boosst

GUIDE TO THE

Budget 2026

What actually changed, when it bites, and what we are doing about it.



Welcome

A Budget aimed at what you own, not what you earn

The Chancellor, John Healey, delivered Budget 2026 on 28 October against a difficult backdrop of higher energy prices and higher government borrowing costs. The headline promise held: no rise in the rates of income tax, National Insurance or VAT. Tax on what you earn from working is unchanged.

The money had to come from somewhere, and this time it comes from the income your assets produce. Tax on savings interest and rental profits rises by a further two percentage points from April 2027, on top of the two-percentage-point rise announced a year ago. The Treasury's own figures say 84% of income taxpayers are unaffected, and that around half the money raised will come from the top 10% of households. That said - most boosst clients will be impacted by this, as once your cash savings exceed your Personal Savings Allowance, you are subject to these higher rates of tax.

The better news is that the answer is mostly wrappers and timing - things we already plan around. Money held inside ISAs and pensions is unaffected, and most changes do not start until April 2027 or later. Several of the rumours that filled the papers for weeks, including a cut to pension tax-free cash, simply did not happen.

The next pages set out every measure that matters to boosst clients, with our verdict on each, and a timeline of when each change comes into force. We then go deeper on three areas - savings and property income, business owners, and pensions and estates - before covering the rest of the Budget, the items we are still watching, and what it all means for you.

At a glance (1 of 2)

Everything that matters to your plan, with our verdict on each

Measure	What is changing	From	Our verdict
Savings income tax	Rates rise from 20%, 40% and 45% to 24%, 44% and 49% - two 2-point rises	6 April 2027	Unwelcome
Property income tax	Rental profit taxed at 24%, 44% and 49% in England, Wales and Northern Ireland	6 April 2027	Unwelcome
Cash ISA allowance	The planned £12,000 cap is scrapped - £20,000 for everyone	April 2027	Good news
Pension tax-free cash and allowances	No change: £268,275 tax-free cash, £60,000 annual allowance, higher-rate relief kept	n/a	Good news
Income tax, National Insurance and VAT	Rates unchanged; income tax thresholds stay frozen	Until April 2031	Neutral
Dividend and Capital Gains Tax rates	Unchanged	n/a	Neutral
Pensions and inheritance tax	Unused pensions count towards your estate, as already legislated	6 April 2027	Watch
Pension death benefits	The 'two-year rule' is removed	28 October 2026	Good news
State Pension triple lock	Adjusted from April 2030; the 2.5% and inflation floor is kept	April 2030	Watch

At a glance (2 of 2)

Measure	What is changing	From	Our verdict
Business Asset Disposal Relief	Lifetime limit halved from £1 million to £500,000	6 April 2027	Unwelcome
Founders' Relief (new)	10% Capital Gains Tax on up to £10 million of gains for high-growth founders	6 April 2027	Watch
Company distributions	Rules rewritten; family successions to keep capital treatment	April 2028	Watch
Lifetime ISA	Charge for buying a home over £450,000 cut from 25% to 20%	29 October 2026	Good news
First Time Buyer ISA	Replaces the Lifetime ISA for new savers	April 2029	Good news
Trading allowance	Tripled from £1,000 to £3,000 a year	6 April 2027	Good news
High Value Council Tax Surcharge	£2,500 to £7,500 a year on homes worth £2 million or more; deferral scheme confirmed	April 2028	Watch
Paying your tax	Self-assessment payments on account become smaller and more regular	April 2029	Watch

Our verdict is written from the point of view of a typical boosst client's financial plan, not the UK population as a whole. 'Watch' means the detail is still to come and could change.

What didn't happen

Rumours versus reality

Weeks of speculation produced a long list of predictions. Most of them did not come true, and it is worth saying so plainly, because rumours lead to rushed decisions that cannot always be undone.

