

Insights

AUTUMN BUDGET 2026: WHAT BUSINESSES NEED TO KNOW

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Summary

The Autumn Budget 2026 contained a number of significant tax announcements for corporate businesses, shareholders and investors, including a new CGT relief for individual founders, a timetable for implementation of stamp duty reform and a commitment to update the system for taxing company distributions and returns of capital. We highlight the key developments below.

- On **capital gains tax**, despite earlier speculation to the contrary **no exit charge** is proposed and **no changes** were announced **to the headline rates**.
- That said, there were two developments announced on CGT incentives for entrepreneurs. First, in relation to **business asset disposal relief** (formerly, entrepreneurs' relief), **from 6 April 2027** the **lifetime limit** for gains eligible for relief will be **reduced from £1,000,000 to £500,000**. For background, BADR can reduce the CGT rate from 24% to 18%, in relation to a share sale by an individual, where the shares have been held for at least 2 years, and represent at least a 5% stake in an active trading group for which the individual works.
- In contrast, and by way of pleasant surprise, a **new CGT relief for founders** was announced. It will apply in respect of **disposals made from 6 April 2027** of **company shares or securities**, and is described as being intended "for individuals who have invested their time, dedication and expertise to start and scale high growth, innovative UK companies". The relief will provide for a **reduced rate of CGT of 10% for up to £10m of lifetime gains**. In order to qualify, the individual must have held **25% of the ordinary share capital from commencement** of the relevant trading activity (or of preparation for the activity), **held the shares for at least five years** before their disposal, and been UK tax resident for at least five continuous tax years before the disposal. The company must have had a "substantial UK presence for the 5 accounting periods before disposal", and will need to be a trading company or holding company of a trading group (not carrying on an excluded trade) and to satisfy **two of the**

following three growth and innovation tests. The tests are:

1. annual average compound growth in turnover of 25% across three consecutive accounting periods within the ten years before the disposal, with turnover of at least £10m in the accounting period before the first of these three periods;
 2. annual average compound growth of at least 25% in qualifying full-time equivalent employees across three consecutive accounting periods within the ten years before the disposal, with at least 15 such employees in the accounting period before the first of these three periods; and
 3. qualifying expenditure incurred of at least £1.5m on R&D for which all of the conditions to make an R&D tax relief claim were met, with a claim for R&D tax relief having been made for that expenditure for accounting periods within the three years before the disposal.
- As previously announced, **stamp duty** and SDRT will be **replaced** by a modernised **securities transfer tax**. This is now to be **implemented** from a date in **late 2027** to be announced in due course.
 - A **further consultation** has been announced seeking views on the **modernisation** of certain aspects of **taxation of corporate distributions, repayments of capital** from companies and **demergers**. The intention is to proceed with reforms effective **from April 2028**. Although the previously stated intention was to implement reforms from April 2027, this was widely viewed as too short a timetable given that detailed proposals on most aspects of the reforms have not yet been set out (which remains the case to a significant extent).
 - The rates of **income tax** on **savings income such as interest** will be increased by a further 2% with effect from 6 April 2027 (in addition to equivalent changes to income from real estate). A 2% increase from that date had already been announced last year, which will now take effect as a 4% increase, to 24%, 44% and 49% for basic, higher and additional rate individual income tax payers respectively. The increase in the savings basic rate would be expected to **increase the rate of UK withholding tax on interest payments** made on or after 6 April 2027 **from 20% to 24%**, unless an exemption applies (for instance, under a double tax treaty).
 - There will be a **temporary increase** in the **banking surcharge** charged on the profits of banking companies. The rate will increase from 3% to **6%** with effect from **January 2027 to March 2028**. There had been widespread speculation of a higher, permanent increase in the surcharge.
 - In relation to statutory share option schemes, the **CSOP share scheme** is **rebranded EMI2**, with some (relatively modest) **reforms** to the associated rules with effect from 6 April 2027. These reforms include (1) raising the applicable limit, on the value at grant of the shares over which an employee can have options under a CSOP/EMI2 scheme, from £60k to £120k; (2) ending

the overlap between this limit on CSOP/EMI2 schemes and the equivalent £250k limit for EMI schemes, so that the limit for an employee across EMI and CSOP/EMI2 schemes will be £370k in aggregate; and (3) increasing the maximum exercise period in which the tax advantages of CSOP/EMI2 schemes remain available from 10 years to 15 years.

- In relation to **transactions between closely-held companies and their participators**, the previous proposal for **increased reporting requirements** to HMRC **will not go ahead**. As the government acknowledged, responses to the consultation demonstrate that companies are struggling to meet their existing reporting obligations.

Many of the measures announced will not take effect immediately, with significant changes due from April 2027 onwards, and further details still to come in many areas, including from ongoing consultations. Taxpayers should consider the potential impact of these changes when planning future transactions.

Read more on the topic: [Autumn Budget 2026: What's the Tax Impact on the Real Estate Sector?](#)

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