

GMS Flash Alert

2026-273 | 29 October 2026

United Kingdom – Autumn Budget 2026

The Chancellor of the Exchequer, John Healey, delivered the Autumn Budget (the “Budget”) to the U.K. Parliament on 28 October 2026.¹ This was the first budget delivered under Prime Minister Andy Burnham’s government, and the broad focus of the Budget was on supporting businesses and individuals and shielding them from further tax increases at a time of increasing global tensions.

Recent budgets have been of great interest from a global mobility perspective, with the introduction of the Foreign Income and Gains regime.² In comparison, this was a quiet budget from a global mobility perspective; however, there were still items of interest.

The Chancellor confirmed that he would be sticking to the government’s 2024 manifesto promise not to raise taxes on working people; however, he announced increases to the interest and property income tax rates.

The Chancellor also confirmed that he will be legislating to ensure that an employer’s payment of certain visa costs is not treated as a taxable benefit in kind with effect from 28 October 2026.

WHY THIS MATTERS

For employers of globally mobile employees there is always a great deal of interest in the U.K.’s fiscal events as they can have a direct impact on the cost of assignments.

It is essential to get in front of the changes described in this alert and to communicate quickly and clearly with key stakeholders, so that they can properly plan, budget, and make any necessary adjustments.

Overview of Main Measures

Payment of visa fees by an employer

As covered in detail in our previous [GMS Flash Alert 2026-082](#) of 1 April 2026, HMRC have been increasing their compliance activity on the tax treatment of the Immigration Skills Charge and Certificate of Sponsorship, where such costs are incurred by the employer.

Although these fees are required to be paid by the employer as part of the visa application process, HMRC have been arguing as part of their employer compliance reviews that these costs are a taxable benefit-in-kind

for the employee, seeking to charge grossed-up tax and National Insurance on these costs, in some cases looking back several years.

In this Budget, the government has announced that it will introduce legislation to ensure that, with effect from 28 October 2026, the payment of the Immigration Skills Charge and the Certificate of Sponsorship fee will not be treated as taxable benefits in kind for the employee.

Expansion of tax-advantaged share option schemes

In a measure focused primarily on supporting start-up and fast-growth businesses, the government announced enhancements to the existing tax-advantaged Company Share Option Plan (CSOP) and Enterprise Management Incentive (EMI) schemes. From 6 April 2027 the CSOP limit will be doubled to GBP 120,000 and the exercise period will be extended from 10 to 15 years, to better reflect the longer growth cycles of start-up businesses. In addition, the current interaction between CSOP and EMI option limits will be removed, meaning that an eligible employee may receive up to GBP 370,000 of options under the two schemes. To reflect the closer alignment of the two schemes, the CSOP will be rebranded as “EMI 2” from next April.

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The announcement of an exemption for the cost of the Immigration Skills Charge and Certificate of Sponsorship is likely to be very welcome for employers, as HMRC’s recent approach represented a departure from the established view on the tax treatment of such costs incurred by the employer in recruiting certain foreign nationals.

However, although this announcement provides legislative certainty going forward and perhaps suggests that it was not the government’s intention that these costs should give rise to a taxable benefit for the employee, employers may be concerned that HMRC still consider there to be a tax/NIC liability for periods prior to 28 October 2026.

The expansion of the UK’s EMI and CSOP schemes will be a welcome development for entrepreneurial businesses and their employees, allowing their attendant tax advantages to be offered to a wider group of talent and reducing the cliff-edge effects of reaching the current EMI limits.

Personal Income Tax Rates and Thresholds

The Chancellor announced that there would be no increases to the income tax rates on employment or dividends.

In the Autumn Budget 2025, the previous Chancellor had announced that the tax rates on income from property and interest would increase by two percentage points from April 2027. In this Budget, the new Chancellor announced that he was increasing these by an additional two percentage points from the previous announcement, so a rise of four percentage points in total compared with the previous tax year.

The 2026/27– and 2027/28–income tax rates and thresholds are as follows:

Employment Income

	Threshold	Tax Rate
Personal Allowance	Up to GBP 12,570	0%

Basic Rate	GBP 0 – GBP 37,700	20%
Higher Rate	GBP 37,701 – GBP 125,140	40%
Additional Rate	Over GBP 125,140	45%

Source: KPMG LLP (U.K.)

Dividends

	2026/27	2027/28
Basic Rate	10.75%	10.75%
Higher Rate	35.75%	35.75%
Additional Rate	39.35%	39.35%

Source: KPMG LLP (U.K.)

