BROWN SHIPLEY
A QUINTET PRIVATE BANK

BUDGET CHANGES EXPLAINED

FACT SHEET

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The Chancellor's Autumn 2026 Budget introduced a smaller number of tax measures compared to the broad set of reforms introduced in previous years. In combination with pre-announced changes to the UK tax landscape, there will be a series of incremental adjustments between 2026 and 2029 across savings, property, pensions and Inheritance Tax (IHT).

We know that keeping track of tax changes – and understanding what they mean for you and your family – can be challenging. This factsheet is designed to help. It provides a clear, year-by-year summary of the key changes, along with guidance on what each one could mean for your wealth planning.



TAX CHANGES AT A GLANCE: 2026–2029

April 2026

Business Relief (BR) and Agricultural Property Relief (APR)

The 100% Inheritance Tax (IHT) relief on BR and APR was capped at £2.5 million per individual, with relief reducing to 50% above this threshold. Importantly, on the loss of a spouse/civil partner, the surviving partner will inherit their £2.5 million allowance – effectively doubling the relief available on second death to £5 million for married couples and civil partners.

What this means for you: For families with business or agricultural assets, this change introduces a cap, but also offers helpful flexibility for married couples and civil partners.

Dividend tax rates increase by 2%

The basic rate rose to 10.75% and the higher rate to 35.75%. The additional rate remains at 39.35%.

What this means for you: If you receive dividend income or you take dividends from your family company, you may wish to review your company remuneration strategy and how this sits within your overall tax position.

AIM shares

AIM-listed shares held at death will receive 50% inheritance tax relief, with no 100% threshold available.

What this means for you: If AIM shares form part of your estate planning, it may be worth discussing this with your Client Advisor.

Venture Capital Trust (VCT) relief reduced

Upfront income tax relief on VCT investments was reduced from 30% to 20%. The scope for both VCT and Enterprise Investment Scheme (EIS) investments will be allowed to expand to allow follow-on funding as businesses grow beyond the start-up phase.

What this means for you: VCTs remain a tax-efficient option, though the initial relief is lower. The expanded scope may open up new investment opportunities for the VCT managers.

TAX CHANGES AT A GLANCE: 2026–2029

April 2027

Savings and property income tax increase by 4%

Tax rates on savings and property income will rise across all bands: basic rate to 24%, higher rate to 44%, and additional rate to 49%. The increase applies throughout the UK and was announced in two stages, a 2% increase included in the 2025 Budget with a further 2% added in 2026.

What this means for you: If you have significant savings interest or rental income, this may affect your overall tax liability.

Cash Individual Savings Accounts (ISAs)

The 2026 Budget scrapped the previously announced reduction in the cash ISA limit to £12,000 for under 65s, due to be implemented in April 2027. Adult investors of any age can continue to save up to £20,000 annually into cash ISAs.

What this means for you: If you're under 65, you may wish to consider how you use your ISA allowances across both stocks and shares and cash.

Pensions in estate for Inheritance Tax (IHT)

The value of unused pension funds held on death will become subject to IHT; this was announced in the 2024 budget and the mechanisms for calculating and collecting this tax have been clarified.

What this means for you: If you have pension funds and an estate above or near the threshold for paying IHT, you are likely to see this liability increase.

Business Asset Disposal Relief (BADR) reduction

The government will reduce the lifetime limit on gains eligible for BADR (which offers a reduced 18% rate of Capital Gains Tax on qualifying disposals) from £1 million to £500,000. The new lifetime limit will apply to disposals made from 6 April 2027 and legislation will be introduced in Finance Bill 2026–27.

What this means for you: If you are considering a business sale in excess of £500,000, seek professional advice on how to manage the timings of this transaction.

TAX CHANGES AT A GLANCE: 2026–2029

April 2027

Capital Gains Tax (CGT) Founders' Relief

The government will introduce a new Founders' Relief, providing a 10% CGT rate on up to £10 million of lifetime gains for qualifying founders of high-growth, innovative companies from 6 April 2027. Following a technical consultation on the detail, the measure will be introduced through Finance Bill 2026–27. It is expected that qualifying criteria will include turnover and headcount growth as well as spending on Research and Development.

What this means for you: If you believe you may be eligible, stay in close contact with your Client Advisor over the technical consultation period.

April 2028

High-value property taxation

A new council tax surcharge – sometimes referred to as a 'Mansion Tax' – will apply to properties valued at more than £2 million. The surcharge starts at £2,500 and rises to £7,500 for properties valued at £5 million or more.

What this means for you: If you own high-value property, this introduces an additional annual cost to factor into your overall expenditure.

TAX CHANGES AT A GLANCE: 2026–2029

April
2029

Pension salary sacrifice – National Insurance (NI) relief cap

A new £2,000 cap will apply to salary sacrifice pension contributions that attract NI relief. Both employer and employee NI relief will be lost on amounts above this threshold. Higher-rate taxpayers will lose 2% in employee NI relief.

What this means for you: If you currently make pension contributions through salary sacrifice above £2,000, you may wish to review this arrangement closer to the time.

Lifetime ISA and First Time Buyer ISA

The Lifetime ISA will be scrapped and replaced with a new First Time Buyer (FTB) ISA. This new FTB ISA will include a 25% government bonus (capped at £20,000), paid on withdrawal, towards a home worth up to £450,000. Existing Lifetime ISA (LISA) will be reformed and the withdrawal charge for properties above the property price cap will be immediately reduced.