The rumour	What actually happened
A cut to pension tax-free cash	Untouched again. The £268,275 limit stays.
Higher income tax, NI or VAT	No change to the headline rates.
Higher Capital Gains or dividend tax	Both sets of rates unchanged.
A lifetime gifting cap or a longer seven-year rule	No new inheritance tax measures on gifts.
A smaller cash ISA allowance, as proposed in the 2025 Budget	Reversed. £20,000 stays for everyone.

When does it actually bite?

Very little changes tomorrow

Now

- Two-year rule on pension death benefits removed.
- Lifetime ISA charge for homes over £450,000 cut to 20%.
- New inheritance tax rule on debts in trusts.

January 2027

- £100 Household Energy Payment for council tax bands A to D in England.

April 2027

- Savings and property income tax 24%, 44%, 49%.
- BADR limit £500,000; Founders' Relief begins.
- Unused pensions enter the estate for inheritance tax.
- Trading allowance £3,000; EMI2 limit £120,000.
- Pension Tax Allowance; National Living Wage £13.21.

April 2028

- High Value Council Tax Surcharge begins.
- New rules on company distributions.
- Mileage charge for electric and plug-in hybrid cars.

April 2029

- First Time Buyer ISA; salary sacrifice cap of £2,000 (set in 2025).
- More regular tax payments; HMRC debt recovery from July.

April 2030

- Adjusted triple lock for the State Pension.

April 2031

- Income tax and inheritance tax thresholds due to unfreeze.

Savings, bonds and property income

A second two-point rise

From 6 April 2027, the income tax rates on savings income now rise from 20%, 40% and 45% to 24%, 44% and 49%. Budget 2025 had already added two percentage points from that date; this Budget adds two more. The same rates apply to rental profits in England, Wales and Northern Ireland, which are now taxed separately from earnings.

Savings income is wider than bank interest. It includes interest payments from bond funds within investment portfolios and gains on investment bonds when they are cashed in.

None of this touches money inside an ISA or a pension, which is where most boosst clients hold most of their wealth. Thanks to the Personal Savings Allowance (the first £1,000 of interest a year is tax-free for basic-rate taxpayers, £500 for higher-rate taxpayers), the Treasury says a basic-rate taxpayer needs over £25,000 of non-ISA savings before paying any tax. The rise shows up in larger cash balances, bonds and rental income held by higher earners.

#ELI5

Explain Like I'm 5 - the plain-English version

There are two kinds of income. One comes from you going to work. The other comes from your money going to work - interest on cash, gains on a bond, rent from a property. This Budget left the first alone and asked more from the second. Money working inside an ISA or a pension is not impacted.

Savings income tax rates



What the rise costs in practice

Worked examples, and one honest caveat

Cash - a higher-rate taxpayer

£100,000 in cash earning 4% produces £4,000 of interest. The first £500 is covered by the Personal Savings Allowance, leaving £3,500 taxable.

Tax: £1,400 now → £1,540 from April 2027

Investment bond - a £50,000 gain

An investment bond is a tax-wrapped investment that is taxed when gains are taken. For a higher-rate taxpayer, before any top-slicing relief:

Offshore bond: £20,000 → £22,000
Onshore bond: £10,000 → £12,000

The onshore figures are net of the 20% tax credit already paid inside the bond.

Not yet clear: basic-rate onshore bond holders

Onshore bonds come with a 20% tax credit, which today covers a basic-rate taxpayer's bill in full. If that credit stays at 20% while the basic savings rate becomes 24%, basic-rate holders could pay tax on bond gains for the first time. The Budget documents do not say, and we will update you when they do.

The boosst view

Wrappers first: making full use of ISA allowances and sensible pension funding matter more than ever. Where a bond surrender is already planned for 2027/28, bringing it forward before 6 April 2027 could save four percentage points, and gifting bond segments to a lower-rate family member before cashing in remains useful. We will look at where your cash and bonds sit before April.

Business owners: BADR and Founders' Relief

A generous new relief that most business owners will sadly never qualify for

Business Asset Disposal Relief (BADR) lets you pay Capital Gains Tax (CGT) at 18% rather than 24% when you sell all or part of a qualifying business. Its lifetime limit halves from £1 million to £500,000 for sales made on or after 6 April 2027, with gains above the limit taxed at 24%.

