

The new 2026/27 tax year: what's coming up from 6 April 2026 and beyond

With the shift from spring to autumn Budgets, it's easy to overlook some key tax and other related changes that will take effect from 6 April for the 2026/27 tax year. Many of these have been in the pipeline for some time so may have slipped your attention since they were first announced. Here is a quick reminder of some of the measures that may affect you over the coming tax year and beyond.

Making Tax Digital (MTD) for income tax

From 6 April 2026, MTD for income tax begins to operate for the self-employed and landlords with 2024/25 qualifying income (roughly equating to gross income from both sources) of over £50,000. Under MTD, quarterly returns of income and expenses must be submitted to HMRC using approved software, with the first report due by 7 August 2026. For 2027/28, the qualifying income threshold will drop to £30,000 in 2025/26.

Dividend tax rates

From 2026/27, the rate of tax on dividends will increase by two percentage points for dividends falling in the UK basic rate band (i.e. from 8.75% to 10.75%). For dividends falling in the UK higher rate band, the increase will be from 33.75% to 35.75%. Dividends falling in the additional rate band and the dividend trust rate will be unchanged at 39.35%.

Tax on interest and other savings income

From 2027/28, all savings tax rates on interest will increase by two percentage points, taking the maximum rate to 47% for additional rate taxpayers and most trusts.

Venture capital trusts (VCTs)

From 6 April 2026, the rate of income tax relief for investments in newly issued VCT shares will drop from 30% to 20%. At the same time the size of companies covered by the scheme will broadly double. The rate of tax relief for Enterprise Investment Scheme (EIS) investments remains at 30%., despite the VCT cut.

Capital gains tax (CGT)

For 2026/27 onwards, the rate of capital gains tax on disposals qualifying for business assets disposal relief will rise from 14% to 18%. Other rates of CGT remain unchanged, as does the annual exemption at £3,000.

Inheritance tax (IHT) business and agricultural relief

New rules for agricultural and business IHT reliefs come into effect from 6 April 2026. These have altered significantly from the proposals in the Autumn 2024 Budget. The 100% relief allowance will be a combined £2,500,000, with 50% relief applying

thereafter. Any unused 100% allowance will be transferable between surviving spouses and civil partners. AIM shares will only be entitled to 50% business relief.

IHT and pensions

From 2027/28, most pension death benefits (other than death-in-service benefits) will fall within the scope of IHT, adding both to the tax payable and the complexity of estate administration.

State pension age

From 6 April 2026, the phasing in of a new state pension age (SPA) of 67 will begin. For men and women born between 6 April 1960 and 5 March 1961, the state pension age will increase to between 66 years 1 month and 66 years 11 months. For those born on or after 6 March 1961, the state pension age will be at least 67. An announcement is due soon on the timing of the next SPA increase to 68, currently legislated for 2044-2046.

Student loan repayments

The repayment threshold for Plan 2 student loans (covering English and Welsh students who started their courses in academic years 2012/13 to 2022/23) will rise by 3.2% to £29,385 for 2026/27 and then be frozen for the following three years for English graduates and students. The threshold for Plan 2 loans to Welsh students will not be frozen.

Tax changes at a glance

	2026/27	2027/28
MTD for income tax	For self-employed and landlords with 2024/25 qualifying income over £50,000	Qualifying income threshold drops to £30,000 for 2025/26
Dividend tax rate	Tax rates increase for basic and higher rate tax bands	
Tax on savings interest		Savings tax rate on interest rises
VCTs	Tax relief rate drops	
CGT rates	Business asset disposal relief rate rises	
IHT reliefs	Business and agriculture relief cap comes in	
IHT and pensions		Pension death benefits fall into IHT
SPA	Phased increase to 67 begins	
Student loans	Repayment threshold rises in England and Wales for Plan 2	

If you believe you may be affected by any of these measures, please get on touch to discuss your situation.