SJ Wealth
Management

Budget 2026: what it means for your money

Household costs, savings, pensions, property and business



Introduction

The Autumn Budget, delivered by Chancellor John Healey on 28 October 2026, introduced a range of measures affecting households, savers, taxpayers and businesses. The Budget comes against a backdrop of higher energy costs and inflationary pressure. This guide details the key announcements and their practical significance. How they might affect you will depend on eligibility, implementation dates and your individual circumstances.

Future tax measures are described as announced policy, not confirmation that legislation has been enacted.

This information is for general educational purposes and does not recommend a product, transaction or change to your financial arrangements.

Key Budget highlights



- Household energy measures include a £100 payment for qualifying households in Council Tax bands A to D in England, beginning from January 2027, alongside an extension of 0% VAT on qualifying domestic electricity to 1 July 2027.



- For savers, the annual Cash ISA limit will remain £20,000, while savings-income tax rates will be 24%, 44% and 49% from 6 April 2027. The Government will legislate for these rates in the Finance Bill 2026-27. Existing tax-free savings allowances continue to apply, so the amount of tax payable will depend on your circumstances.



- For future pensioners, the current State Pension Triple Lock continues through April 2029, with an adjusted approach from April 2030 and a targeted Pension Tax Allowance from April 2027.



- Proposed support for first-time buyers includes the Your First Home equity loan scheme from April 2027 and a First-Time Buyer ISA from April 2029.



- For landlords, property income tax rates will be 24%, 44% and 49% from 6 April 2027 in England, Wales and Northern Ireland. The Government will legislate for these rates in the Finance Bill 2026-27.



- From 6 April 2027, the lifetime limit on gains qualifying for Business Asset Disposal Relief, which provides an 18% CGT rate on qualifying disposals, will fall from £1 million to £500,000. A new Founders' Relief will also provide a 10% CGT rate on up to £10 million of lifetime gains for qualifying founders of high-growth, innovative companies. Relevant motoring measures cover fuel duty, business mileage, vehicle duty, EV charging and company car tax, with different start dates.



Savings interest, tax and ISA allowances

Three separate issues shape the outcome from savings: the interest or investment return, any tax due, and inflation. The following announcements concern tax rates and ISA rules. They do not establish future returns or make one type of saving appropriate for everyone.

- From 6 April 2027, tax rates on savings income will be 24%, 44% and 49% for basic-, higher- and additional-rate taxpayers respectively. The changes apply across the UK.
- The annual Cash ISA limit is retained at £20,000.
- The Government is working with industry on a possible new incentive for first-time stocks and shares ISA investors. The design has not yet been set.
- From 6 April 2028, HMRC will gain powers to suspend non-compliant ISA managers and apply new penalties for breaches of ISA rules.

How tax and ISA rules affect savers

The higher savings income rates could affect how much interest you keep after tax, depending on your income, the type of savings you hold and any available allowances. They would not change the rate your bank or building society pays.

The Cash ISA limit is the amount you can pay in during a tax year, not a guaranteed return. The possible first-time stocks and shares ISA incentive has no settled terms, so its availability and value are not yet known.

The ISA manager measures concern providers' compliance, rather than customers' contribution limits. The separate First-Time Buyer ISA proposals are explained in the housing section.

State Pension, pension tax and death benefits

The State Pension, private pension income and pension death benefits operate under different rules. A change to annual State Pension increases is distinct from a change to income tax or benefits paid after death. The measures below concern those separate parts of the retirement system.

- The State Pension Triple Lock continues through April 2029. Annual increases use the highest of 2.5%, inflation or earnings growth. From April 2030, the Government plans an adjusted calculation using the highest of 2.5%, inflation or the amount needed to maintain the pension's value relative to earnings as reached in April 2029.
- The Pension Tax Allowance will apply from 6 April 2027 to 5 April 2030. It is intended to prevent pensioners whose total income is up to the value of the full new State Pension having to pay small amounts of Income Tax through Simple Assessment. For people over this level, the allowance will be withdrawn at £1 for every £3 of income above it.
- The two-year rule for pension and lump sum death benefits is removed for qualifying payments made on or after 28 October 2026. Tax-free qualifying benefits will therefore no longer become taxable solely because they are paid more than two years after the pension scheme administrator knew, or could reasonably have been expected to know, of the member's death.

Removing the timing condition would not make every pension death benefit tax free. The member's age, available allowances and other relevant tax rules would still determine the treatment.





