

Budget 2026

Policy Costings

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Introduction

This document sets out the assumptions and methodologies underlying costings for tax and annually managed expenditure (AME) policy decisions announced since Spring Forecast 2026, where those policies have a fiscally significant impact on the public finances. All of these costings were submitted to the independent Office for Budget Responsibility (OBR) for their certification.

Measures that were certified by the OBR as below the negligible threshold of £10 million per annum in every year of the forecast period are not considered in this document.

This document presents detailed information on the main data and assumptions underpinning the costing of policies in the Budget. Each note sets out a description of the measure, the base, the methodology for the costing (including relevant adjustments for behavioural responses) and the main areas of additional uncertainty, beyond those inherent in the OBR's forecast. All costings are presented on a National Accounts basis.

The government will publish further information on the costing methodologies of a selection of the measures covered in this document by the end of the year. These additional publications will cover the following measures:

- More Timely Payment: Require Income Tax Self Assessment taxpayers to pay more of their liabilities in-year from 2029
- Distributions: Modernise the distributions framework from 6 April 2028
- Modernising Taxation of Foreign Sovereign Investments: Introduce a new statutory regime for the direct taxation of foreign sovereigns from 1 January 2029
- Founders' Relief: Introduce a new CGT relief for qualifying founders of high-growth, innovative companies from 6 April 2027
- Business Asset Disposal Relief (BADR): Reduce the lifetime limit to £500,000 from 6 April 2027

The OBR sets out the approach it has taken to scrutiny and certification of the costings, and highlight areas of particular uncertainty in its Economic and Fiscal Outlook (EFO).

Annex A sets out the indexation assumptions included in the public finances forecast baseline, including all pre-announcements.

Policy Costings

Support for Energy Bills: Cut VAT on domestic electricity from 5% to 0% from 1 October 2026 to 1 July 2027

Measure description

This measure reduces the VAT rate on domestic electricity supplies from 5% to 0%. It applies to all electricity supplies covered by the existing reduced rate, including domestic consumption, charities, residential accommodation and supplies to businesses below the de minimis threshold.

This measure is effective from 1 October 2026 until 1 July 2027.

The tax base

The tax base consists of expenditure on domestic electricity supplies eligible for the reduced rate of VAT, including qualifying household, charity, residential care and a small amount of business consumption. The tax base is estimated using ONS consumer expenditure data.

The tax base is grown over the forecast horizon using the OBR's forecast for growth in nominal consumer expenditure on electricity.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing accounts for a behavioural response whereby lower electricity prices encourage some consumers to shift some of their consumption from gas and other fuels towards electricity.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	-755m	-305m	+0m	+0m	+0m	+0m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base.

Fuel Duty: Extend the temporary 5p-per-litre duty cut and defer the planned Retail Prices Index (RPI) increase to 1 July 2027

Measure description

This measure extends the temporary 5 pence per litre (ppl) cut in fuel duty that was first introduced on 23 March 2022, by 6 months, from 1 January 2027 to 1 July 2027. This follows the announcement in May 2026 to extend the 5ppl cut in fuel duty until 31 December 2026.

This will apply to rates for heavy oil (diesel and kerosene), unleaded petrol, and light oil, with a proportionate percentage cut (equivalent to 5ppl from the main fuel duty rate of 57.95 ppl) to the rates for other fuels and rebated fuels where practical.

On 1 July 2027, fuel duty rates will increase by 5ppl and will be uprated in line with the Retail Prices Index (RPI). From 1 April 2028, fuel duty rates will be uprated annually in line with RPI.

The extension announced in May 2026 took effect on 1 September 2026, with the further extension taking effect from 1 January 2027.

The tax base

The tax base consists of every litre of taxable fuel that is made available for use in the UK. Projected volumes are taken from the fuel duty forecasting model.

The tax base is grown over the forecast horizon using the OBR's economy forecast determinants for Gross Domestic Product and real consumer expenditure.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing accounts for a behavioural response whereby consumers may change their consumption in response to changes in pump prices.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	-575m	-780m	+0m	+0m	+0m	+0m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and the behavioural response.

Mileage Rates: Increase the tax-free and tax-deductible car and van rates to 55p for the first 10,000 business miles from 6 April 2026 and the higher mileage rate to 35p from 6 April 2027

Measure description

This measure increases the Approved Mileage Allowance Payment (AMAP) rates and Simplified Mileage Rate (SMR) for employees, sole traders and partnerships using their own cars or vans for business travel. The rates have been increased to 55p per mile for the first 10,000 miles of travel from 6 April 2026 with an additional increase to 35p per mile for over 10,000 miles of travel from 6 April 2027.

The tax base

The tax base consists of employees, sole traders and partnerships that use cars or vans for business purposes and incur allowable business motoring expenses including those subject to the AMAP regime, Relative Motoring Expenditure, or those who receive Mileage Allowance Relief.

The tax base is estimated using survey evidence on the self-employed population and their use of business vehicles, HMRC administrative data and National Transport Survey data to estimate size of population, average mileage, and reimbursement rate.

The tax base is grown over the forecast horizon using the OBR's forecast for growth in employment, the self-employed population, self-employed income and the Consumer Price Index (CPI).

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing accounts for behavioural responses from both employees and the self-employed claiming mileage relief. This includes greater awareness of the regime from employees and the self-employed leading to increased claims for Mileage Allowance relief. The behavioural adjustment also accounts for some employers increasing reimbursement rates, whereas some employers may choose not to increase employee reimbursement, widening the gap between the amount reimbursed and the approved mileage rate, and therefore increasing the value of Mileage Allowance Relief claims.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	-30m	-200m	-220m	-225m	-235m	-245m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and the behavioural response.

Parental Pay: Establish a Parental Allowance for fathers, partners and adopters in Great Britain from April 2029

Measure description

This measure will introduce a new Parental Allowance, broadly modelled on Maternity Allowance, for fathers, partners and adopters who are not eligible for Statutory Paternity Pay or Statutory Adoption Pay because they are self-employed or do not meet the current earnings or continuity-of-employment conditions.

Eligible self-employed fathers and partners will receive two weeks paid between £27 and the statutory rate (currently £194.32) depending on National Insurance Contributions (NICs). Eligible employed or recently unemployed fathers and partners will receive 2 weeks paid at the lower of the statutory rate (currently £194.32) or 90% of average weekly earnings. Eligible adopters will receive up to 39 weeks on the equivalent basis.

This measure will apply in Great Britain only and will be effective from April 2029.

The cost base

The cost base consists of self-employed fathers, partners and adopters, and parents who are recently employed, recently unemployed or who may have a broken or irregular pattern of employment. There are an estimated 166,000 fathers and partners and around 750 self-employed adopters who fall into these categories.

Costing

The costing assumes an 89% take-up rate. The costing uses OBR forecast determinants for employment growth and projected births to scale the eligible population and CPI assumptions to uprate the statutory weekly rate.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	+0m	+0m	-70m	-70m	-70m

Areas of uncertainty

The main uncertainties relate to take-up (including awareness and application-completion risk), claimant work absence, interaction with existing provision, and delivery costs including verification, fraud and error, and NICs records/work-history checks.

Carer's Allowance: Introduce a taper on earnings above the Weekly Earning Limit within 2030-31

Measure description

This measure replaces the current full withdrawal of Carer's Allowance when a claimant earns over the Weekly Earnings Limit, set at 16 times the National Living Wage, with a tapered withdrawal based on earnings above the limit. The taper will be set at 100%.

This measure will begin within the 2030-31 financial year, with a precise start date confirmed in due course.

The cost base

The cost base is DWP's forecast for caseload and expenditure on Carer's Allowance and Universal Credit, as well as OBR projections for increases in the National Living Wage.

Costing

The costing is calculated by estimating the additional Carer's Allowance expenditure from paying tapered awards on earnings above the Weekly Earnings Limit versus the current non-payment of the benefit. It also factors in interactions with Universal Credit awards.

The costing accounts for a behavioural response whereby some Carer's Allowance claimants increase their earnings or enter work which results in a reduction in Carer's Allowance and Universal Credit expenditure. It also accounts for the take-up of tapered Carer's Allowance awards amongst newly eligible individuals who currently earn above the Weekly Earnings Limit.

See the Data Sources supporting document for Budget 2026 for information on the methodology on estimated beneficiaries of this measure.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	+0m	+0m	+0m	-40m	-80m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the behavioural response in relation to labour supply by carers. Additionally, the take-up of tapered awards amongst newly eligible individuals is uncertain.

Universal Credit: Extend the £2,500 surplus earnings threshold for one year from 1 April 2027

Measure description

This measure maintains the surplus earnings threshold at £2,500 for Universal Credit claimants for a further year until 31 March 2028.

This measure will be effective from 1 April 2027.

The cost base

The cost base comes from the OBR's Universal Credit benefit expenditure forecast, the Family Resources Survey and the OBR's forecast of economic determinants.

Costing

The costing is produced by comparing the cost base described above to a pre-measure forecast baseline. No behavioural effects have been taken into account as these are judged to be negligible.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	-140m	+0m	+0m	+0m	+0m

Areas of uncertainty

The main uncertainties in this costing relate to the earning patterns of claimants and the number of claimants who may have more pay days than usual during an assessment period.

Tariff Suspension Packages: Suspend tariffs on 135 food products from 21 June 2026 until 31 December 2028; 101 food products and kerosene for heating oil from 26 November 2026 until 31 December 2028; and fertiliser from 26 November 2026 until 31 December 2027

Measure description

This measure amends the UK's integrated tariff schedule to account for two packages of tariff suspensions introduced since Spring Forecast 2026.

