, employer NIC, pension contributions and benefits together. Review salary arrangements for directors as well as staff.

THE PURCHASE TEST

Spending £1 to save some tax still means spending the £1. Buy what the business needs; then make sure the relief is claimed properly.

Also on the radar: R&D; claim notification is due to be removed from April 2027, with a simpler Additional Information Form later in 2027. Eligibility and evidence still matter.

PERSONAL WEALTH & CRYPTO

Protect the plan. Not just this year’s bill.

Savings wrappers, pension succession and crypto records deserve a fresh look.

Cash ISAs keep their £20,000 limit

Plans to restrict cash ISA subscriptions for under-65s have been dropped. The overall annual ISA subscription limit remains £20,000.

As tax on savings rises, check whether cash sitting outside an ISA should use available capacity. Compare the net return and keep enough accessible cash for tax and emergencies.

Pensions and inheritance tax

From 6 April 2027, most unused pension funds and death benefits are due to enter the estate for IHT. Transfers to a spouse or civil partner remain exempt.

Including a pension can also push an estate above £2 million and erode the residence nil-rate band. Review your will, beneficiaries, estate liquidity and retirement income together. Withdrawing a pension can itself create Income Tax; it is not an automatic fix.

Frozen allowances still bite

The Personal Allowance remains £12,570, with withdrawal above £100,000 of adjusted net income. Rising income can increase your effective tax rate even when headline rates stand still.

Crypto: welcome changes, conditions attached

From 6 April 2027, qualifying crypto lending and liquidity-pool transfers are intended to receive no-gain/no-loss treatment, deferring the gain until a genuine disposal.

Eligible stablecoins are also due to get a new regime: a CGT exemption for individuals and trustees, with interest-like returns taxed as savings income. “Eligible” and “qualifying” are doing important work here.

Keep the transaction history

These announcements do not erase earlier tax years or make all crypto activity tax-free. Retain exchange exports, wallet records and details of lending, rewards and liquidity arrangements.

Reconcile transfers between your own wallets. A tax report is only as reliable as the transactions underneath it. Software is helpful; clairvoyance is still in beta.

Small trading income: more room

The Trading Allowance is set to rise to £3,000 from 6 April 2027. It generally replaces actual expense deductions rather than sitting on top of them. The separate Property Allowance stays at £1,000.

DIGITAL RECORDS & PAYING HMRC

Quarterly reporting. Earlier tax payments.

Different changes, different start dates. Do not confuse one with the other.

2027

MTD extends to more clients

From 6 April: combined gross self-employment and property income above £30,000 in 2025/26 brings more people into Making Tax Digital.

2028

The next MTD threshold

From 6 April: the planned qualifying-income threshold falls to more than £20,000.

2029

Payment reform arrives

From April: Self Assessment taxpayers making payments on account are due to move to more regular in-year payments. Detailed implementation still matters.

MTD is based on gross income

Add qualifying trade and rental income before expenses. A £20,000 trade plus £15,000 rent can bring someone over the £30,000 threshold even with modest taxable profit.

April 2027 entrants get relief from penalty points for their first four quarterly updates. The updates still have to be submitted.

The payment changes go further

From April 2029, VAT and PAYE businesses will need Direct Debit instructions, subject to exceptions. Other payment methods remain possible before a cut-off, with unpaid balances collected by Direct Debit.

Build a tax reserve now. Transitional cash flow matters when old liabilities overlap with earlier payments for the current year.

Our approach: confirm your start date and any exemption, choose suitable software, then build a monthly bookkeeping and tax-reserve routine. The shoebox has had a long career. It is not getting a promotion.

YOUR ACTION LIST

Less Budget noise. More useful decisions.

Start with the changes that affect your cash, your structure and your next major transaction.

01 LANDLORDS

Send current rents, costs and borrowing details. We can model after-tax cash flow and review ownership before you change anything.

02 BUSINESS OWNERS

Flag sales, retirement, major purchases and profit withdrawals. Check reliefs and timing before committing.

03 EMPLOYERS & ONLINE SELLERS

Prepare benefit data for payroll. Marketplace VAT collection changes are due from October 2027 for affected UK business sales; review cash flow and bookkeeping.

04 SAVERS, INVESTORS & FAMILIES

Review ISA capacity, pension beneficiaries and estate exposure. Crypto clients: export and reconcile records while you can still access them.

Let’s work out what this means for you.

contactus@taxkings.co.uk | 0141 333 1852

Book a conversation with TaxKings →

ABOUT THIS EDITION

Prepared 29 October 2026 from Tax E-News Budget 2026 and the ICPA Budget Summary, with checks against HM Treasury’s Budget and HMRC’s tax papers. Announced measures may need legislation; proposals and consultations can change. Scottish 2027/28 decisions remain outstanding. General guidance only: ask us to assess your circumstances before acting.