Additional technical pension changes

- The announced reform changes how tax is assessed and collected on certain excess lump sum death benefits. Where a member dies before age 75 and the available lump sum and death benefit allowance is exceeded, the excess would cease to be treated as pension income of individual beneficiaries. Tax would instead be assessed separately on each beneficiary's share by reference to their marginal Income Tax rate. This is a change to the assessment mechanism, not a general tax exemption. The precise calculation and the different effective dates require confirmation against the detailed legislation.
- Pension access rules for people with a terminal illness are changing. The legislation will allow a serious ill health lump sum to be paid where the member can reasonably be expected to live for less than one year and will allow qualifying overseas medical practitioners to provide medical evidence where relevant.
- The Government plans reforms for defined contribution pensions, including Guided Retirement and retirement-only collective defined contribution schemes.
- Defined benefit occupational pension schemes will be able to make direct payments of surplus assets to members in specified circumstances from 6 April 2027, where scheme rules permit and trustees exercise their discretion. Qualifying payments will be taxed as pension income.

Who the pension changes could affect

State Pension changes affect income over time, while the targeted Pension Tax Allowance concerns people with income around the full new State Pension level. It is not a general exemption for all retirement income. The terminal illness measures concern qualifying access to pension money and the medical evidence accepted.

Defined contribution pensions build up a pot rather than promise a set pension. Guided Retirement concerns support with how that pot provides retirement income. Collective defined contribution arrangements pool members' resources and risks; retirement-only schemes concern the income paying stage. These proposals affect how retirement income may be provided, not an immediate change to every pension or a guaranteed income.

Defined benefit workplace schemes base benefits on scheme rules rather than an individual pot. The surplus payment measure does not give every member an automatic entitlement: the stated conditions, scheme rules and trustees' decision still matter.

Different sources of retirement income

Retirement income may come from the State Pension, workplace and personal pensions, savings, ISAs, investments or property. Each has its own tax treatment, access conditions and risks. Inflation affects purchasing power, while the length of retirement affects how long assets may need to support spending. Pension death benefit rules are also distinct from the legal and tax treatment of estates and trusts.

Inheritance tax and liabilities linked to trusts

Inheritance tax rules on liabilities connected with trust property are being amended for deaths and other chargeable events occurring on or after 28 October 2026.

The inheritance tax amendment concerns specified liabilities associated with trust property. It does not affect every estate or trust in the same way. The Government says the legislation will align the treatment of trustee liabilities with personal liabilities and extend certain debt deduction restrictions and anti-avoidance rules.



First-time buyer support and home ownership costs

The Budget introduces two significant measures for first-time buyers: the Your First Home equity loan scheme from 2027 and a new First Time Buyer ISA from 2029. Changes to Lifetime ISA withdrawal rules may also benefit some existing savers buying their first home. This section separates first-time buyer support from measures affecting existing home ownership and housing provision.

- The £4.7 billion Your First Home equity loan scheme is expected to support around 70,000 first-time buyer households in England. The scheme will provide a Government equity loan of up to 20% of the purchase price, alongside a buyer deposit of between 2.5% and 15%. The equity loan will be interest-free for five years, with charges applying after that period. Full applications are expected from February 2027, with first loans from April 2027.
- Eligibility will be subject to household income caps of £110,000 outside London and £140,000 in London. Property price caps are based on local median prices, including caps of £650,000 in inner London and £500,000 in outer London.
- From 29 October 2026, Lifetime ISA holders buying a qualifying first home above the £450,000 cap can withdraw funds with a reduced 20% charge. The 25% charge remains for other unauthorised withdrawals.
- A reduced 5% VAT rate is planned from 1 April 2027 for certain energy-saving materials installed in residential accommodation and charitable buildings, including heat batteries.
- The Government is providing an additional £1.5 billion for social and affordable housing in England, intended to support around 10,000 additional homes, prioritising Social Rent and particularly council homes.
- A High Value Council Tax Surcharge will apply to residential properties worth £2 million or more in England from April 2028. Legislation will establish the surcharge.



Deposits, equity loans and eligibility

For eligible first-time buyers in England, the equity loan would provide part of the purchase funding alongside their own deposit and a mortgage. These are different sources of money: the deposit is the buyer's contribution, while the mortgage and equity loan carry separate repayment obligations. The scheme could reduce the amount initially funded through the deposit and mortgage, but would not remove the equity loan liability.

Mortgage affordability requirements would still apply. Charges after the interest-free period are payable in addition to repayment of the equity loan under the scheme's terms.

Lifetime ISA withdrawals meeting the conditions for the reduced rate would still incur a 20% charge.

Home improvements, housing provision and ownership costs

The VAT measure applies to qualifying energy-saving installations, not every home improvement. Social housing funding affects housing provision but does not establish an individual's entitlement to a home.