- Suspending tariffs on selected food products (including some fruits, fruit juices, pasta, couscous and tuna) from 21 June 2026 to 31 December 2028.
- Suspending tariffs on selected food products (including vegetables, sauces and chocolate) and kerosene heating oil from 26 November 2026 to 31 December 2028 and on fertiliser from 26 November 2026 to 31 December 2027.

The tax base

The tax base is the expected Customs Duty revenue from the relevant commodity codes impacted, had the measure not been implemented. The tax base has been projected across the forecast using the OBR's forecasts for non-oil goods imports.

Costing

The static costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above. A behavioural adjustment is made to account for the proportion of traders expected to utilise the tariff suspensions.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	-50m	-75m	-55m	+0m	+0m	+0m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the behavioural response.

Cash ISAs: Maintain the cash ISA limit at £20,000 from 6 April 2027

Measure description

This measure reverses the previously announced reduction in Cash ISA limit from £20,000 to £12,000 for individuals under 65, meaning the Cash ISA limit will remain at £20,000 for all individuals.

The measure will be effective from 6 April 2027.

The tax base

The tax base consists of interest on savings held by under-65s who would otherwise save more than £12,000 per year into Cash ISAs. The tax base is estimated using HMRC administrative data.

The tax base is grown over the forecast horizon using the OBR's forecast for returns on savings deposits.

Costing

The costing has no static impact on taxpayer liabilities.

The costing accounts for a behavioural response whereby individuals utilise cash ISAs up to the £20k limit.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	-5m	-20m	-35m	-50m	-70m

Areas of uncertainty

The main uncertainties in this costing relate to the behavioural response.

Business Rates: Increase business rates relief for pubs, social clubs and live music venues by 20ppts to 35% from 1 April 2027

Measure description

The government is increasing the relief for pubs, social clubs and all but the very largest live music venues in England by 20ppt, from 15% to 35% from 1 April 2027. The very largest live music venues (with a rateable value of £1 million or above) will not receive this increased rate of relief, but will continue to benefit from the previously announced 15% relief in 2026-27 and real terms freeze in 2027-28 and 2028-29, as announced in January 2026. This will provide ongoing support to qualifying properties, with the level kept under review alongside the 2029 revaluation.

The tax base

The tax base for the relief consists of the estimated rateable value of all pubs, social clubs and live music venues, multiplied by the relevant multiplier for relevant years.

Costing

The static costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above. The static cost is adjusted to reflect that business rates are deductible for Corporation Tax for companies and Income Tax for the self-employed, and that business rates are devolved to Scotland, Wales, and Northern Ireland.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+5m	-160m	-115m	-5m	-5m	-5m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base, the impacts of appeals against property valuations on rateable values, and the impact of behavioural responses.

Business Rates: Increase valuation thresholds for Small Business Rate Relief for retail, hospitality and leisure (RHL) properties from £12,000 to £18,000 for 100% relief and from £15,000 to £21,000 for tapered relief from 1 April 2027

Measure description

The government is increasing the Small Business Rates Relief (SBRR) eligibility thresholds for qualifying retail, hospitality and leisure properties in England from 1 April 2027. The threshold for 100% relief will increase to a rateable value of £18,000, and the threshold for tapered relief will increase to a rateable value of £21,000. These thresholds will provide ongoing support to qualifying properties, with their level kept under review alongside the 2029 revaluation.

The tax base

The tax base for the relief consists of the estimated rateable value of qualifying properties within the thresholds, multiplied by the relevant multiplier for relevant years and factoring in the taper.

Costing

The static costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above. The static cost is adjusted to reflect that business rates are deductible for Corporation Tax for companies and Income Tax for the self-employed, and that business rates are devolved to Scotland, Wales, and Northern Ireland.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+5m	-315m	-320m	+0m	-5m	-5m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base, the impacts of appeals against property valuations on rateable values, and the impact of behavioural responses.

Business Rates: Introduce a transitional support package, including a two-year real terms bills freeze for RHL businesses and a one-year extension of the 2023 Supporting Small Business support, part funded by extending the Transitional Relief Supplement for two years from 1 April 2027

Measure description

The government will ensure that business rates bill increases for qualifying RHL properties in England are capped by CPI inflation in 2027-28 and 2028-29. This does not apply to increases in rateable values resulting from improvements, or losses in other reliefs such as improvement relief or hardship relief post 1 April 2026.

The government is extending the 2026 Supporting Small Business (SSB) scheme to those who were in receipt of 2023 SSB for one year from 1 April 2027 in England.

The government is extending the 1p Transitional Relief Supplement (TRS) for two years from 1 April 2027. This will be paid each year by those seeing bill increases otherwise below the Transitional Relief and SSB caps.

The tax base

The tax base for the reliefs consists of the estimated rateable value of qualifying properties, multiplied by the relevant multiplier for relevant years.

The tax base for the Transitional Relief Supplement is the rateable value of all eligible non-domestic properties, with a 1p supplement applied to the relevant multiplier.

Costing

The static costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above. The static cost is adjusted to reflect that business rates are deductible for Corporation Tax for companies and Income Tax for the self-employed, and that business rates are devolved to Scotland, Wales, and Northern Ireland.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	-10m	-230m	+0m	+0m	+0m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base, the impacts of appeals against property valuations on rateable values, and the impact of behavioural responses.

Trading Allowance: Increase the Income Tax Trading Allowance to £3,000 from £1,000 from 6 April 2027

Measure description

This measure increases the tax-free trading and miscellaneous income allowance from £1,000 to £3,000. Individuals with trading income at or below the allowance will not be required to report that income to HMRC through Self Assessment. Individuals with income above the allowance can choose to deduct the allowance from their turnover instead of claiming actual business expenses. Increasing the allowance to £3,000 will extend the simplification benefits and increase the value of the fixed deduction available to eligible taxpayers.

This measure will be effective from 6 April 2027.

The tax base

The tax base comprises sole traders and people with miscellaneous income whose allowable expenses are £3,000 or less and for whom claiming the trading allowance is more beneficial than claiming actual business expenses.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The static costing captures taxpayers with income over £1,000 who already claim the maximum allowance. The costing also accounts for behavioural responses from taxpayers who currently claim expenses and allowances less than £3,000 for whom it will be advantageous both in cash and administrative terms to switch to the allowance.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	+0m	-225m	-165m	-175m	-180m

Areas of uncertainty

The main uncertainty in this costing relates to behavioural effects. In particular, there is uncertainty around the proportion of eligible taxpayers currently claiming actual business expenses who will switch to claiming the trading allowance following the increase from £1,000 to £3,000.

Business Tariff Suspensions: Suspend tariffs on 72 products from 5 August 2026 and extend suspensions for 361 products in 2027-28

Measure description

This measure amends the UK's integrated tariff schedule to account for several changes since Spring Forecast 2026.

- A package of tariff suspensions newly applied for by businesses in 2025-26 which were introduced on 5 August 2026 and due to expire on 31 December 2028.
- Extension until 31 December 2028 of 269 import tariff suspensions that were due to expire on 31 December 2026, allowing 23 suspensions to expire as they are no longer needed following changes to the tariff schedule.
- Extension until 31 December 2027 of all 92 import tariff suspensions that were due to expire on 30 June 2027.

The tax base

The tax base is the expected Customs Duty revenue from the relevant commodity codes had the measure not been implemented. The tax base has been projected across the forecast using the OBR's forecasts for non-oil goods imports.

Costing

The static costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above. A behavioural adjustment is made to account for the proportion of traders expected to use the tariff suspensions, and the incentive for traders to forestall by bringing forward imports to avoid paying duty once the suspensions end.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	-65m	-215m	-155m	+0m	+0m	+0m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the behavioural response.

Climate Change Levy: Freeze electricity & liquefied petroleum gas main rates, and uprate gas and solid fuels main rates by RPI from 1 April 2028

Measure description

This measure freezes the Climate Change Levy (CCL) main rates for electricity and liquefied petroleum gas (LPG) at their 2027-28 levels for 2028-29, while the main rates for gas and solid fuels are uprated in line with the Retail Prices Index (RPI). The reduced rates remain at an unchanged fixed percentage of the main rates.

The measure will be effective from 1 April 2028.

The tax base

The tax base consists of supplies of electricity and LPG used as fuel that are subject to CCL. The tax base is estimated using energy consumption outturn data and energy and emissions projections from the Department for Energy Security and Net Zero.

The tax base is grown over the forecast horizon using the OBR's forecasts for gross domestic product (GDP).

Costing

The costing is estimated by applying the post-measure tax rates to the tax base described above and comparing this with the baseline, in which CCL rates are uprated in line with RPI.

The costing accounts for a behavioural response whereby taxpayers increase their consumption of electricity in response to the lower post-tax price. Any behavioural response for LPG is assumed to be negligible.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	+0m	-25m	-25m	-25m	-25m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and the behavioural response.

Red Diesel: Reduce duty rates by 3.7p-per-litre from 15 June 2026 to 1 July 2027

Measure description

This measure extends the 3.7 pence per litre (ppl) cut to red diesel by a further 6 months to 1 July 2027. This follows the announcement in May 2026 to temporarily reduce the red diesel duty rate by 3.7p, from 10.18 ppl to 6.48 ppl, from 15 June until 31 December 2026.

On 1 July 2027, the red diesel rate will be increased in line with changes to fuel duty main rates, with the additional 3.7ppl cut and proportion of the temporary 5ppl fuel duty cut being reversed and rates being increased by RPI on this date.

The measure affects all users of red diesel (gas oil) and other fuels to which the red diesel rate applies.

The tax base

The tax base consists of all litres of gas oil (red diesel) eligible for the rebated red diesel duty rate. It is estimated using forecast red diesel clearance volumes from the fuel duty forecasting model.

