

Autumn Budget 2026: WHAT UK BUSINESSES NEED TO KNOW

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AT A GLANCE:

The Autumn Budget 2026 introduces a range of tax changes, business reliefs and investment incentives that could affect UK businesses. Key measures include maintaining the 25% headline corporation tax cap, additional business rates relief for eligible properties, a National Living Wage increase from April 2027, changes to VAT responsibilities for online marketplaces, and support for energy-intensive industries. The Budget also introduces measures aimed at encouraging business investment, innovation and growth, alongside changes to the taxation of savings and property income. Businesses should review their tax position, operating costs and investment plans to understand how the measures may affect their finances and prepare for the changes ahead.

John Healey’s Autumn Budget outlines Labour’s priorities for reducing business costs, easing pressure on employers and encouraging investment.

The measures announced are set to shape the UK’s corporate, commercial and investment landscape, as the government seeks to support economic growth while introducing tax changes to fund public spending commitments.

For businesses, the impact extends beyond corporation tax. Business rates, employment costs, VAT compliance, commercial energy prices and investment incentives will all play a role in determining operating expenses, profitability and future business decisions.

The effects will vary across sectors, with some businesses benefiting from targeted relief while others face additional tax obligations. Understanding the measures announced, when they are due to take effect and how they apply to individual businesses will be essential for planning ahead.



Corporation Tax: Stability for UK Businesses

One of the key considerations for UK companies is whether the Autumn Budget 2026 changes the headline rate of corporation tax. The Government has confirmed that it will maintain its Corporate Tax Roadmap commitments, including a maximum 25% headline corporation tax rate. This provides greater certainty for businesses planning investment, acquisitions and long-term financial forecasts.

However, maintaining the headline corporation tax rate does not mean every company will face an unchanged tax burden. Changes to the treatment of company distributions and other tax rules could affect how businesses extract profits, structure their affairs and plan for future growth.

Companies should therefore review their corporation tax arrangements with their accountants and consider how the changes could affect retained profits, dividend payments, reinvestment plans and business succession.

Commercial Property and Business Rates

Business rates are one of the most significant direct costs for businesses occupying commercial premises. The Autumn Budget 2026 introduces additional support for retail, hospitality and leisure properties in England, with measures aimed at reducing costs for eligible businesses.

The Small Business Rate Relief threshold will rise from £12,000 to £18,000 in rateable value, with the Government estimating that approximately 70,000 additional businesses will pay no business rates. The Budget also introduces a two-year, real-terms freeze on business rates bills for retail, hospitality and leisure properties. Separate measures include a 20% business rates reduction for pubs and all but the largest live music venues.

These changes could improve cash flow for eligible businesses, particularly smaller operators on high streets, by reducing their property-related operating costs.

For commercial landlords and investors, the impact is more indirect. Lower operating costs may help some tenants remain financially viable, potentially supporting occupancy levels and rental continuity. However, business rates relief does not automatically translate into higher rents or increased commercial property values.

Property owners, investors and occupiers should review their individual rateable values, applicable business rates reliefs and lease arrangements to understand how the measures could affect their costs, cash flow and property decisions.



Targeted Corporation Tax Increases

Although the Autumn Budget 2026 does not introduce a general increase in the headline corporation tax rate, certain businesses will face targeted corporation tax changes. The Bank Corporation Tax Surcharge will increase from 3% to 6% for 15 months, ending on 31 March 2028. The measure is intended to raise revenue to help fund support for households and businesses.

This increase applies specifically to the banking sector rather than companies generally. Its direct impact will therefore be concentrated among affected financial institutions, although any indirect effects on lending costs and commercial financing decisions will depend on how banks respond.

The Government is also changing the rules governing company distributions to prevent arrangements designed to extract profits at lower tax rates, while stating that genuine commercial transactions and family business transfers will be protected.

These targeted tax changes highlight the importance of reviewing corporate structures and profit extraction arrangements against the final legislation. Businesses should seek professional advice to understand how the changes could affect their tax position and future financial planning.

VAT and Online Businesses

The Autumn Budget 2026 introduces changes to VAT responsibilities for online marketplaces, which could affect businesses selling through third-party platforms. From October 2027, online marketplaces will become responsible for collecting VAT on qualifying sales made by UK businesses using their platforms.

The measure is intended to tackle tax evasion and create a fairer tax environment for online sellers and traditional high-street businesses.

For online retailers, marketplace operators and businesses selling through third-party platforms, the changes may require updates to accounting systems, contractual arrangements and VAT reporting procedures. Businesses should review how the new rules will affect their sales channels and ensure their systems and processes are ready ahead of the October 2027 implementation date.

The Budget also introduces changes to the VAT treatment of larger private-hire operators, requiring them to account for VAT consistently on the full passenger fare. At the same time, protections will be provided for smaller and local taxi and minicab businesses.

Online retailers, marketplace operators and private-hire businesses should assess how these VAT changes may affect their operations, compliance obligations and costs, and seek professional advice where necessary.

Employment Costs and the National Living Wage

Employment costs remain a major concern for UK businesses, particularly those operating in labour-intensive sectors. From 1 April 2027, the National Living Wage will increase by 3.9% to £13.21 per hour. While the increase is intended to improve earnings for lower-paid workers, it will also raise payroll costs for employers paying staff at or near the minimum wage.

The impact could be particularly significant for businesses in retail, hospitality, facilities management, care and other sectors with large workforces. Employers should assess the wider financial implications, including the associated costs of employer National Insurance contributions, pension contributions and overtime. They should also consider whether pay structures for more experienced staff may need to be adjusted to maintain appropriate pay differentials.