For residential properties in England meeting the stated £2 million threshold, the proposed surcharge concerns an ongoing ownership cost, not a tax on the act of buying the property. A high property value does not necessarily mean a household has a high income or readily available cash. The final legislation will determine liability and the detailed operation of the charge.

Saving for a first home: new and existing ISA rules

A new First-Time Buyer ISA will replace the Lifetime ISA for new savers from April 2029. Savers will be able to contribute up to £4,000 a year and receive a 25% Government bonus towards a qualifying first home costing up to £450,000. The maximum Government bonus will be £20,000, and there will be no upper age limit for opening an account. Existing Lifetime ISA holders will continue under the applicable rules. Contributions, bonuses, purchases and withdrawals have separate conditions.

Unlike an equity loan, the proposed ISA bonus would add qualifying government support to savings rather than provide a separate loan. It would still be conditional on the account and purchase rules. A savings bonus does not establish mortgage affordability or create an entitlement to the equity loan scheme.



Rental income: tax and reporting changes

The Budget increases Income Tax rates on property income from April 2027, which could affect landlords who own property personally. Personal ownership and company ownership are subject to different tax rules.

- From 6 April 2027, Income Tax rates on property income will be 24%, 44% and 49% for basic-, higher- and additional-rate taxpayers in England, Wales and Northern Ireland.
- The Government is consulting on wider third-party reporting of property income data to HMRC.
- Stamp Duty Land Tax on rent under assured tenancies in England is being removed with effect from 1 May 2026.

How landlords' income after tax could change

Higher rates could reduce rental income retained after tax. The effect depends on taxable profits, ownership arrangements, other income and jurisdiction. Personal property income rates concern taxable rental income, not home ownership itself, and do not describe the taxation of company-owned property.

Wider reporting changes concern information supplied to HMRC, not necessarily the tax due. The Stamp Duty Land Tax measure concerns qualifying tenancy rent in England, not property purchases generally.



Inflation, interest rates and your mortgage

Individual support measures sit within a wider economic picture. Inflation describes how quickly prices rise; it does not measure an individual household's exact experience. Inflation and wider market expectations can influence borrowing costs, although mortgage rates are set by individual lenders.

The Budget report forecasts CPI inflation to peak at 3.8% in the first quarter of 2027, before returning to the 2% target by the third quarter of 2028. It also says higher inflation has contributed to tighter financial conditions and higher interest rate expectations. These are economic forecasts, rather than changes to mortgage rules or rates.

How inflation affects spending power and borrowing

Lower inflation means prices rising more slowly, not necessarily falling. Your spending power can still decline if your income rises more slowly than prices. An existing fixed mortgage rate generally continues until its agreed end date; new and variable rates depend on lender pricing and contract terms, not the inflation forecast alone.

If your current mortgage deal is approaching its end, factors such as your borrowing, property value, affordability, circumstances, lender criteria and prevailing mortgage market conditions can affect the options available to you. The economic outlook can also change

Business sales, employee shares and succession

Business tax measures can concern the company, its shareholders or its employees. Relief on a qualifying disposal is different from a deduction for business expenditure or an employee share option arrangement. Each measure below has its own scope and conditions; a headline rate alone does not establish entitlement.

- Business Asset Disposal Relief's lifetime limit is set to reduce from £1 million to £500,000 for qualifying disposals from 6 April 2027.
- Founders' Relief is proposed for qualifying disposals from 6 April 2027, with a 10% Capital Gains Tax rate on up to £10 million of qualifying lifetime gains for eligible founders of high-growth, innovative companies. Detailed design remains subject to technical consultation and legislation.
- The Company Share Option Plan will be renamed EMI2. The individual option limit rises to £120,000, while the exercise period extends to 15 years from 6 April 2027.

Additional technical business changes

- Further Enterprise Management Incentive changes include extending the exercise window following certain disqualifying events to 180 days and extending the Employee Ownership Trust exception to companies arranging to become controlled by an EOT. These changes take effect from 6 April 2027.
- The Government will remove the requirement for companies to submit a separate notification of an EMI option grant to HMRC. For options granted on or after 6 April 2027, notification will instead be made through the end-of-year return.
- The R&D tax credit Claim Notification Form is expected to be removed from 1 April 2027, with simplification of the Additional Information Form planned from autumn 2027.
- The main rate first-year allowance is set to rise to 50% from 1 January 2027, while the main writing down allowance is set to fall to 12% from April 2027.
- Reforms to the taxation of company distributions are planned from April 2028. The Government says it intends to protect capital treatment for genuine changes of ownership, including family succession, but detailed legislation is still to be consulted on.
- A mechanism for double taxation relief for certain UK investors in US Limited Liability Companies and similar entities is planned for future legislation.