The tax base is grown over the forecast horizon using the OBR's economic forecast for real consumer spending and gross domestic product.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing accounts for a behavioural response whereby some consumers increase their consumption of red diesel in response to the lower fuel prices.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	-60m	-30m	+0m	+0m	+0m	+0m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and behavioural response.

Alcohol Duty: Increase the generosity of Small Producer Relief from 1 February 2027

Measure description

This measure increases the generosity of Small Producer Relief (SPR) by aligning the discount taper for alcoholic products between 1.3% and 3.4% Alcohol by Volume (ABV) with the more generous taper available to beer above 3.4%, and increasing marginal discounts for products between 3.5% and 8.4% ABV by RPI plus an additional 10%.

The measure will be effective from 1 February 2027.

The tax base

Alcohol duty is payable on alcoholic products when they are released for consumption onto the UK market, referred to as alcohol clearances. The tax base for this measure is the forecast of alcohol clearances paying SPR rates, derived from the OBR's alcohol duty forecast.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing accounts for behavioural responses whereby the demand for alcoholic products is adjusted in response to the duty rate change.

The costing is also adjusted to account for forestalling of alcoholic products, whereby producers/importers bring forward or delay clearances in anticipation of new duty rates.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	-10m	-10m	-10m	-10m	-10m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and behavioural response.

Business Rates Retention: Devolve a share of business rates income and growth to Mayoral Strategic Authorities from April 2027

Measure description

From April 2027, Mayors will be able to receive a share of business rates income in exchange for Investment Funds, Mayoral Capacity Funding and Local Growth Funds, alongside a 20% share of growth in their areas on a permanent basis.

The tax base

The tax base is the business rates forecast and the expected foregone grant allocation to Mayoral Strategic Authorities (MSAs) benefiting from additional business rates retention.

Costing

Giving Mayors a share of business rates will mean that MSAs retain more business rates and increase spending financed by locally generated revenues. This is offset by a reduction in central government grant to those MSAs, and therefore a reduction in spending financed by grant income. MSAs will gain from any income retained above their business rates baseline due to growth in their business rates base, which is reflected in the estimated exchequer impact.

It is assumed that 25% of the additional income above the baseline is placed into MSAs' reserves.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	-10m	-45m	-75m	-110m	-140m

Areas of uncertainty

The main uncertainties in this costing relate to the forecast growth of the business rates base.

Founders' Relief: Introduce a new CGT relief for qualifying founders of high-growth, innovative companies from 6 April 2027

Measure description

This measure introduces a 10% Capital Gains Tax (CGT) rate for qualifying disposals by founders or early investors of high-growth, innovative companies, subject to a £10 million lifetime limit. To qualify, individuals must hold at least 25% of the company at the start of trading. The company must also meet minimum turnover and employment thresholds and satisfy two of three specified growth and innovation tests. The measure is subject to a technical consultation in which the policy design is set out in more detail.

The measure will be effective from 6 April 2027.

The tax base

The tax base consists of gains on qualifying share disposals by eligible individuals who are founders or early investors in high-growth, innovative companies. It is estimated using HMRC administrative data and external data from Moody's financial accounting made easy (FAME) database and Companies House.

The tax base is grown over the forecast horizon using OBR's forecast for growth in equity prices.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing accounts for a behavioural response whereby some near-qualifying companies restructure so that individuals become eligible for the relief, while the lower CGT rate also encourages additional or earlier disposals and some shifting of income into capital gains.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	-260m	-180m	-260m	-285m	-300m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and the behavioural response.

R&D Tax Reliefs: Remove the Claim Notification Form from 1 April 2027 and simplify the Additional Information Form from Autumn 2027

Measure description

This measure removes the claim notification form requirement for companies making claims for R&D tax relief from 1 April 2027. It also updates the R&D Additional Information Form (AIF) to simplify its reporting requirements from Autumn 2027.

The tax base

The tax base for the claim notification removal is qualifying R&D expenditure of companies who have not claimed R&D tax relief in the past 3 years, including first-time claimants. The tax base for the AIF changes is all qualifying R&D expenditure on which companies can claim R&D tax relief.

The tax base is estimated using information on R&D tax relief claims in corporation tax returns and grown over the forecast horizon using the OBR's forecast growth in investment.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The main behavioural response included in the costing is increased claims by first-time R&D claimants.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	-45m	-60m	-65m	-65m	-70m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the behavioural response.

Enterprise Management Incentives 2 (EMI2): Increase the individual option limit to £120,000, extending the exercise period to 15 years and remove interaction with EMI option limit from 6 April 2027

Measure description

This measure increases the limit on the amount of Company Share Option Plan (CSOP) options an individual can be granted from £60,000 to £120,000 and renames CSOP to Enterprise Management Incentives 2 (EMI2). EMI2 is a UK tax-advantaged, discretionary employee share scheme that allows companies to grant employees and full-time directors the option to buy shares at a fixed market price. Eligible individuals pay no Income Tax or employee National Insurance contributions on EMI2 gains when they exercise qualifying options. Employers do not pay employer National Insurance or Corporation Tax on option gains. The new limit will be effective from 6 April 2027.

Additionally, this measure removes the interaction between the EMI2 and Enterprise Management Incentive (EMI) individual option limits, allowing individuals to fully utilise both the £250,000 EMI limit and the £120,000 EMI2 limit.

This measure also makes several smaller changes:

- The maximum exercise period for EMI2 options will be increased from 10 years to 15 years.
- The period for certain employee shares and share option schemes that are excepted from the disguised remuneration rules will be increased from 10 years to 15 years.
- Companies eligible for EMI that are arranging to become controlled by Employee Ownership Trusts (EOTs) can continue to grant qualifying EMI options during the period of transition.
- The exercise window within which EMI options must be exercised following a disqualifying event will be increased from 90 to 180 days.

The tax base

The tax base consists of the value of share options granted under the EMI2 and EMI schemes and non-tax advantaged schemes, to employees. The tax base is estimated using HMRC administrative data on share option grants and exercises.

The tax base is grown over the forecast horizon using the OBR's forecast for equity prices and with the historical growth rate seen in the Business Population Estimates.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing accounts for a behavioural response whereby employers grant additional share options to employees because of the higher limits and other improvements affecting EMI, EMI2 and non-tax advantaged schemes. The costing accounts for additional EMI2 grants due to increased awareness of the EMI2 scheme, and additional grants due to the higher limits and the removal of the EMI/EMI2 interaction.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	-25m	-35m	-45m	-145m	-140m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the behavioural response.

British Business Bank: Bring forward activity from 2027-2031 into the current financial year to take advantage of market opportunities in the innovation economy

Measure description

The measure provides £1 billion of commercial equity commitments reprofiled into 2026-27, offset by reductions over the remainder of the Bank's Five-Year Strategic Plan period to 2030-31. This accelerates investment into the current year while maintaining the overall level of commitments across the forecast period.

The cost base

The cost base consists of the difference between the drawdown, distributions and valuation profiles of the accelerated commitments and the commitments forgone in later years.

Costing

The costing compares the forecast cash flows and asset values under the accelerated investment profile with those under the pre-measure profile. Although £1 billion is committed in 2026-27, the funds draw this capital over time, while the reductions in later commitments lower future drawdowns and distributions.

The programme is expected to be a net cost to both public sector net debt (PSND) (approx. £386m) and public sector net financial liabilities (PSNFL) (approx. £375m) over the period to 2031-32. The portfolio is expected to appreciate in value over its lifetime beyond this period, and so will ultimately become net-income generating for the Exchequer. The costs of this acceleration are initial capital investment, and subsequent returns in later years. Both of these are captured within PSND impacts, and PSNFL for valuation changes of the portfolio over its lifetime.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	+0m	+0m	+0m	+0m	+0m

Areas of uncertainty

The main uncertainties relate to the timing of investment commitments, drawdowns and distributions, and changes in the value of the underlying investments.

British Business Bank: Increase the British Business Bank's total financial capacity to deliver additional investment into UK businesses

Measure description

The measure provides c. £2 billion of additional financial capacity to the British Business Bank. It supports additional venture and growth capital investment, lending through Community Development Finance Institutions, and a direct venture debt offer.

The additional commitments begin in 2026-27 and are made over the forecast period.

The cost base

The cost base consists of the additional investments, loans and guarantees expected to be entered into using the recapitalisation. It includes:

- £1,405 million for commercial equity commitments;
- £165 million of lending through Community Development Finance Institutions;
- £450 million to support direct venture debt.

Costing

The costing applies the relevant cash-flow profiles to each product.

The expected figures outlined in the table below are those which impact public sector net borrowing (PSNB) – including interest and guarantee fee income to be generated by the portfolio, as well as the costs of delivery and expected losses incurred. Public sector net debt (PSND) impact includes the cost and income generated above, as well as the net capital cost and return of the investment and lending expected. Over the period until 2031-32, this is anticipated to be a cost of approximately £775m, with the portfolio expected to be profit generating for the Exchequer over its lifetime. Public sector net financial liabilities (PSNFL) also includes expected movements in the fair value of the portfolio. This is expected to add an additional cost of £68m in the period to 2031-32 as the value of the portfolio matures.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	+5m	+0m	+5m	+10m	+25m

Areas of uncertainty

The main uncertainties are deployment, fund drawdowns and distributions, investment valuations, income and delivery costs.

National Wealth Fund: Invest additional capital to support growth, including £2bn for the new Energy Wealth Fund

Measure description

This measure increases the financial capacity available for the National Wealth Fund (NWF) to help mobilise the infrastructure investment needed to support growth and economic renewal across the UK. £2bn of the additional capital is a downpayment for the new Energy Wealth Fund.

Additional capital will be available to the NWF, subject to satisfying subsidy control obligations.

This measure will be effective from 28 October 2026.

The cost base

The cost base is estimated using NWF's AME financial forecasting model based on assumed commitments over the next five years.

