



BROWN SHIPLEY
A QUINTET PRIVATE BANK

BUDGET CHANGES EXPLAINED

FACT
SHEET

BUDGET CHANGES EXPLAINED

The Chancellor's Autumn Budget introduced a broad range of tax measures, with changes set to take effect between Budget Day and 2029. Rather than one sweeping reform, the Budget focused on a series of incremental adjustments 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.

Employee Ownership Trust (EOT) relief reduced

The Capital Gains Tax (CGT) relief available to business owners selling their shares to an EOT has been reduced from 100% to 50% as of 26 November 2025. This means sellers now face an effective CGT rate of around 12%, rather than paying no CGT at all.

What this means for you: If you're considering selling your business to an EOT as part of your succession planning, the tax position has changed. It may be worth discussing the timing and structure of any planned transaction with your Client Advisor.



TAX CHANGES AT A GLANCE: 2026–2029

April
2026

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

The 100% Inheritance Tax (IHT) relief on BPR and APR will be 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 rises 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 falls from 30% to 20%. The scope for both VCT and Enterprise Investment Scheme (EIS) investments will 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 2%

Tax rates on savings and property income will rise across all bands: basic rate to 22%, higher rate to 42%, and additional rate to 47%.

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

Individual Savings Account (ISA) changes

For those under 65, the cash ISA limit will be capped at £12,000, with an additional £8,000 available through stocks and shares ISAs. If you're 65 or over, you can continue to save up to £20,000 annually into cash ISAs.

The Lifetime ISA will be scrapped, with a consultation planned for early 2026 on a new, simpler product aimed at supporting first-time buyers.

What this means for you: If you're under 65, you may wish to consider how you use your ISA allowances across your investment options.

Pensions in estate for Inheritance Tax (IHT)

The value of 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.

TAX CHANGES AT A GLANCE: 2026–2029

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.

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.

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'.

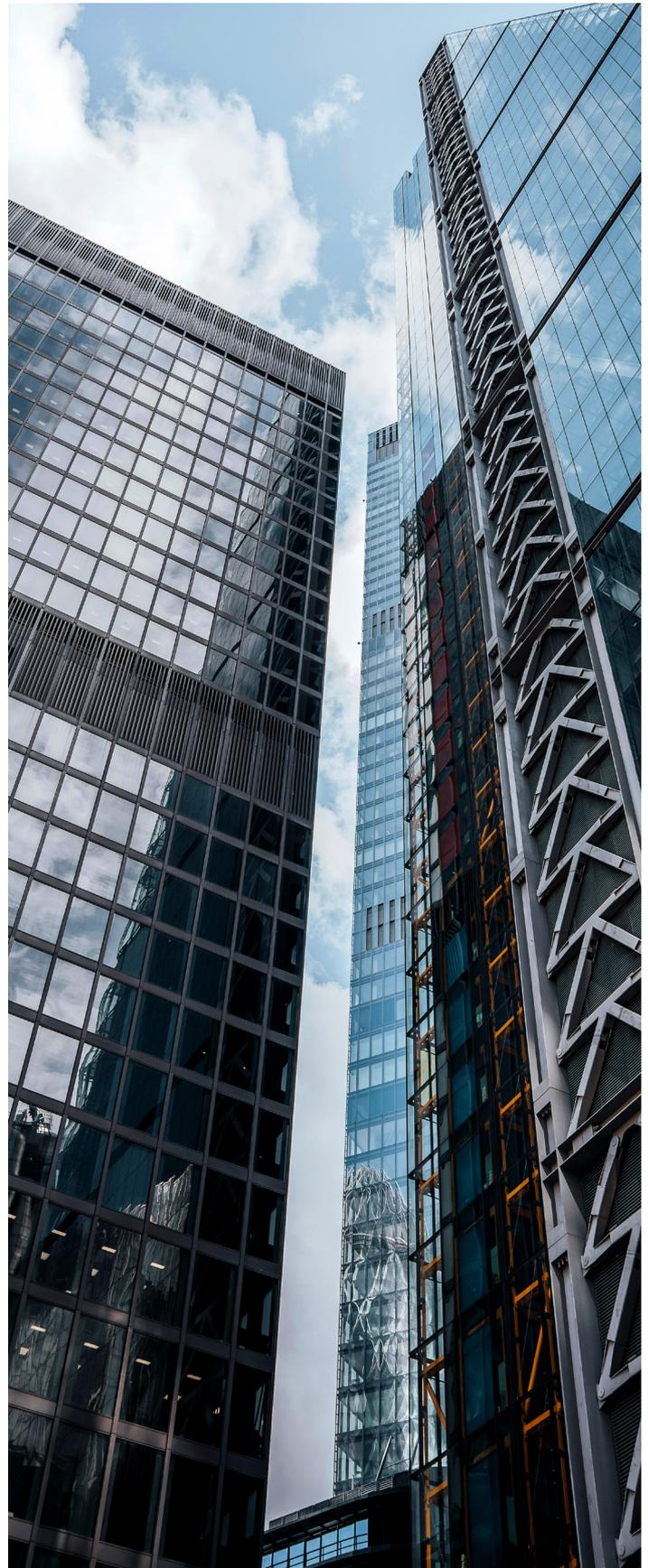
What this means for you: You should review your tax position periodically, particularly if your income has increased.

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 [brownshipleys.com/contact-us](https://www.brownshipleys.com/contact-us)



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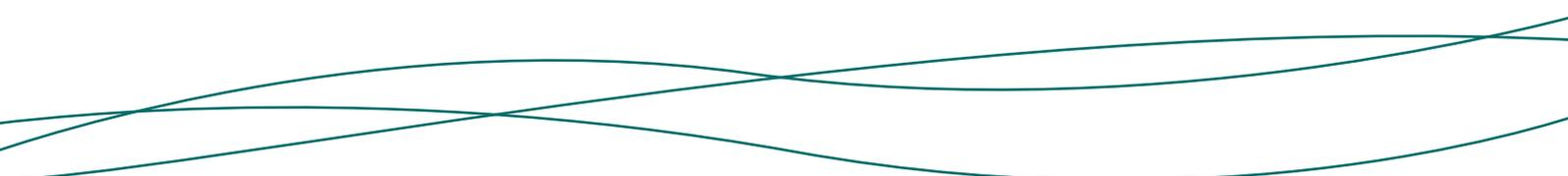
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