How the changes affect owners and employees

For an owner making a qualifying business disposal, the lower Business Asset Disposal Relief limit would reduce the lifetime amount of gains eligible for that relief. It limits the gain receiving relief, not the sale price, and could therefore affect the proceeds remaining after tax.

Founders' Relief has separate qualifying conditions. Its introduction does not mean that it replaces Business Asset Disposal Relief for every business owner.

For employees in qualifying share option schemes, the higher limit and longer exercise period affect the scope and timing of the right to buy shares, rather than guaranteeing cash or share value. The EMI changes also affect employer conditions and reporting. Simpler R&D forms concern administration, rather than an automatic entitlement to relief.

For businesses incurring qualifying expenditure, capital allowances determine when tax deductions are recognised. The higher first-year allowance would bring forward part of the deduction, while the lower writing-down rate would slow deductions on relevant remaining expenditure. This affects the timing of taxable profits and cash flow, not the price paid for equipment.

For company distributions and family succession, the final legislation will determine the tax treatment.





Vehicle taxes and company benefits

Alongside business tax changes, some announcements affect vehicles and benefits provided through work.

- Vehicle Excise Duty for cars, vans and motorcycles is set to rise in line with RPI from 1 April 2027.
- A mileage-based Electric Vehicle Excise Duty is planned from April 2028 for electric and plug-in hybrid cars.
- From 1 November 2026, electricity supplied through publicly accessible and workplace EV charging points is subject to 20% VAT.
- For qualifying business travel in a personal car or van, the rate for the first 10,000 miles is 55p per mile from 6 April 2026. The Budget announces an increase in the rate above 10,000 miles from 25p to 35p from 6 April 2027. These rates concern tax-free employee mileage payments and qualifying self-employed mileage deductions.
- The Government is providing £100 million over two years to reduce the cost of local, lower-powered public EV charging from spring 2027. It estimates an average EV driver without home charging who relies on on-street charging could save around £150 a year.
- For 2030-31, Company Car Tax appropriate percentages for zero-emission vehicles increase by one percentage point. All other vehicle bands also increase by one percentage point, subject to a maximum appropriate percentage of 40%.
- Most benefits in kind and taxable expenses are moving to mandatory payrolling through employers' Real Time Information. For company cars and vans, car and van fuel and medical benefits, the change takes effect from 6 April 2027. Most other benefits in kind follow from 6 April 2028, with stated exceptions.

How vehicle use affects motoring taxes

Motoring costs depend on the vehicle, its use and whether it is provided through work. Vehicle duty, mileage charges, charging VAT and company car tax are separate costs. A company car percentage is used to calculate the taxable benefit, rather than the tax itself.

Mileage rates apply to qualifying business travel, not ordinary commuting, and do not guarantee the amount an employer will reimburse.

How benefits will be taxed through payroll

Mandatory payrolling concerns how covered benefits are reported and tax is collected. Employees may see benefit-related entries or deductions on payslips during the year, while employers incorporate them into payroll reporting. The change does not turn a benefit into cash pay or create an additional benefit; the underlying valuation and tax rules still apply.



Household bills, wages and financial support

The announcements below address particular bills, statutory earnings and forms of support. Headline values are not fixed amounts that every household will receive. They will be influenced by eligibility, energy use and implementation dates.

- The temporary 0% VAT rate on qualifying domestic electricity is extended to 1 July 2027. The Government estimates this could reduce the annual Ofgem price cap by around £50 from April 2027, although actual savings depend on energy use and prices.
- In England, households in Council Tax bands A to D are due a £100 Household Energy Payment from January 2027. Local authorities will also receive £100 million for further targeted support.
- The Government has asked Ofgem to abolish gas standing charges on domestic energy bills in Great Britain, aiming for this to happen by the end of 2027 or as soon as possible afterwards. Electricity standing charges are also due to be reformed.
- A new energy debt strategy will include measures intended to prevent debt building up, alongside targeted debt relief.
- Tariffs are being temporarily suspended on more than 100 food products and on kerosene heating oil. The food and kerosene suspensions run until 31 December 2028, while specified fertiliser tariffs are suspended until 31 December 2027.
- The 5p-per-litre fuel duty cut is extended until 1 July 2027, alongside a deferral of the planned RPI increase.
- Single bus fares in England outside London will be capped at £2 for one year from 1 January 2027.
- From 1 April 2027, the National Living Wage is set to rise by 3.9% to £13.21 an hour. The 18-20 rate is set to become £11.27, while the 16-17 and apprentice rate is set to become £8.31.
- A parental allowance is planned from April 2029 for eligible self-employed fathers, partners and adopters in Great Britain, as well as some people with irregular work histories.
- The Carer's Allowance will move from a cliff-edge earnings limit to a 100% taper on earnings above the Weekly Earnings Limit during 2030-31 in England and Wales.
- The Universal Credit surplus earnings threshold of £2,500 is extended until the end of March 2028. A reformed Help to Save scheme is planned for spring 2028.
- Interest rates on Plan 2 and Plan 3 student loans are capped at 6% from 1 September 2026 to 31 August 2027.