Costing

This costing accounts for the public sector net borrowing (PSNB) impact of the NWF's financing activity, compared to the pre-measure baseline.

The increase in NWF activity also has a public sector net debt (PSND) impact, based on the NWF's assumed drawdowns.

The costing assumes no behavioural impacts.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	+0m	+35m	+120m	+250m	+470m

Areas of uncertainty

The main uncertainties in this costing relate to the size, phasing, and product mix of funding commitments over the forecast period.

Rough Sleeping: Invest in a route off the streets across the Parliament, alongside longer-term accommodation and intensive support

Measure description

This measure will provide an offer of a route off the streets to rough sleepers in England from Autumn 2026 until 2028-29, alongside longer-term accommodation and intensive support.

The cost base

The cost base consists of all Housing Benefit (HB) and Universal Credit (UC) expenditure in England.

Costing

The costing is estimated on the basis of the number of expected new HB and UC claims as a result of the programme, applied to the pre-measure cost base above.

The costing accounts for a behavioural response whereby a proportion of individuals supported move on to more stable housing and continue to receive support.

The exchequer impact below also includes the costs of providing accommodation and support to rough sleepers.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	-175m	-515m	-580m	-85m	-90m	-95m

Areas of uncertainty

The main uncertainties in this costing relate to the number of emergency accommodation bedspaces and longer-term accommodation units delivered, the proportion of supported individuals who generate a new HB or UC claim, average HB and UC awards, the accommodation mix of the programme, and behavioural assumptions on move-on outcomes.

Social Housing: Introduce a zero rate of VAT for land sold to registered social housing providers (relevant housing associations) from 1 April 2027

Measure description

This measure zero-rates for VAT sales of land to registered social housing providers (relevant housing associations) to expedite the development of social housing.

The measure will be effective from 1 April 2027.

The tax base

The tax base consists of expenditure on land for new social housing where VAT-bearing costs are currently incurred and cannot be recovered. The tax base is estimated using housing association expenditure on new dwellings, adjusted using assumptions about the proportion relating to land acquisition costs and the proportion subject to VAT.

The tax base is grown over the forecast horizon using the OBR's forecast for growth in average house prices.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing does not account for a behavioural response.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	-15m	-15m	-15m	-15m	-15m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base.

Your First Home: Introduce a new equity loan scheme to support around 70,000 first-time buyers from April 2027

Measure description

This measure will provide 20% equity loans for first-time buyers purchasing new-build homes, in order to increase both first-time buyer numbers and housing supply.

The scheme allows buyers to have smaller deposits (as low as 2.5%) than are typically possible in the private market. Price and income caps will apply. Developers will also pay a fee.

The first loans will complete from April 2027.

The cost base

The cost base for the upfront cost of funding the loans is a fixed pot of Financial Transactions funding each year.

Costing

Exchequer impacts below represent net income from developer fees after accounting for operational costs.

The number of loans funded from the fixed pot, as well as the loan redemption behaviour, is estimated using historical data from similar schemes, adjusted to account for the different eligibility criteria under the new scheme.

This is supplemented by affordability analysis for the new lower-deposit caseload that this scheme opens up access to.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	-15m	+50m	+95m	+95m	+95m	+95m

Areas of uncertainty

The main uncertainties in this costing relate to the mix of customers, properties, developers, and locations that will access the fixed pot of funding.

First Time Buyer ISA: Introduce a new ISA for first-time buyers, replacing the Lifetime ISA for new savers from 6 April 2029

Measure description

This measure introduces a new First Time Buyer ISA, replacing the Lifetime ISA for new customers. The government will pay a 25% bonus when funds are used to purchase a first home up to £450,000.

The measure will be effective from 6 April 2029.

The tax base

The tax base consists of the savings of first-time buyers expected to purchase a home valued below £450,000. It is estimated using information on Lifetime ISA holders and first-time buyer activity to project the number of individuals expected to use the new product.

The tax base is grown over the forecast horizon using the OBR's forecasts for growth in wages and salaries, equity prices and interest rates.

Costing

The costing is estimated by modelling the changes in the amount and timing of government bonus payment and withdrawal charge rates.

The costing accounts for a behavioural response whereby potential LISA holders start saving into the new product. Some individuals who would otherwise have used Lifetime ISAs for retirement saving instead switch to personal pensions.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	+0m	+0m	+110m	+110m	+235m

Areas of uncertainty

The main uncertainties in this costing relate to the behavioural response.

Lifetime ISA: Reduce the withdrawal charge from 25% to 20% for first-time buyers purchasing properties above the £450,000 price cap from 29 October 2026

Measure description

This measure reduces the Lifetime ISA withdrawal charge from 25% to 20% where funds are withdrawn to purchase a first property worth more than the £450,000 property price cap.

The measure will be effective from 29 October 2026.

The tax base

The tax base consists of withdrawals from Lifetime ISAs where ISA holders purchase properties above the £450,000 property price cap. The tax base is estimated from the OBR's forecast of Lifetime ISA withdrawal charges.

The tax base is grown over the forecast horizon using the OBR's forecast for UK wages and salaries, alongside forecast trends in Lifetime ISA subscribers.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing accounts for a behavioural response whereby the reduced withdrawal charge encourages additional individuals to open and save into Lifetime ISAs.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	-15m	-20m	-20m	-25m	-25m	-25m

Areas of uncertainty

The main uncertainties in this costing relate to the behavioural response.

British Business Bank: Accelerate £450m of commitments to support defence-related and dual-use businesses

Measure description

This measure accelerates £450 million of British Business Bank financial-transaction commitments to support defence-related and dual-use businesses. To remain within the agreed funding envelope, equivalent commitments are reduced in later years.

This measure is in effect from 2026-27.

The cost base

The measure is modelled as additional commitments between June 2026 and 2028-29, offset by reductions across the remainder of the Five-Year Strategic Plan period to 2030-31.

Costing

The costing compares the forecast profile of drawdowns, distributions and income following the acceleration with the profile that would otherwise have occurred.

The figures outlined in the table below are those which impact on public sector net borrowing (PSNB) – including interest and guarantee fee income to be generated by the portfolio, as well as the costs of delivery and expected losses incurred.

There is also an impact on public sector net debt (PSND) which includes the cost and income generated above, as well as the net capital cost and return of the investment and lending expected. Over the period until 2031-32, this is anticipated to be a cost of approximately £32m, with the portfolio expected to be profit generating for the Exchequer over its lifetime.

There is an additional impact on public sector net financial liabilities (PSNFL) due to expected movements in the fair value of the portfolio. This is to be net income generating as the value of the portfolio increases by approximately £86m (total PSNFL benefit of £54m). The value is expected to continue to rise beyond this period.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	+5m	+10m	+20m	+25m	+30m

Areas of uncertainty

The main uncertainties relate to the timing of fund drawdowns and distributions, the timing of debt repayment, and the future value and realised returns of the underlying investments.

UK Export Finance: Increase capacity to support UK defence exports from June 2026

Measure description

The government has increased UK Export Finance capacity by £50 billion to support UK defence exports. This will be used to offer guarantees and loans to overseas buyers placing orders with UK suppliers.

This measure has been in place since June 2026.

The cost base

The cost base comprises the forecast value of UK Export Finance guarantees and loans issued to support defence exports.

Costing

UKEF charges fees when it issues guarantees or loans. In addition, it receives interest on loans it issues. The costing assumes £10 billion in new guarantees are issued each year between 2027-28 and 2030-31 with fees paid upfront for each facility. Costs arising from guarantees being called are not expected over the forecast horizon.

The costing is based on the assumptions noted above on the scale and timing of transactions. No behavioural responses are anticipated.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	+200m	+200m	+200m	+200m	+0m

Areas of uncertainty

The main uncertainties in this costing relate to the timing and scale of future guarantees and loans which may be issued using this capacity.

E-invoicing: HMRC will require VAT invoices to be issued in a specified electronic format from 1 April 2029

Measure description

This measure introduces a legal requirement for VAT invoices to be created and processed in a structured and machine-readable electronic format (e-invoice) for business-to-business (B2B) and business-to-government (B2G) transactions across all VAT-registered businesses. E-invoicing improves the efficiency, accuracy and transparency of business invoicing processes, supporting HMRC's objectives to close the tax gap and modernise the tax system.

This measure will be effective from April 2029.

The tax base

The tax base is derived from HMRC's tax gap estimates for VAT, Corporation Tax (CT) and Self Assessment (SA), split by taxpayer behaviour and business size. These are projected forward over the forecast period using internal forecasts for VAT liabilities and CT and SA receipts.

Costing

The costing has no static impact on taxpayer liabilities.

The costing accounts for a behavioural response whereby businesses adopt mandatory e-invoicing processes. This generates benefits across two revenue channels: (i) additional revenue from improved compliance, driven by improved invoice accuracy, increased reliability and auditability of business records, and greater data transparency. This can reduce incidences of error, evasion and failure to take reasonable care; and (ii) accelerated tax collection, through short-term debt prevention enabled by faster invoice processing.

While e-invoicing applies to VAT transactions, improved record keeping and data quality are expected to generate compliance benefits across CT and SA through better financial reporting and greater visibility of business activity. The final Exchequer impact increases across the forecast period, as more businesses adopt e-invoicing solutions.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	+10m	+55m	+140m	+160m	+150m

Areas of uncertainty

The main uncertainties relate to the behavioural response across different business sizes, including their take-up rates, and the VAT spillover effects on CT and SA estimations.

Employment expenses: Remove the £2,500 Income Tax Self Assessment expenses threshold from 6 April 2028

Measure description

In this measure, taxpayers whose sole reason for filing a Self Assessment return is to claim income tax relief for unreimbursed employment expenses, can claim that relief through the PAYE expenses process (via form P87 or equivalent digital channels) instead. To help manage risk, claims made through the PAYE expenses process are subject to providing supporting evidence to prove their eligibility before relief is provided. Use of the PAYE process is voluntary.

