Autumn 2026 Budget - main tax and allowances changes that affect exam candidates.

The Autumn Budget was delivered on **28 October 2026** and included a number of changes affecting personal taxation, savings, pensions, businesses and individuals. Some changes take effect immediately, while many will not take effect until April 2027 or later.

At this point, it is important to remember that Budget announcements do not automatically change the material that candidates need to learn for their CII exams. CII syllabuses are based on a specified tax year and legislative position. For example, the 2026/27 R03 syllabus is examined from **1 September 2026 to 31 August 2027**, while CII states that its general rule is for examinations to be based on the legislative position **three months before the examination date**.

Here is our first look at some of the main Autumn 2026 Budget announcements.

As always, BTS recommends checking the CII website for any specific qualification updates that may affect your exam.

What's staying the same?

Personal tax thresholds: For 2027/28, the personal allowance will remain £12,570, the higher-rate threshold £50,270 and the additional-rate threshold £125,140. These thresholds remain frozen until the end of 2030/31.

Starting rate for savings: The 0% starting-rate band for savings income will remain £5,000 for 2027/28 and through to the end of 2030/31.

- **Cash ISA allowance**: The previously announced proposal to reduce the Cash ISA limit has been reversed. The Cash ISA allowance will remain at £20,000 from 6 April 2027.
- **Corporation Tax**: The Government reaffirmed its existing corporation tax roadmap rather than announcing a change to the main corporation tax rate.
- **Full expensing**: Full expensing is being maintained, including the 100% first-year allowance for companies on qualifying new main-rate plant and machinery and the 50% allowance for qualifying new special-rate plant and machinery.
- **Fuel duty**: Fuel duty will continue to be frozen until 1 July 2027, with the temporary 5p-per-litre reduction continuing until then.

What's changing?

Income tax

- **Savings income:** From April 2027, income tax rates applying to savings income will be 24% for basic-rate taxpayers, 44% for higher-rate taxpayers and 49% for additional-rate taxpayers.
- **Property income:** From April 2027, property income will also be subject to rates of 24%, 44% and 49% for basic-, higher- and additional-rate taxpayers respectively.
- **Trading Allowance:** The Income Tax Trading Allowance will increase from £1,000 to £3,000 from 6 April 2027.
- **Pensioners:** A new Pension Tax Allowance will apply for 2027/28 to 2029/30 for individuals who have reached State Pension age by the end of the tax year. It is calculated by applying the 20% basic rate of income tax to the difference between the full new State Pension and the personal allowance. It will be withdrawn at £1 for every £3 of income above the value of the full new State Pension.

Capital Gains Tax

- **Business Asset Disposal Relief:** The lifetime limit will reduce from £1 million to £500,000 for disposals on or after 6 April 2027.
- **Founders' Relief:** A new CGT relief will be introduced for qualifying company founders. This will provide a 10% CGT rate on qualifying lifetime gains of up to £10 million.
- **The Budget also introduced technical changes relating to CGT exit charges for temporarily migrated trusts and capital sums received for surrendering rights.**

Savings and ISAs

- **Cash ISA limit:** As mentioned above, the proposed reduction has been reversed, meaning the Cash ISA limit will remain £20,000 from 6 April 2027.
- **First Time Buyer ISA:** A new First Time Buyer ISA will launch from April 2029. It will have a maximum annual subscription of £4,000, a property purchase price cap of £450,000 and a 25% Government bonus, subject to a maximum bonus of £20,000.
- **Lifetime ISA:** Lifetime ISAs will remain available until 2029/30 and will continue under their existing terms for existing investors after withdrawal. From 30 October 2026, the withdrawal charge for property purchases above the £450,000 LISA property price cap reduces from 25% to 20%.

