



PERSONAL TAX CHANGES COMING IN APRIL 2026

With just a few weeks to go until the beginning of a new tax year, a new round of tax changes take effect from April 2026. While many people won't see a big difference in their day-to-day tax position, there are some areas worth having on the radar.

Here is a run-through of some of the changes you may want to be aware of.

Dividend Tax Rises

The tax rates for dividends are rising from April 2026. The basic rate and higher rates are each increasing by two percentage points to 10.75% and 35.75%, respectively. The dividend additional rate remains at 39.35%.

Many company owners rely on a combination of salary and dividends for their pay. If that's you, it's important to review how you draw income and whether your current mix of salary and dividends still makes sense.

Thresholds Remain Frozen

The tax-free personal allowance and income tax thresholds all remain frozen and are set to stay that way until 2030/31. That ongoing freeze will continue to pull more people into higher rates of tax.

For Scottish taxpayers, there is an increase to the basic and intermediate rate thresholds. This means that lower earners will see a small increase in their take-home pay. However, because of fiscal drag, higher earners will be increasingly drawn into paying additional tax.

National Insurance and Voluntary Contributions

People with gaps in their national insurance contribution (NIC) record, those who are self-employed with low profits, or those who work overseas often consider making voluntary contributions.

From 6 April 2026, the rate for Class 2 NICs (applicable to the self-employed) will be increased from £3.50 to £3.65. The rate for voluntary Class 3 NICs will increase from £17.75 to £18.40.

Aside from the increase in rates, a major change is that voluntary Class 2 NIC will no longer be an option for periods spent abroad. Making voluntary Class 3 contributions will be possible, but the qualifying criteria have been tightened.



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Capital Gains Tax (CGT)

Business owners thinking about selling or restructuring should be aware that capital gains that are subject to business asset disposal relief or investor's relief will be taxed at 18% for 2026/27, an increase from 14% in 2025/26.

Reliefs for disposals to employee ownership trusts have also been scaled back and the rules for share reorganisations have been tightened. Both changes are already in force.

These changes won't affect everyone, but if you are considering business succession or restructuring, getting the timing and your approach right continues to be key.

Inheritance Tax - Agricultural and Business Property Relief Changes

As has been widely publicised, changes to Inheritance Tax (IHT) to Agricultural Property Relief (APR) and Business Property Relief (BPR) will come into force on 6 April 2026.

These reliefs were previously unlimited, but from April, 100% relief will be capped at £2.5 million of combined agricultural and business assets. Thereafter, the relief reduces to 50%. Unused amounts can be passed to a spouse or civil partner.

The £2.5 million limit is higher than initially proposed, but those who may be affected by the new cap may want to consider whether there are ways to rearrange their estate that would be effective in saving tax.

In Conclusion

If you are affected by any of these changes for 2026/27 and would like help in making sure you are in the best tax position possible, please get in touch. We would be happy to help you!