The measure will take effect from 6 April 2028.

The tax base

The tax base consists of outturn employment expenses relief claimed through Self Assessment by taxpayers whose sole reason for filing is to claim relief for non-reimbursed employment expenses. Fixed deductions and flat-rate expenses are excluded from scope as they do not require evidence.

The tax base is estimated using HMRC administrative data on claimant numbers and the value of expenses claimed. The tax base is grown over the forecast horizon using the OBR's forecasts for employee number growth and consumer price inflation.

Costing

The measure has no static impact on taxpayer liabilities. It does move expenses from Self Assessment to a P87 claim and therefore changes the timing of repayments.

The costing accounts for a behavioural response where evidential requirements prior to relief being provided will help manage the risk of error and reduce unsupported employment expenses claims. As this is voluntary, some taxpayers continue to claim through Self Assessment rather than using P87 forms/digital equivalents.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	+0m	-85m	+70m	+25m	+25m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the behavioural responses including those voluntarily moving in payrolling, potential reduction in claims and a decrease in errors.

More Timely Payment: Require Income Tax Self Assessment taxpayers to pay more of their liabilities in-year from 2029

Measure description

This measure modernises how income tax Self Assessment taxpayers make Payments on Account (POA) by bringing payment closer to when income is earned. From April 2029, in-scope taxpayers will be required to make automated payments towards their current year income tax Self Assessment tax liabilities based on a forecast of their previous liability. Where they have sufficient Pay As You Earn (PAYE) income, they can choose to make payments to HMRC through PAYE.

The measure applies to Self Assessment taxpayers who meet the existing POA criteria, namely those with a forecast liability exceeding £1,000 and with less than 80% of their total tax liability collected at source. The most recent tax data HMRC holds will provide the basis for determining whether a taxpayer meets these criteria.

The measure will take effect from the 2029-30 tax year.

The tax base

The tax base consists of Self Assessment taxpayers who meet the existing POA criteria. This is estimated using HMRC administrative Self Assessment and PAYE data to identify taxpayers in scope and their forecast liabilities.

The tax base is projected over the forecast horizon using the forecast for Self Assessment receipts.

Costing

The costing is estimated by applying the pre- and post-measure payment regimes to the tax base described above.

The costing takes account of changes in the timing of payments and behavioural responses to the introduction of regular in-year payments.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	+0m	+0m	+1,355m	+1,605m	+1,815m

Areas of uncertainty

The main uncertainties in this costing relate to taxpayer behavioural responses and the effect of the measure on the timing and recovery of payments.

VAT and PAYE: Require direct debit arrangements for VAT and PAYE return liabilities from 1 and 6 April 2029 respectively

Measure description

This measure will require VAT and PAYE customers who do not currently pay by Direct Debit to set up a mandate, enabling liabilities arising from their VAT and PAYE returns that remain unpaid by the due date to be collected by Direct Debit. This will help prevent late, missed and misallocated payments and support accurate and timely payment.

This measure will be effective from April 2029.

The tax base

The tax base consists of PAYE and VAT return debts. This is estimated using administrative data from HMRC's debt management system, excluding PAYE debts relating to the Construction Industry Scheme.

The tax base is grown over the forecast period using the OBR's forecast for growth in PAYE and VAT receipts.

Costing

The costing is estimated by applying assumptions, informed by social research and other external data, about the proportion of debt that could be prevented through mandating Direct Debit.

The costing accounts for a behavioural response whereby a proportion of customers who would otherwise clear their PAYE and VAT return debts shortly after the payment deadline instead pay on time through mandated Direct Debit.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	+0m	+0m	+165m	+5m	+5m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the behavioural response.

Real Estate: Participate in a new international agreement to automatically exchange information on real estate from 2029-30

Measure description

This measure announces the implementation of the international Automatic Exchange of Information framework on immovable property. This measure will improve tax transparency and help HMRC identify undeclared foreign property income and gains to tackle offshore tax avoidance and evasion.

The measure will be effective from January 2029, with data exchanges commencing in January 2030.

The tax base

The tax base for this measure consists of undeclared rental income and capital gains arising to UK taxpayers from real estate in jurisdictions signing up to the agreement. The tax base is estimated using HMRC administrative data and survey data on overseas property ownership.

Costing

The costing accounts for a behavioural response whereby the exchange of information and the increased detection risk provide a deterrent effect that reduces the amount of non-reporting of Income Tax and Capital Gains by individuals through self-assessment. The costing also accounts for additional voluntary disclosures of previous liabilities.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	+0m	+0m	+20m	+65m	+55m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and the behavioural response.

Debt Management: Enable HMRC to recover lower value tax debts from the bank accounts of taxpayers who can afford to pay but repeatedly fail to do so from July 2029

Measure description

This measure introduces a new power to recover lower value tax debts directly from individuals' and companies' bank accounts through automated monthly instalment deductions. It enables HMRC to pursue tax debts from those who can pay but have not engaged with HMRC. This new power offers an effective alternative to enforcement through the courts for recovering smaller debts. There will be a range of robust safeguards to ensure deductions are affordable and customers with additional needs are identified.

This measure will be effective from July 2029 for VAT and PAYE debts, April 2030 for Self Assessment and Simple Assessment debts, and April 2031 for Corporation Tax debts.

The tax base

The tax base consists of taxpayers with eligible tax debts up to £5,000 for individuals, and companies with debts up to £10,000. This is estimated using administrative data from HMRC's debt management system.

The tax base is grown over the forecast period using HMRC's forecasts of debt stock and debt flow.

Costing

The costing uses the tax base above and makes reductions to reflect assumptions on affordability, availability of external data, number of debts that can be processed and the planned rollout across different tax regimes.

The costing accounts for a potential behavioural response, considering that some taxpayers may be more likely to settle their debts upon learning of these new powers.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	+0m	+0m	+50m	+255m	+320m

Areas of uncertainty

The main uncertainties in this costing relate to any unexpected delays in operationalisation and the rates of affordability.

Debt Management: Invest in HMRC's debt management to collect more overdue tax debts

Measure description

This measure applies to both new debts and aged debt stock over 12 months old.

The government will invest £70 million over the next five years to increase HMRC debt management capacity and increase the collection of overdue tax debt through expanding HMRC's use of third-party debt collection agencies (DCAs).

The additional tax revenue from this measure comes from collecting tax debt that would otherwise be lost through write-off or remission (which impacts the non-payment tax gap), and from accelerating the collection of tax debt.

The tax base

The tax base consists of the total value of new and aged tax debt placed with third-party DCAs as a result of the additional funding provided by the measure. This is estimated using HMRC administrative data on the tax debt balance.

Costing

The costing has been calculated by estimating the additional tax collected as a result of the increased investment which enables additional tax debts to be sent to DCAs. The modelling uses data on previous DCA debt collection rates, and the known costs of placing tax debts with these third parties.

The costing accounts for a positive behavioural response whereby some taxpayers, upon learning their debts have been placed with a DCA, make payments directly to HMRC or enter into managed payment plans, resulting in recoveries beyond the initial placement period.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+65m	+120m	+0m	+75m	+250m	+575m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base, the collection rates of older debts and future DCA commission rates and management fees.

Tax Compliance: Expand investment in HMRC's compliance workforce to recruit an additional 670 officers by 2029-30

Measure description

This measure is an expansion of the 5,500 additional compliance staff previously announced at Autumn Budget 2024 and Spring Statement 2025 and increases the total planned expansion of HMRC's compliance workforce to 6,170 FTE by 2029-30 relative to the workforce level in March 2024.

The government will invest £485 million over the next five years to recruit an additional 670 full-time equivalent (FTE) compliance staff by 2029-30 to tackle non-compliance and bring in additional tax revenue, ensuring individuals and businesses pay the tax they owe.

The tax base

The tax base for this costing is the total tax gap less the additional tax revenues accounted for by previously announced Closing the Tax Gap (CTG) initiatives. The UK tax gap in 2024 to 2025 is estimated to be 6.4% of total theoretical tax liabilities, or £59.2 billion in absolute terms. This is the difference between the amount of tax due to be paid to HMRC, and what is actually paid.

The tax base is grown over the forecast horizon using the OBR's forecast for growth in nominal GDP.

Costing

The costing model has been calculated by estimating the additional tax collected by the additional staff based on historic performance, expectations on the future tax base and expected future performance.

There is no behavioural effect.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+50m	+205m	+310m	+260m	+270m	+415m

Areas of uncertainty

The main uncertainties in this costing relate to the ability to continue to recruit specialists at current pace and the diminishing returns associated with hiring new staff. A diminishing returns adjustment is applied where the marginal yield from additional compliance staff is likely to reduce compared to the baseline.

Making Tax Digital (MTD) for Income Tax Self Assessment: Introduce a 12 month penalty easement for taxpayers joining MTD for Income Tax from 6 April 2027

Measure description

The government will not apply late submission penalties to quarterly updates for the 2027-28 tax year for income tax Self Assessment taxpayers required to join MTD from April 2027.

Penalties for missing the annual tax return deadline will still apply for this first year, and customers will still need to submit their quarterly updates before they can submit their final annual tax return.

This measure will be effective from 6 April 2027.

The tax base

The tax base is the revenue lost due to error and failure to take reasonable care by sole traders and landlords in the income tax Self Assessment population due to join MTD from April 2027.

The forecast profile rises in line with the growth in liabilities and take-up and is estimated using HMRC's analysis of the tax gap.

Costing

The costing accounts for a behavioural response whereby the lack of penalties for missed quarterly updates is expected to reduce the rate at which taxpayers join MTD, and results in less efficient use of quarterly updates during the period.