Interest and property income

Rates	2026/27	2027/28
Basic Rate	20%	24%
Higher Rate	40%	44%
Additional Rate	45%	49%

Source: KPMG LLP (U.K.)

Scotland

The 2026/27 tax rates for Scottish taxpayers will be presented to the Scottish Parliament on 3 December 2026.³

Wales

The Welsh Senedd sets income tax rates for Welsh taxpayers. The draft budget will be published on 17 November 2026.⁴ The income tax rates for Welsh taxpayers are the same as for English and Northern Irish taxpayers.

National Insurance Contributions (NIC)

The Chancellor confirmed that there would not be any changes to the National Insurance rates or thresholds.

	2026/27	2027/28
Annual Threshold for Employee NIC	GBP 12,570	GBP 12,570
Annual Threshold for Employer NIC	GBP 5,000	GBP 5,000

Upper Earnings Limit	GBP 50,270	GBP 50,270
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Source: KPMG LLP (U.K.)

	2026/27	2027/28
Class 1, 1A and 1B NIC Rate for Employers on Earnings Above the Annual Threshold	15%	15%
Class 1 NIC Rate for Employees Between the Annual Threshold and Upper Earnings Limit	8%	8%
Class 1 NIC Rate for Employees Above the Upper Earnings Limit	2%	2%

Source: KPMG LLP (U.K.)

Capital Gains Tax/Carried Interest

Despite speculation prior to the Budget that there could be an increase to the capital gains tax rate, ultimately the Chancellor announced that there will be no changes to the capital gains tax annual exempt amount or the capital gains tax rates.

	2026/27	2027/28
Annual Exempt Amount	GBP 3,000	GBP 3,000
Residential Property	Basic rate – 18% Higher rate – 24%	Basic rate – 18% Higher rate – 24%
Carried Interest	New taxation regime	New taxation regime
Other Chargeable Assets	Basic rate – 18% Higher rate – 24%	Basic rate – 18% Higher rate – 24%

Source: KPMG LLP (U.K.)

Other Measures

- The previously announced reduction in the Individual Savings Account cash limit from GBP 20,000 to GBP 12,000 with effect from April 2027 will not take effect, with the limit remaining at GBP 20,000.
- Following a consultation focused on investors in U.S. limited liability companies, the government has announced it will create a mechanism to provide double taxation relief for income received by investors from certain foreign entities where relief is currently unavailable. For coverage by KPMG LLP in the U.K. of the Consultation into the treatment of US LLCs, see [Tax Matters Digest - HMRC's forward thinking on reverse hybrids](#) (published on 10 September 2026).
- The government will be reforming the benchmark scale rates, which allow employers to reimburse employees for business travel and subsistence without requiring receipts to be checked. The overseas scale rates will be simplified, with a tiered approach replacing the current destination-specific rates.

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Impact of Key Measures: 'High Level' Look

In general, this is a quiet budget for globally mobile employees and their employers, as the majority of the measures announced are unlikely to have a major impact. The announcement that the government will be legislating to ensure that some visa fees paid by the employer will not be considered a taxable benefit for the employee will be very welcome.

Globally mobile employees and employers may be relieved that despite rumours of increases to capital gains tax rates circulating before the Budget, no changes were announced to the current rates.

Next Steps

Further guidance will be published by the government "in due course."

KPMG LLP (U.K.) will continue to keep readers informed of any further developments that concern individuals, including those on international assignments, and their multinational employers.

ENDNOTES:

- 1 GOV.UK, "[Budget 2026](#)". Also, see the coverage and analysis of the Autumn Budget 2026 by KPMG LLP in the U.K., "[Autumn Budget 2026: Announcements and analysis](#)."
- 2 For coverage by KPMG LLP in the U.K. of the Autumn Budget 2025, see [GMS Flash Alert 2025-247](#) (26 November 2025).
- 3 The Scottish Parliament, "[Draft Scottish Budget timetable: Scottish Government update, September 2026](#)," published on 3 September 2026.
- 4 Welsh Parliament, Cabinet Minister for Finance, "[2027-28 Welsh Budget](#)," published on 3 July 2026.

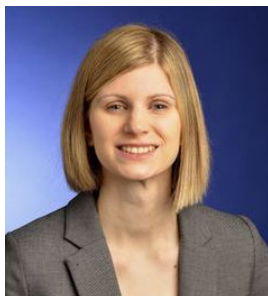
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