The Chancellor also announced Founders' Relief: a 10% CGT rate on up to £10 million of lifetime gains. It made the headlines, and it is easy to read the two announcements together and conclude that business owners came out ahead. For most, that is not the case. Founders' Relief is aimed at fast-growing, innovative companies, and the proposed conditions on the next page rule out the great majority of owner-managed businesses.

A £1 million gain on selling your business



£30,000 more tax

Also changing for business owners

- **Company distributions:** from April 2028, new rules on when money taken out of a company is taxed as capital or income. Family successions are meant to keep capital treatment; draft law follows in 2027.
- **EMI2:** the Company Share Option Plan, renamed EMI2, doubles to £120,000 of options per employee from April 2027.
- **Employee ownership:** companies moving to an Employee Ownership Trust keep access to EMI share options.

Who qualifies for Founders' Relief?

The proposed conditions, and the businesses that miss out

Test	Proposed condition
Your stake	You held at least 25% of the shares when the company started trading
Holding period	Shares held for at least five years before the sale
Residence	UK resident for at least five tax years
Size	A trading company with turnover of £10 million or more and at least 15 full-time employees
Growth	Two of: 25% a year turnover growth; 25% a year headcount growth; £1.5 million or more spent on research and development
Sector	Not excluded under the Enterprise Investment Scheme rules, e.g. financial services, legal and accountancy, property development, farming, hotels and care homes

Proposed in HM Treasury's technical consultation, which closes on 30 November 2026. It is one shared £10 million pot: BADR and Investors' Relief claimed from April 2027 count against it.

Businesses that only get BADR

- A family building or engineering firm turning over £3 million - too small.
- An accountancy, legal or financial advice practice of any size - excluded sector.
- A 30-year-old manufacturer turning over £15 million but growing 5% a year - fails the growth tests.
- A director who bought in through a management buyout years later - did not hold 25% at the start.
- A property developer, hotel or care home - excluded sector.

The boosst view

For almost every owner-managed business we work with, BADR is the relief that applies, and it halves in April. If a sale, buyout or retirement is already in train, the window to 5 April 2027 is relevant, with transitional rules for contracts agreed before then.

Pensions and estates

Left alone again - April 2027 remains the key event

Pension tax-free cash (up to £268,275), the £60,000 annual allowance and higher-rate tax relief on contributions are all unchanged. Months of rumour came to nothing, and once again it is inevitable that people who do not benefit from having boosst in their corner will have made unnecessary, sometimes irreversible decisions to get ahead of a change that never came.

The change that matters was announced a year ago and is going ahead. From 6 April 2027, most unused pension funds and death benefits count towards your estate for inheritance tax. For pension-heavy estates the work is practical: who your pension nominations point to, whether drawing pension income to fund gifts of capital or as surplus income makes sense, and whether life cover written in trust is a simple way to meet the liability. We have been discussing this with every impacted client for a full year now, with financial plans being adjusted where appropriate.

One welcome tidy-up takes effect immediately. Under the 'two-year rule', a tax-free pension death benefit could become taxable simply because it was paid more than two years after the death. That rule is removed for payments from 28 October 2026.

The State Pension triple lock stays until April 2029. From April 2030, it rises by the highest of 2.5%, inflation, or the amount needed to keep its value relative to earnings as reached in 2029. The floor stays; the ratchet goes.

The boosst view

We already model State Pension growth conservatively, so the triple lock change sits comfortably with the pension income projected in your financial plan. The April 2027 inheritance tax change is where our attention goes: we will continue to review nominations, gifting and drawdown strategies for every client at our annual planning meetings.

Also new: the Pension Tax Allowance

From April 2027 to April 2030, pensioners whose total income is no more than the full new State Pension (about £13,036 a year in 2027/28) pay no income tax. Few boosst clients will benefit, but it may help a parent or relative.