How household costs and income could be affected

Energy support could ease some household costs, but temporary help does not guarantee lower total bills. Changes to standing charges could also affect households differently depending on their energy use.

The fuel duty extension concerns petrol and diesel costs.

The wage changes concern employees covered by the relevant minimum rates and their employers.

The proposed parental allowance would extend support for eligible self-employed parents and others with irregular work histories.

The Carer's Allowance taper would make the loss of entitlement more gradual as earnings rise. The Universal Credit surplus earnings threshold remains at £2,500, while the effect of Help to Save will depend on its final rules.

For Plan 2 and Plan 3 borrowers, the cap limits interest added to the outstanding balance between September 2026 and August 2027 . Monthly deductions follow separate repayment rules, so an interest cap does not necessarily reduce them.

Tariffs will be temporarily suspended on specified food products and kerosene heating oil. Removing an import charge does not guarantee an equivalent fall in shop or household-fuel prices, which also reflect other costs. Targeted energy debt relief concerns households within the eventual eligibility rules; its announcement does not mean all outstanding energy debt will be written off.



Key dates: when the measures are due to start

An announcement date is not necessarily an implementation date. Future policies may change before taking effect, and different rules can apply to income, payments or transactions occurring at different times.

Date	Change / measure
6 April 2026	**Tax-free and tax-deductible car and van mileage rate increased to** 55p for the first 10,000 business miles.
1 September 2026–31 August 2027	**Interest rates on** Plan 2 and Plan 3 student loans capped at 6%.
29 October 2026	Lifetime ISA withdrawal charge reduced from 25% to 20% **for qualifying first-time buyers purchasing properties above the £450,000 price cap**.
January 2027	£100 Household Energy Payment **for households in Council Tax bands A–D in England, delivered by local authorities**.
February 2027	**Full applications for** Your First Home **open**.
6 April 2027	**Higher-mileage tax-free and tax-deductible car and van rate increases to** 35p.
6 April 2027–5 April 2030	Pension Tax Allowance **applies**.
April 2027	First Your First Home **loans expected to be issued**.
1 July 2027	**Temporary** 0% VAT on domestic electricity ends. **The extended temporary 5p fuel-duty cut and deferred RPI increase also run to this date**.
By end of 2027, or as soon as possible afterwards	**Government** aims **for domestic gas standing charges in Great Britain to be abolished. This is a target rather than a fixed implementation deadline**.
6 April 2028	Distributions framework **to be modernised**.
6 April 2029	First Time Buyer ISA **introduced for new savers, replacing the Lifetime ISA for new savers**.
April 2029	Parental Allowance **introduced for eligible self-employed fathers, partners and adopters in Great Britain**.
Within 2030–31	Carer's Allowance earnings taper **introduced above the Weekly Earnings Limit. No more precise implementation date is given in the Budget**.
2030–31	Company Car Tax Benefit-in-Kind rates **set for electric vehicles, hybrids and internal-combustion-engine vehicles**.



In summary

The Budget brings changes across everyday costs, savings, retirement, property and business ownership. Some affect tax or financial support; others change payment dates or reporting.

Their significance depends on who is covered, when the rules take effect and how they interact with existing circumstances. That is why the same announcements can have very different consequences for different households, without necessarily requiring a change to their financial arrangements.

Official sources and draft status

Source publications:

HM Treasury: Budget 2026;
https://www.gov.uk/government/publications/budget-2026-document/budget-2026-html

HM Treasury: Budget 2026 policy costings;
https://assets.publishing.service.gov.uk/media/6ae1883fe4367e5c8b0467df/AB26_Policy_Costing.pdf

HMRC: Budget 2026 tax-related documents;
https://www.gov.uk/government/collections/budget-2026-tax-related-documents

and **Your First Home guidance**.
https://www.gov.uk/government/publications/your-first-home

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OPW_1045_B221_Oct26