Pensions

- **Pension Tax Allowance:** A new allowance will apply for 2027/28 to 2029/30 to individuals who have reached State Pension age by the end of the tax year. Its value is calculated by applying the 20% basic rate to the difference between the full new State Pension and the personal allowance. It will be withdrawn at £1 for every £3 of income above the value of the full new State Pension.
- **Pension death benefits:** For payments made on or after 28 October 2026, beneficiaries will no longer become taxable solely because tax-free pension and lump-sum death benefits are paid more than two years after the member's death.
- **Further changes have also been announced concerning the assessment and collection of tax on lump-sum death benefits above the relevant allowance.**

Inheritance Tax and trusts

- **The Budget includes technical changes intended to prevent unintended Inheritance Tax deductions for liabilities in trust arrangements, taking effect from 28 October 2026.**
- **Further measures affect the CGT treatment of temporarily migrated trusts.**

These are relatively specialist provisions, so candidates studying taxation and trusts should pay particular attention to any subsequent CII qualification updates.

Wages and state benefits

- **National Living Wage:** The National Living Wage will increase by 3.9% to £13.21 per hour.
- **State Pension:** The basic and new State Pension will increase by 3.9% from April 2027. The full new State Pension will rise to £250.70 a week, equivalent to £13,036.40 a year.
- **Parental Allowance:** A new Parental Allowance for fathers, partners and adopters in Great Britain is planned from April 2029.
- **Universal Credit:** The £2,500 surplus earnings threshold will be extended for a further year from 1 April 2027.

Business and corporate taxation

- **Bank Corporation Tax Surcharge:** The surcharge on bank profits above £100 million will increase from 3% to 6%. The House of Commons Library states that this will apply for 15 months from 1 January 2027.
- **Business rates:** From April 2027, the Small Business Rate Relief thresholds for qualifying retail, hospitality and leisure properties in England will increase to £18,000 for 100% relief and £21,000 for tapered relief.
- **Capital allowances:** The main-rate First-Year Allowance will increase from 40% to 50% for expenditure incurred after 31 December 2026. The main-rate writing-down allowance will reduce to 12% from 1 April 2027 for corporation tax and 6 April 2027 for income tax.
- **R&D:** The R&D Claim Notification Form will be removed from 1 April 2027.

Mileage and motoring

- **Approved Mileage Allowance:** The tax-free and tax-deductible car and van rate for the first 10,000 business miles will increase to 55p per mile, while the rate applying above 10,000 miles will increase to 35p per mile from 6 April 2027.
- **Fuel duty:** The temporary 5p-per-litre reduction has been extended and the planned RPI increase deferred until 1 July 2027.

Energy and cost of living

- **Domestic electricity:** The VAT cut on domestic electricity has been extended until July 2027.
- **Household Energy Payment:** A £100 payment will be made to households in England in Council Tax bands A to D from January 2027.
- **Gas standing charges:** The Government also announced the removal of gas standing charges from household bills.

NOTE

- The Personal Savings Allowance remains unchanged.

What does this mean for your CII exam?

It is important to distinguish between **changes announced in the Budget** and the rules and figures that are **currently examinable by the CII**.

Many of the changes announced on 28th October do not take effect until **April 2027 or later**, and therefore should not automatically be substituted for the figures contained within your current BTS study materials.

However, some changes took effect immediately. CII states that its general rule is that examinations are based on the legislative position **three months before the date of the examination**. Candidates should therefore continue to check for qualification updates, particularly if sitting an examination affected by taxation, pensions, investments or trusts.

BTS study materials will continue to reflect the tax year and syllabus relevant to your examination. Do not replace figures in your current study materials with figures announced in the Budget unless the CII confirms that the change is examinable.

The CII publishes qualification and unit updates on its website. These should always be checked alongside your BTS study materials when preparing for your examination.

The CII has published a summary of the budget changes. You can view it by visiting this link, selecting **Financial Services**, and then choosing your qualification level and module. The budget changes can then be found within the **Learning Solutions** link on the right-hand side under **Unit Updates** https://www.cii.co.uk/learning/qualifications/ .