Paying your tax bill more often

Smaller, more regular payments from April 2029

If you complete a self-assessment tax return, you may already make payments on account - advance payments towards next year's bill, made on 31 January and 31 July. From April 2029 these become smaller and more regular, so tax is paid closer to when the income arrives.

Under HMRC's consultation proposals, if you have a salary or a private pension, the extra tax would be collected through PAYE (Pay As You Earn, the system your employer or pension provider already uses) each payday. If you do not, you would pay monthly or quarterly - which of the two is not yet decided.

The total tax is no different; only the timing changes. These are proposals and the detail is still to come, so treat the examples as illustrations. It feels logical that this is the direction of travel, even if it takes some further time to come to fruition. The big benefit for all will come when self assessment is no longer required and all tax reporting is automated. We live in hope.

Retired, with an investment portfolio

Private pension £30,000, State Pension £13,036, and an £800,000 General Investment Account (GIA - an ordinary investment account with no tax wrapper) producing £16,000 of dividends and £8,000 of interest.

Tax on the portfolio income is about £7,500 a year in 2027/28 - £300 more than today, because of the savings rate rise. Under today's system that is about £3,750 each January and July. **From 2029, likely around £625 a month through the pension's tax code.**

Working, with rental property

Salary £70,000 and £20,000 of rental profit (before any mortgage interest credit). Tax on the rental profit is £8,000 today and £8,800 from 2027/28. Under today's system that is about £4,400 each January and July. **From 2029, likely around £733 a month through salary PAYE.**

Some good news worth knowing

Not everything in the red box was bad

- The cash ISA allowance stays at £20,000 for everyone. Last year's planned £12,000 cap for under-65s is scrapped.
- From 29 October 2026, the Lifetime ISA penalty for buying a first home over £450,000 falls from 25% to 20%. This removes the main risk of using one: savers get back at least what they paid in.
- From April 2029, the First Time Buyer ISA replaces the Lifetime ISA for new savers: £4,000 a year, a 25% bonus worth up to £20,000, homes up to £450,000, and no upper age limit.
- Tax-free mileage of 55p a mile is made permanent for the first 10,000 business miles, and rises from 25p to 35p above that.
- Pension death benefits paid more than two years after a death are no longer taxed for that reason alone.

The trading allowance triples to £3,000

From 6 April 2027, up to £3,000 of trading income a year is tax-free, with no need for a self-assessment return. It is good news for anyone with a side hustle, and for anyone selling their crafts, tutoring or doing odd jobs. The £3,000 is takings, before any costs.

Clearing out the loft? Selling your own unwanted belongings was never taxable trading in the first place, and the reports that sites like eBay and Vinted send to HMRC about sellers with 30 or more sales, or around £1,700 a year, are not a tax bill.

Your home: the High Value Council Tax Surcharge

Details confirmed, final terms still to come

The surcharge announced last year goes ahead in England from April 2028. It is an annual charge on top of normal council tax for homes valued at £2 million or more, and it is paid by the owner rather than the occupier - which matters for landlords, trustees and anyone who owns a home someone else lives in.

Home value	Annual charge (2026 prices)
£2 million to £2.5 million	£2,500
£2.5 million to £3.5 million	£3,500
£3.5 million to £5 million	£5,000
Over £5 million	£7,500

Confirmed at the Budget

- A deferral scheme.
- A series of discounts and exemptions.
- A 100% premium on homes left empty for 12 months or more.

Proposed - final terms not yet published

Deferral for lower-income or lower-savings households, with interest added, repaid when the home is sold or after death.

The boosst view

If your home is near or above £2 million, we will discuss how we build the surcharge into your financial plan from 2028. It is one more factor in downsizing and estate decisions, though rarely a reason on its own to move.