To manage these additional employment costs, businesses may need to review productivity, recruitment plans and pricing strategies. Careful workforce and financial planning can help employers respond to higher wage costs while maintaining service quality and operational efficiency.

Commercial Energy Costs and Industrial Competitiveness

Energy costs remain a significant concern for manufacturers and other energy-intensive businesses. From April 2027, the British Industrial Competitiveness Scheme is intended to support more than 10,000 eligible businesses across electricity-intensive industrial sectors and their supply chains, potentially reducing eligible businesses' electricity bills by up to 25%.

For qualifying manufacturers and industrial operators, the scheme could help reduce operating costs, improve profit margins and strengthen international competitiveness. However, eligibility will be a key consideration. Businesses should not assume they qualify simply because electricity accounts for a significant proportion of their costs. Instead, they should review the scheme's sector requirements and eligibility criteria as further Government guidance becomes available.

The Budget also extends the existing 5p fuel duty cut for a further six months and defers the planned fuel duty increase until July 2027. This may provide some additional cost relief for logistics, construction and other businesses that rely heavily on road transport.

Businesses should consider how these energy and fuel measures could affect their operating expenses and budgets, while assessing whether they qualify for support under the British Industrial Competitiveness Scheme.

Investment, Innovation and Business Growth

Alongside tax changes, the Autumn Budget 2026 includes measures intended to encourage business formation, innovation and investment across the UK. A new Founders Relief will offer eligible founders of high-growth, innovative companies a reduced 10% capital gains tax rate on up to £10 million of lifetime gains.

The Government is also increasing the trading allowance from £1,000 to £3,000, improving venture capital schemes, simplifying access to research and development (R&D) tax reliefs, and expanding tax-advantaged employee share schemes.

These measures could benefit qualifying start-ups and growing businesses looking to attract investment, recruit and retain employees, and scale their operations. Additional capital for the British Business Bank and National Wealth Fund is also intended to support business finance and investment in strategic sectors.

Businesses considering expansion, innovation or fundraising should assess which tax reliefs and investment incentives may be available to them and whether their plans meet the relevant eligibility criteria. Understanding the conditions attached to each measure will help businesses identify potential opportunities and incorporate them into their growth and investment strategies.

Final Thoughts

The Autumn Budget 2026 combines targeted tax increases, business reliefs and investment incentives, with the impact varying across different sectors. For companies, the Government's commitment to retaining the 25% corporation tax cap provides continuity, while changes to banking tax and company distribution rules create additional considerations for some organisations.

Business rates relief, industrial energy support and fuel duty measures may help reduce operating costs. However, higher wages and changes to VAT responsibilities will require careful financial planning and operational adjustments.

Ultimately, the impact of the Budget will depend on each business's sector, ownership structure, workforce, property portfolio and tax position. Companies should assess the measures relevant to their circumstances rather than assume that all businesses will experience the same financial effects.

Reviewing tax exposure, managing operating costs and identifying relevant investment incentives can help businesses make informed decisions about their finances, future investment and wider commercial strategy. Taking a proactive approach will help business owners prepare for the changes and identify opportunities that may support future growth.



Property Income and Company Owners

The Autumn Budget 2026 also announces a two-percentage-point increase in tax rates on savings and property income across all bands from April 2027. This change is particularly relevant to individuals who receive rental income or income from savings.

The precise impact will depend on each taxpayer's circumstances and the legal structure through which the income is received. Companies holding commercial property should distinguish between tax on rental income received by a company and tax on property income received personally by an individual. The announced changes should not automatically be interpreted as a two-percentage-point increase in corporation tax.

Property investors, landlords and company directors should review their financial forecasts and consider how the changes may affect their tax position. Before changing ownership structures or undertaking property transactions, they should seek professional tax advice to understand the potential implications.

What Businesses Should Do Now

In response to the Autumn Budget 2026, businesses should review the announced measures and consider the following priorities to manage costs, maintain compliance and plan for future growth.

- Review tax exposure: Confirm how corporation tax rules, VAT changes and any sector-specific tax increases could affect the business.
- Reforecast payroll costs: Incorporate the April 2027 National Living Wage increase and associated employment costs into budgets and financial forecasts.
- Assess commercial property expenses: Review business rates liabilities, available reliefs and commercial lease terms to identify potential savings and additional costs.
- Prepare for VAT changes: Review online marketplace arrangements and ensure systems and processes are ready for the October 2027 implementation date.
- Review energy costs: Determine whether the business may qualify for industrial energy support and assess the potential impact on operating expenses.
- Evaluate investment incentives: Consider eligibility for Founders Relief, research and development (R&D) tax reliefs, venture capital schemes and available business finance.
- Update financial forecasts: Model the potential impact of the Budget on cash flow, profit margins, capital expenditure and borrowing requirements.

Taking these steps can help businesses understand how the Autumn Budget measures may affect their financial position, identify relevant support and make informed decisions about investment, staffing and future growth.

Contact Our Business Services Team

If you require any assistance or guidance with our business services, we would be delighted to hear from you. Please don't hesitate to get in touch, and our team will be ready to provide the support you need.

Hereford Office | Kidwells House
Coldnose Road
Rotherwas Industrial Estate
Herefordshire
HR2 6JL

01432 278 179
IP@kidwellssolicitors.co.uk

Bristol Office | Kidwells House
Great Park Road
Bradley Stoke
Bristol
BS32 4QG

0117 435 0014
IP@kidwellssolicitors.co.uk