The reduced rate at which taxpayers join MTD under this measure also impacts the effectiveness of the transactional risking (digital prompting) element of MTD. An estimate of this is included in the overall exchequer impact below.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	-15m	-40m	+5m	+0m	+0m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and the behavioural response.

Image Rights: Delay the implementation of legislation to clarify the tax treatment of image rights by one year to 6 April 2028

Measure description

This measure delays by one year the implementation of image rights legislation clarifying that image rights payments related to employment are treated as taxable employment income. The policy is intended to ensure that remuneration paid through image rights arrangements is subject to Income Tax and National Insurance contributions.

This measure will be effective from 6 April 2028.

The tax base

The tax base consists of image rights payments that would be treated as employment income and therefore subject to Income Tax and National Insurance contributions rather than being paid through a personal service company and subject primarily to Corporation Tax. It is estimated using HMRC administrative and compliance data on image rights arrangements.

The tax base is grown over the forecast horizon using the OBR's forecast for average salary growth.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing accounts for a behavioural response whereby some employers are expected to bring image rights payments into PAYE arrangements ahead of the legislation coming into force, resulting in tax being paid earlier than would otherwise be the case.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	-5m	-30m	+0m	+0m	+0m	+0m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and behavioural response.

Online Marketplace Liability: Extend to UK businesses with a minimum annual sales threshold per platform of £90,000 from 1 October 2027

Measure description

This measure extends VAT online marketplace liability rules, requiring online marketplaces to collect and remit VAT on business-to-consumer sales by UK sellers through their platforms.

This measure applies to all VAT-registered traders and to non-VAT-registered traders on any platform where their sales exceed the £90,000 minimum platform threshold. It excludes second-hand goods, business-to-business sales and consumer-to-consumer sales.

The measure will be effective from 1 October 2027.

The tax base

The tax base is estimated using HMRC operational data covering sales on some online marketplaces, scaled to cover all online marketplaces based on market research and to exclude sales which are not in-scope.

The tax base is grown over the forecast horizon using the OBR's forecast for growth in VAT receipts.

Costing

The costing estimates how much VAT might not be currently paid on sales in-scope.

The costing accounts for several behavioural responses where some traders may register for VAT, absorb some of the additional VAT, reduce sales, or find other ways to reduce their VAT liability.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	+165m	+320m	+270m	+250m	+265m

Areas of uncertainty

The main uncertainties in this costing relate to the share of sales on online marketplaces which are in-scope and the behavioural response.

Abroad Fraud: Use data to identify benefit claimants spending longer abroad than permitted from June 2027

Measure description

This measure strengthens DWP's ability to identify cases where customers remain abroad longer than benefit rules allow.

This measure will be effective in Universal Credit from June 2027 and in Pension Credit from May 2028.

The cost base

The cost base is estimated using benefit caseloads, benefit expenditure and levels of fraud and error forecasted by the OBR and management information from operational trials within DWP.

Costing

The costing is estimated by using the results from the operational trials to calculate future overpayments that will be prevented, whilst taking into account possible overlaps with other fraud and error activity. No behavioural effects have been taken into account as these are judged to be negligible.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	+65m	+145m	+55m	+40m	+40m

Areas of uncertainty

The main uncertainties in this costing relate to the extent to which findings from operational testing are replicated at scale, operational and service delivery assumptions, and potential overlap with other fraud and error activity.

Pension Credit: Require claimants to redeclare the amount of capital they hold from January 2028

Measure description

This measure introduces regular prompts to Pension Credit claimants to update information about their savings and investments.

This measure will be effective from January 2028.

The cost base

The cost base is estimated using benefit caseloads, benefit expenditure and levels of fraud and error forecasted by the OBR.

Costing

The costing is estimated by applying the above cost base to calculate future overpayments that will be prevented, taking into account the frequency with which the prompts will be sent out and any overlaps with other fraud and error activity. No behavioural effects have been taken into account as these are judged to be negligible.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	-5m	+0m	+20m	+40m	+55m

Areas of uncertainty

The main uncertainties in this costing relate to the number of changes reported by claimants, the value of those changes and the possible overlap with other fraud and error activity.

Universal Credit: Expand specialist fraud and error checks in Jobcentres from April 2027

Measure description

This measure will employ 2,000 specialist fraud staff in DWP to prevent fraud in new Universal Credit claims.

This measure will be effective from April 2027.

The cost base

The cost base is estimated using benefit caseloads, benefit expenditure and levels of fraud and error forecasted by the OBR and management information from operational trials from DWP.

Costing

The costing is estimated by applying the above cost base to calculate historical overpayments that will be identified and future overpayments that will be prevented, whilst taking into account debt recoveries and overlaps with other fraud and error activity. No behavioural effects have been taken into account as these are judged to be negligible.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	-5m	-40m	-25m	+10m	+105m	+175m

Areas of uncertainty

The main uncertainties in this costing relate to staff performance, the value of overpayments and overlap with other fraud and error activity.

Universal Credit: Reverse the capital verification element of previously announced upfront verification checks

Measure description

This measure reverses a policy announced at Spring Statement 2025 that would have verified savings at the start of a Universal Credit claim, which are held in the bank account into which Universal Credit is paid, through either Open Banking or face-to-face checks. The Eligibility Verification Measure will provide an alternative mechanism for verifying savings in Universal Credit.

The cost base

The cost base for this measure is estimated using current and forecasted levels of fraud and error in Universal Credit, including national statistics on DWP fraud and error and the OBR’s Autumn 2026 forecast for fraud and error in Universal Credit.

Costing

The costing is estimated by breaking down the national statistics on DWP fraud and error by cause to determine how many claimants are not declaring the right levels of capital then applying this to forecasted levels of incorrect benefit payments.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	-5m	-10m	+5m	+15m	-5m	+0m

Areas of uncertainty

The main uncertainties in this costing relate to the level of incorrect payments due to capital not being declared and potential overlap with other DWP initiatives to tackle fraud and error.

Universal Credit: Restrict repeat access to New Claim Advances from April 2029

Measure description

The measure will restrict access to a repeat New Claimants Advance to claimants where previous New Claims Advance debt remains. Appropriate exemptions will be applied to protect those in exceptional circumstances.

This measure will be effective from 2029.

The cost base

The cost base is estimated using benefit caseloads, benefit expenditure and levels of fraud and error forecasted by the OBR.

Costing

The costing is estimated by forecasting the number of new claims advances that are paid to people who currently have an outstanding new claims advances debt and applying a reduction to that amount to account for exceptions. Consequential adjustments to future flows of repayments are then netted off the savings. No behavioural effects have been taken into account.

The costing is accounted as a financial transaction, with an impact of +£130m estimated in 2029-30 in cash terms, but the funding of the measure is accounted as public expenditure, with an impact of -£35m in 2029-30 in expenditure terms.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	+0m	+0m	-35m	-35m	-35m

Areas of uncertainty

The main uncertainties in this costing relate to future forecasts of Universal Credit, claimant behaviour and finalising the policy design around exemptions.

Welfare Reform: Remove benefit entitlements from serious offenders hospitalised in Great Britain from 6 April 2027

Measure description

The measure removes benefit entitlement from individuals convicted of serious offences, who are detained in hospital. The benefits in scope are: Universal Credit, Pension Credit, State Pension and Employment and Support Allowance. Individuals affected by this change will continue to receive the treatment, care and accommodation they require while detained in hospital. A portion of the savings from this change will be reinvested to cover resulting additional NHS costs.

This measure will be effective from 6 April 2027.

The cost base

The cost base for this measure comes from the OBR's Universal Credit benefit expenditure forecast as we anticipate that the majority of claimants affected by the change will be in receipt of Universal Credit.

Costing

The costing is calculated by applying forecast benefit award amounts to the estimated affected caseload which has been calculated using HMPPS data for England and Wales, and NHS England data. As comparable Scottish statistics are not available, the costing includes an uplift to account for Scotland. That costing has then been reduced by the expected costs to the NHS because of the policy change. We do not anticipate any behavioural effects because of this policy change because the potential loss of benefit entitlement is unlikely to influence whether an individual commits a serious offence.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	+5m	+5m	+5m	+5m	+5m

Areas of uncertainty

The main uncertainties in this costing relate to the number of claimants in scope, resulting length of stay costs to the NHS and the existing benefit award amount received by claimants in scope.

Distributions: Modernise the distributions framework from 6 April 2028

Measure description

This measure modernises the tax treatment of company distributions to make the rules fairer and more consistent. It will reduce opportunities for shareholders to structure how they take profits or other value out of a company to secure Capital Gains Tax treatment where dividend Income Tax treatment is more appropriate. The reforms will update existing rules so that similar transactions are taxed more consistently, while protecting capital treatment for genuine changes in ownership, including where families pass down their businesses, and in some cases making the relief more generous for demergers.

This measure will be effective from 6 April 2028.

The tax base

The tax base consists of distributions and other value extracted from companies by individuals that are currently subject to Capital Gains Tax, or are not currently taxed, but which would be brought within the dividend Income Tax regime under the reforms. It is estimated using a combination of HMRC administrative data, including clearance, compliance and Self Assessment data, supplemented by expert judgement where direct data is unavailable.

The tax base is grown over the forecast horizon using the OBR's forecast for growth in equity prices.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above. The measure largely increases the tax charged on distributions currently taxed as Capital Gains Tax and brings some currently untaxed transactions within the dividend Income Tax regime. The package also includes modernisation of targeted reliefs, to retain CGT treatment for genuine commercial exits and demergers, meaning no change in rates for these transactions.