Also in the Budget

The wider picture - less central for most clients, good news for many

For the high street

- From April 2027, 3,500 pubs, 3,900 restaurants, 2,200 cafés and 1,700 hairdressers and beauty salons pay no business rates.
- Pubs, social clubs and live music venues get relief totalling 35%, worth about £3,000 per pub.
- Retail, hospitality and leisure bills are frozen in real terms for two years - restaurants avoid about £7,500 and shops about £3,250.

For households

- £100 Household Energy Payment from January 2027 for council tax bands A to D in England.
- 0% VAT on electricity extended to July 2027, about £50 off the price cap.
- Gas standing charges to be abolished, aiming for the end of 2027.
- The 5p fuel duty cut extended to July 2027.

For work and family

- National Living Wage up 3.9% to £13.21 an hour from April 2027.
- Carer's Allowance tapers rather than stopping at the earnings limit, from 2030-31.
- Parental pay for self-employed fathers and partners from April 2029.
- No Making Tax Digital penalty points for those joining in 2027-28.

On our watch list

Announced, but the detail is still to come

What	What we know, and what we are waiting for
Inheritance tax and debts in trusts	From 28 October 2026, the rules on deducting debts linked to trust property are aligned with those for individuals, with tougher anti-avoidance. We will review any client trusts that involve loans.
New stocks & shares ISA incentive	A reward for people investing in a stocks & shares ISA for the first time, designed with industry. No amount or date yet.
Founders' Relief conditions	The consultation closes on 30 November 2026; final rules follow in the Finance Bill.
Onshore bonds	Whether basic-rate taxpayers start paying tax on gains as the savings rate rises to 24%.
Council tax surcharge	Final terms of the deferral scheme, discounts and exemptions.
Company distributions	Draft legislation in 2027, for April 2028.
Pensions Commission and Guided Retirement	Final report in February 2027. Workplace schemes must offer a default way to take retirement income (master trusts from about 2027, others 2028), and new retirement-only collective schemes will pay an income from a pooled fund.
Securities Transfer Tax	Replaces stamp duty on shares from late 2027; a cut is "under review".
Payments on account	Whether payments are monthly or quarterly, and how the changeover year works.

What this means for you

We will raise anything relevant to your circumstances at your annual planning meeting. In the meantime, here is the short version by the kind of client you are.

Individual clients

- No immediate action for most - the main changes start in April 2027.
- We will review where your cash and bonds sit before April 2027.
- A full ISA each year for both partners matters more than ever.
- Pension nominations reviewed ahead of the April 2027 inheritance tax change.

Enterprise Members

- Salary exchange (salary sacrifice) keeps its full National Insurance advantage until April 2029.
- Guided Retirement will change how workplace pensions are taken from 2027-28.
- Business mileage: 55p a mile made permanent; 35p above 10,000 miles.
- Your annual 1-1 remains the place to ask anything specific to you.

Business owners

- BADR halves on 6 April 2027 - timing matters if a sale is in train.
- Founders' Relief is narrow; most owner-managed firms will not qualify.
- Company distribution rules change from April 2028.
- Tax payments become more regular from April 2029.

What happens next

None of this changes what your money is for.

Your plan is built to cope with tax rules that move, and it is stress-tested on the assumption that they will.

Most of these changes can wait for your annual planning meeting. Where timing matters - a business sale before April 2027, or cash and bonds held outside a wrapper - we will be in touch sooner.

If you have a question for us before your next annual planning meeting, please do send your lead planner a secure message through the Personal Finance Portal and we will pick it up from there.

Sources

1. HM Treasury, Budget 2026 (HC 726, 28 October 2026).
2. HMRC, Overview of Tax Legislation and Rates, 28 October 2026.
3. HM Treasury, CGT Founders' Relief: technical consultation, October 2026.
4. Office for Budget Responsibility, Economic and Fiscal Outlook, October 2026.

If you would like to talk any of this through, we are here.

This educational document has been produced to discuss our general approach to financial planning after Budget 2026.

Please do not confuse the contents of this document for *personal advice*. We will absolutely provide clients with *personal advice* but this document in isolation does not consider your personal circumstances.

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