A consultation is also planned on a new ISA incentive for people investing in a stocks and shares ISA for the first time.

What this means for you: If you or a family member are saving for a first property, consideration should be given to maximising the benefit of the available government bonus.

WHAT DIDN'T CHANGE

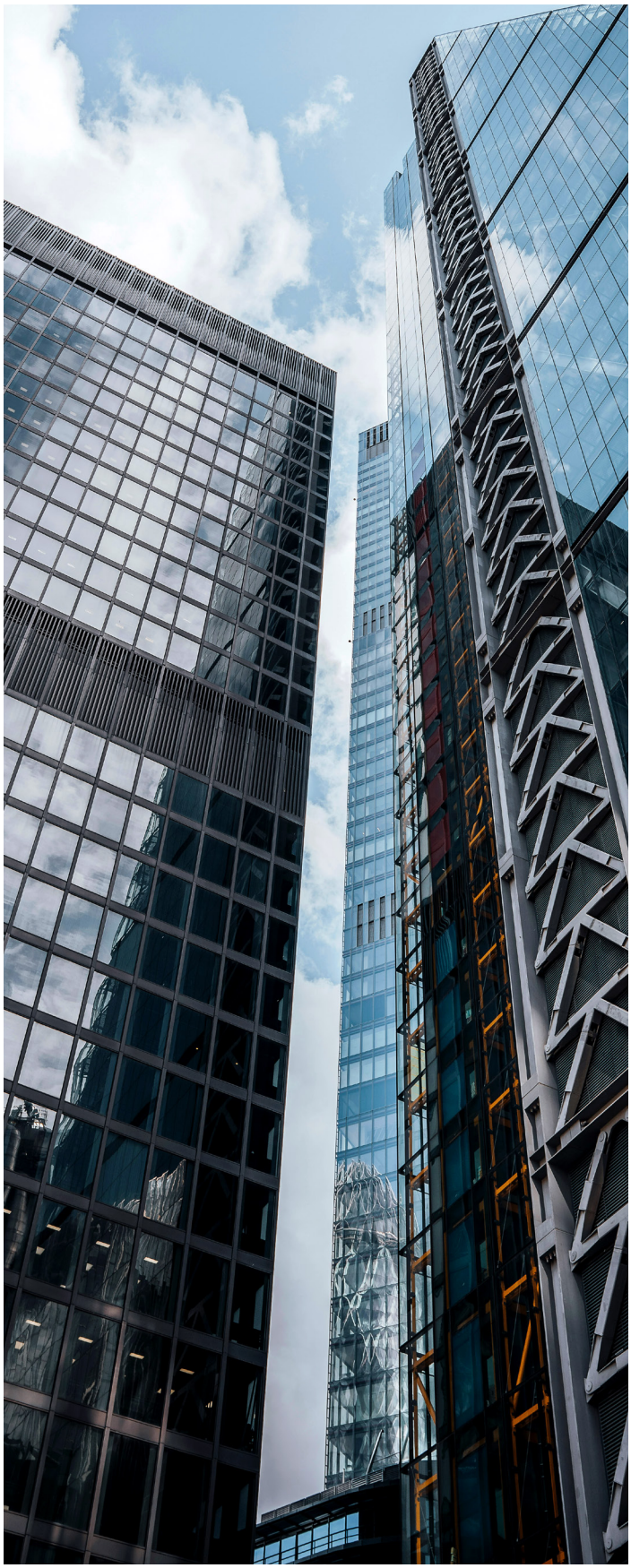
Despite pre-Budget speculation, several areas remained untouched:

- **Pension tax-free cash –** no changes to the amount you can take tax-free from your pension.
- **Pension tax relief –** tax relief on contributions remains unchanged.
- **Inheritance Tax gifting rules –** the current rules on lifetime gifts continue as before.

Income tax bands frozen until 2031

The freeze on income tax allowances and thresholds has been extended by a further three years to 2031. While the bands themselves haven't changed, rising wages over time may move more of your income into higher tax brackets – referred to as 'fiscal drag'.

What this means for you: You should review your tax position periodically, particularly if your income has increased.



Let's talk

We hope this has been a helpful overview to explain the changes made following the Autumn Budget. We know there's a lot to think about, so if you have questions about how these changes could impact your Wealth Plan, speak to one of our Client Advisors today.

Start the conversation. We're here to listen.

Visit brownshipley.com/contact-us

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Information correct as of October 2026.

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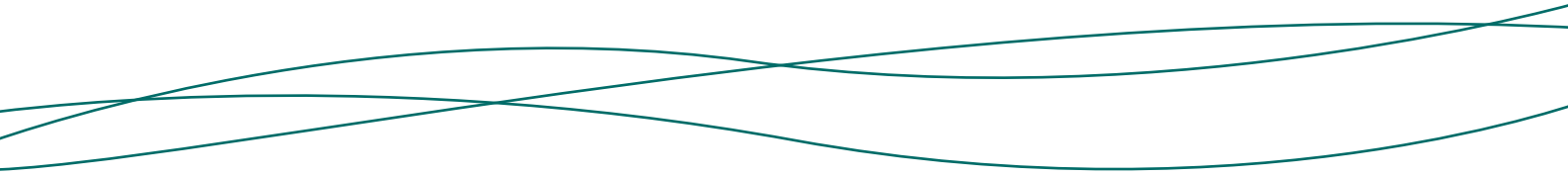

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