The costing accounts for a behavioural response whereby affected individuals change how they extract value from companies, including by no longer undertaking affected transactions, restructuring their affairs, or seeking alternative routes that reduce their tax liabilities.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	+0m	+55m	+800m	+775m	+785m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and behavioural response.

Advance Corporation Tax (ACT): Abolish Advance Corporation Tax from 1 April 2031

Measure description

This measure abolishes the remaining Advance Corporation Tax (ACT) rules, after shadow ACT rules were removed from 1 April 2026. This means companies which still hold unrelieved surplus ACT balances will no longer be able to use them to reduce their Corporation Tax liabilities, and any remaining balances will be extinguished.

This measure will be effective from 1 April 2031.

The tax base

The tax base consists of the taxable profits of companies with remaining unrelieved surplus ACT balances. The tax base is estimated using HMRC's Corporation Tax administrative data. It is grown over the forecast horizon using the OBR's forecast for growth in taxable company profits and information gathered during the Government's call for evidence on ACT reform.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing does not account for a behavioural response.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	+0m	+0m	+0m	+5m	+15m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base.

Cross-Border Services: Restrict the reverse charge on supplies of services from overseas to VAT-registered businesses from 1 April 2027

Measure description

This measure restricts the VAT reverse charge for cross-border supplies of services to VAT-registered businesses, so that overseas businesses must charge and account for UK VAT when selling services to non-VAT-registered UK businesses. Overseas businesses will be required to register for UK VAT where applicable.

The existing reverse charge arrangements will continue to apply where the UK customer is VAT-registered.

This measure will be effective from 1 April 2027.

The tax base

The tax base consists of taxable cross-border supplies of services made by overseas businesses to non-VAT-registered UK businesses. The tax base is estimated using information on overseas suppliers' total sales from published annual reports, adjusted to identify taxable supplies within scope.

The tax base is grown over the forecast horizon using the OBR's forecast for growth in nominal GDP.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing accounts for a behavioural response including changes to the timing of purchases and overseas businesses absorbing part of the tax cost. An allowance is also made for some activity moving outside the scope of the measure due to other behavioural responses.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	+70m	+75m	+75m	+75m	+75m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base, the extent to which VAT is already charged on supplies, and behavioural responses following implementation.

Pension Tax Allowance: Remove the income tax liability for pensioners with total income up to the value of the new State Pension from 6 April 2027 until 5 April 2030

Measure description

This measure introduces an Income Tax deduction for eligible individuals above State Pension age, removing or reducing their Income Tax liability and the disproportionate administrative burden associated with collection of small amounts of tax. The full Allowance is equal to the value of the tax that would have otherwise been due on the new State Pension above the value of the Personal Allowance. The Allowance applies in full where total income is no more than the annual new State Pension, with entitlement tapered as income rises above this threshold. The Allowance will increase in line with the full new State Pension across this Parliament.

This measure will be effective from 6 April 2027 until 5 April 2030.

The tax base

The tax base consists of individuals above State Pension age with an Income Tax liability who are entitled to the full or tapered Allowance based on their total income. It is estimated using HMRC's Personal Tax Model and HMRC administrative data.

The tax base and cost are grown over the forecast horizon using the OBR's forecast for pensioner incomes, including State Pension uprating, inflation and earnings growth.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing assumes no behavioural response as an individual's ability to manage their income to retain entitlement to the Allowance is expected to be limited.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	-45m	-90m	-150m	+50m	-15m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base, and the value of the new State Pension.

Pensions Tax: Remove the two-year rule for taxation of pension and lump sum death benefits from 28 October 2026

Measure description

This measure abolishes the two-year rule for pension and Lump Sum Death Benefits (LSDBs) paid in relation to an individual who died before reaching age 75. Beneficiaries will no longer face an Income Tax Charge where an LSDB is paid more than two years after the pension scheme becomes aware of the member's death, provided the member had enough available lump sum and death benefit allowance. The measure applies to any payments made after 28 October 2026 regardless of when the member died.

The tax base

The tax base consists of pension and lump sum death benefits paid following the death of individuals aged under 75 that would, in the absence of the measure, be subject to Income Tax because they are paid outside the two-year period. The tax base is estimated using the ONS's Wealth and Asset Survey data on pension wealth and modelling assumptions about deaths, beneficiary payments and the proportion paid outside the two-year period.

The tax base is grown over the forecast horizon using the OBR's forecast for long-term GDP growth.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above. Under the pre-measure regime, affected payments are subject to Income Tax at the beneficiary's marginal rate where paid to an individual and a flat rate of 45% where paid to a non-individual such as a trust or the deceased person's estate; under the post-measure regime, this charge is removed.

The costing does not account for any behavioural response to the policy change as these are expected to be negligible.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	-5m	-15m	-15m	-15m	-15m	-15m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base.

Modernising Taxation of Foreign Sovereign Investments: Introduce a new statutory regime for the direct taxation of foreign sovereigns from 1 January 2029

Measure description

The measure introduces a modernised statutory tax regime for foreign sovereigns investing in the UK, primarily bringing certain real estate income and gains into UK tax. Investment management activities undertaken by sovereign investment offices and gains arising to State-operated Overseas Pension Funds will be exempted from tax. The new regime will benefit from bespoke rules to access Real Estate Investment Trusts for investments in the UK.

The measure will be effective from 1 January 2029.

The tax base

The tax base consists of UK assets held by foreign sovereigns, sovereign wealth funds, State-operated Overseas Pension Funds (SOPFs) and certain sovereign individuals that will become subject to UK tax under the reformed sovereign immunity regime. It is estimated using HMRC administrative data combined with external information on Sovereign Wealth Fund Institute and SOPFs.

The tax base is grown over the forecast horizon using the OBR's forecast for UK property prices and property transactions.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing accounts for a behavioural response whereby affected taxpayers may restructure, dispose of, or adjust their UK investment holdings in response to becoming subject to UK tax.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	+110m	+495m	+690m	+675m	+655m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and the behavioural response.

Bank Surcharge: Temporarily increase the Bank Corporation Tax Surcharge rate from 3% to 6%, to fund breathing space measures for households, for 15 months from 1 January 2027

Measure description

This measure increases the Banking Surcharge levied on banking entities within the charge to UK Corporation Tax from 3 per cent to 6 per cent, increasing the combined rate of Corporation Tax and Banking Surcharge on affected profits from 28 per cent to 31 per cent for a 15 month period.

The measure will apply from 1 January 2027 to 31 March 2028.

The tax base

The tax base is estimated using Banking Surcharge liabilities based on HMRC receipts data. The tax base is grown over the forecast horizon using the OBR's forecast for growth in the taxable profits of the financial sector.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing accounts for a behavioural response whereby banking groups with internationally mobile profits may locate activity outside of the UK in response to the higher rate, although this impact is limited by the defined period of the measure.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+305m	+950m	+220m	+0m	+0m	+0m

Areas of uncertainty

The main uncertainties in this costing relate to the behavioural response.

Machine Games Duty: Increase the rate from 20% to 25% for higher stake machines from 1 April 2027

Measure description

This measure increases the Machine Games Duty rate from 20% to 25% on machines with a maximum stake above £1 or a maximum prize above £100. Rates for lower stake machines remain unchanged.

The measure will be effective from 1 April 2027.

The tax base

The tax base consists of the net takings from gaming machines with a maximum stake above £1 or a maximum prize above £100. The tax base is estimated using HMRC administrative data on Machine Games Duty registrations and returns and the Gambling Commission's Industry Statistics.

The tax base is grown over the forecast horizon using the OBR's forecast for Machine Games Duty receipts.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing accounts for a behavioural response by gambling operators who may pass on some of the duty rise by lowering the Return to Player, leading to machine gambling demand falling and for some activity to shift towards remote gambling. An elasticity of -0.95 is used, with 25% of the reduction in stakes then assumed to substitute to Remote Gaming Duty. A general attrition assumption is applied to account for further demand reductions over time.

A reduction in Corporation Tax receipts is estimated as part of the costing, given affected companies' profits may reduce due to higher Machine Games Duty rates.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	+135m	+130m	+130m	+130m	+130m

Areas of uncertainty

The main uncertainties in this costing relate to the behavioural response.

Machine Games Duty: Move duty liability to the machine supplier from 1 April 2028

Measure description

This measure moves Machine Games Duty liability to the supplier for supplier-owned machines operated under profit-share arrangements. Premises licence holders, permit holders and pub tenants will remain liable where they own the machine outright or use it under a fixed rental or lease arrangement and control the takings.

The measure will be effective from 1 April 2028.

The tax base

The tax base is the Machine Games Duty liability of operators using a profit-sharing arrangement. The tax base is estimated using HMRC administrative data from Machine Games Duty returns, payments, registration information and compliance activity.

The tax base is grown over the forecast horizon using the OBR's Machine Games Duty forecast.

Costing

The costing is calculated by estimating the additional revenue from reduced non-compliance and from earlier payment of duty through reduced late payments.

The costing accounts for a behavioural response whereby some operators will adjust their behaviour and reduce their liability for Machine Games Duty.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	+0m	+20m	+15m	+15m	+10m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and the behavioural assumptions.

Business Rates: Remove reliefs for vape shops and Adult Gaming Centres from 1 April 2027

Measure description

From 1 April 2027, Adult Gaming Centres in England will no longer be eligible for the retail, hospitality, and leisure (RHL) multipliers, and vape shops in England will no longer be eligible for the RHL multipliers and the Small Business Rate Relief.

The tax base

The tax base for the relief consists of the estimated rateable value of qualifying properties, multiplied by the relevant multiplier for relevant years.

Costing

The static costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above. The static cost is adjusted to reflect that business rates are deductible for Corporation Tax for companies and Income Tax for the self-employed, and that business rates are devolved to Scotland, Wales, and Northern Ireland.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	+10m	+10m	+10m	+10m	+10m

Areas of uncertainty

The main uncertainties in this costing relate to the size and rateable value of the tax base, the future growth in number of eligible properties, the impacts of appeals against property valuations on rateable values, and the impact of behavioural responses.

Writing-down Allowances: Reduce the main rate writing-down allowance to 12% from April 2027 and increase the main rate first-year allowance to 50% from 1 January 2027

Measure description

This measure reduces the main rate Writing Down Allowance (WDA) for capital allowances from 14% to 12% and increases the first-year allowance (FYA), announced at Autumn Budget 2025, from 40% to 50%.

The measure applies to both Corporation Tax and Income Tax populations. The WDA rate change affects expenditure that receives main rate WDAs, including existing pooled expenditure and new qualifying expenditure. The FYA rate change applies only to new main rate expenditure, including plant or machinery for leasing but excludes second-hand assets and cars.

The Writing Down Allowance reduction will be effective from 1 April 2027 for Corporation Taxpayers and 6 April 2027 for Income Taxpayers. The FYA increase applies to qualifying expenditure incurred on or after 1 January 2027.

The tax base

For the main Writing Down Allowance rate cut, the tax base consists of capital expenditure eligible for main rate Writing Down Allowances, including both new qualifying expenditure and existing pooled expenditure from previous years. For the first-year allowance increase, the tax base consists of new expenditure eligible for main rate Writing Down Allowances apart from second-hand assets and cars. Both allowance rate changes impact Corporation Tax and Income Tax populations.

The tax base is estimated using HMRC administrative data on capital allowances claims and expenditure from company tax and self-assessment returns, supplemented by other data sources such as survey data and transport statistics.

The tax base is grown over the forecast horizon using the OBR's economic determinants, including forecasts for business investment growth.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing accounts for a behavioural response whereby some businesses may seek to increase claims under more generous capital allowance regimes, or make non-compliant claims, in response to the reduction in the generosity of main rate Writing Down Allowances and the increase in generosity of the first-year allowance.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+125m	+765m	+1,040m	+1,075m	+1,100m	+1,120m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base.

Private Hire Vehicle Operators: Deem larger operators with annual fare turnover over £50 million liable for VAT on the full value of their fares from 2 January 2028

Measure description

This measure deems private hire vehicle operators to be the supplier of passenger services for VAT purposes, so VAT is charged on the full fare rather than, in the case of agency operators outside London, only the operator's commission. It will not apply to operators with annual fare turnover below a specified threshold. The government will consult on the level of this threshold, and this costing is based on a threshold of £50 million which is the lead option.

This measure will be effective from 2 January 2028.

The tax base

The tax base consists mainly of fares of private hire vehicle operators outside London that would otherwise pay VAT only on their commission, with adjustments for operators potentially newly included or excluded by the £50 million threshold. It is estimated using HMRC tax data and information on operators' turnover and an estimate of the share of fares earned outside London.

The tax base is grown over the forecast horizon using the OBR's forecast for growth in nominal consumer expenditure.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing accounts for a behavioural response whereby affected private hire vehicle operators may split their businesses to be below the turnover threshold, alongside some customers switching to operators outside the measure. The costing also makes an allowance for some drivers voluntarily registering for VAT in order to recover VAT on their purchases.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	+95m	+385m	+395m	+410m	+425m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the behavioural response.

Business Asset Disposal Relief (BADR): Reduce the lifetime limit to £500,000 from 6 April 2027

Measure description

This measure reduces the lifetime limit of the Business Asset Disposal Relief (BADR) to £500,000 worth of qualifying gains, meaning gains on eligible assets outside the new limit will be chargeable at the headline marginal rate of Capital Gains Tax (CGT) which is 24% for Higher Rate taxpayers and 18% for any gains that fall within an individual's unused Basic Rate band.

The measure will be effective from 6 April 2027.

The tax base

The tax base consists of all CGT liable gains above the new £500,000 lifetime limit on BADR eligible assets disposed of from 6 April 2027 and over the forecast period.

The tax base is grown over the forecast horizon using the OBR's CGT forecast.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing accounts for behavioural responses whereby some taxpayers may change the timing of their disposals, switch to taxable income, or switch to other types of investment that receive CGT relief where they are eligible.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+5m	+60m	+180m	+255m	+280m	+305m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and the behavioural response.

Property Income: Increase tax rates on property income by 2ppts at the basic, higher and additional rate from 6 April 2027

Measure description

This measure increases tax on property income for unincorporated landlords by adding 2 percentage points across the basic rate, higher rate and additional rate. Finance cost relief will continue to be aligned to the property basic rate.

The measure will be effective from 6 April 2027.

The tax base

The tax base consists of all individuals and partnerships that receive property income. It is estimated using HMRC administrative data from the 2024-25 Self Assessment returns.

The tax base is grown over the forecast horizon using the OBR's forecast for growth in land and property income.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing accounts for a behavioural response whereby some landlords may choose to incorporate their property business to avoid the increased property income taxation, though this response is expected to be limited.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	+35m	+575m	+435m	+445m	+455m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the behavioural response.

Savings Income: Increase tax rates on savings income by 2ppts at the basic, higher and additional rate from 6 April 2027

Measure description

This measure increases the Basic, Higher and Additional rates of Income Tax on savings income by 2 percentage points.

The measure will be effective from 6 April 2027.

The tax base

The tax base consists of all taxable savings income held by individuals, excluding income within the Personal Allowance, Personal Savings Allowance, the Starting Rate for Savings, and ISA returns. This is estimated using HMRC's Personal Tax Model, drawing on administrative data from the 2023 to 2024 Survey of Personal Incomes.

The tax base is grown over the forecast horizon using the OBR's forecast for growth in savings income.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing accounts for a behavioural response whereby some individuals shift their savings into tax-advantaged products such as Individual Savings Accounts (ISAs).

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+15m	+125m	+555m	+520m	+555m	+590m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and the behavioural response.

Heavy Goods Vehicles: Reduce Vehicle Excise Duty to £1 for 12 months from 1 July 2026

Measure description

This measure reduces Vehicle Excise Duty (VED) to £1 for 12 months for heavy goods vehicles weighing over 3,500 kg in eligible tax classes. The temporary reduction ends on 30 June 2027, after which standard VED rates will apply at the HGV's next licence renewal.

The measure has been in effect from 1 July 2026.

The tax base

The tax base for this policy consists of every HGV in eligible tax classes that pays Vehicle Excise Duty between 1 July 2026 and 30 June 2027. The tax base is estimated using annual VED stock data which is provided by DVLA.

The tax base is grown over the forecast horizon using projected growth in the stock of eligible heavy goods vehicles using historical annual VED stock data.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing includes an assumed timing effect associated with the temporary reduced rate.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	-135m	-50m	+0m	+0m	+0m	+0m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base.

Great British Summer Savings Scheme: Reduce VAT to 5% on family days out from 25 June to 1 September

Measure description

This measure temporarily reduced the VAT rate from 20% to 5% for children’s meals, children’s and family tickets to cinemas and performing arts, and admission for all visitors to specified family attractions.

This measure was effective from 25 June 2026 to 1 September 2026.

The tax base

The tax base consists of the VAT-exclusive value of children’s meals and tickets, and admission to family attractions within scope of the measure. It is estimated using mainly ONS statistics and HMRC VAT return data, with adjustments to reflect the specific services covered.

The tax base is grown over the forecast horizon using the OBR’s forecast for growth in nominal consumer expenditure.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing accounts for behavioural responses whereby businesses broaden the availability of eligible children’s offers and consumers shift or increase spending during the relief period.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	-310m	+0m	+0m	+0m	+0m	+0m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and behavioural response.

Corporation Tax: Make the foreign permanent establishment exemption mandatory, preventing their losses from reducing UK corporation tax receipts for accounting periods beginning on or after 1 January 2027

Measure description

This measure makes the foreign branch exemption mandatory for all foreign branches of UK companies, so foreign branch profits will be exempt from UK Corporation Tax and foreign branch losses will no longer be available to offset UK taxable profits.

The measure will be effective from 1 January 2027.

The tax base

The tax base consists of the non-ring-fenced UK taxable profits of large groups that have been identified as currently set against foreign branch losses. This is estimated using Corporation Tax return data and information from company tax computations.

The tax base is grown over the forecast horizon using the OBR's forecast for growth in non-North Sea corporate profits.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing accounts for a behavioural response whereby affected groups increase the utilisation of foreign branch losses and related reliefs before the measure takes effect and, over the longer term, may make structural changes to reduce their exposure to the policy.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+120m	+480m	+495m	+450m	+460m	+470m

Areas of uncertainty

The main uncertainties in this costing relate to size of the tax base and behavioural response.

Electricity Generator Levy: Increase the rate from 45% to 55% until 31 March 2028

Measure description

This measure increases the Electricity Generator Levy (EGL) rate from 45% to 55%.

This measure was announced on 21 April 2026 and legislated through the Taxation (Energy and Vehicles) bill. It took effect from 1 July 2026.

The tax base

The tax base consists of exceptional revenues from in-scope electricity generation over and above the EGL's benchmark price, after relevant exclusions, exceptional costs and the annual allowance. It is estimated using electricity generation data from Department for Energy Security and Net Zero and HMRC administrative data.

The tax base is grown over the forecast horizon using the OBR's forecasts for wholesale electricity prices and CPI inflation, alongside projected electricity generation.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing accounts for a small behavioural response whereby some firms reduce their EGL liabilities through tax planning.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+60m	+35m	+0m	+0m	+0m	+0m

Areas of uncertainty

The main uncertainty in this costing relates to the size of the tax base, in particular future wholesale electricity prices.

Industrial Electricity: Fund the British Industrial Competitiveness Scheme starting from 1 April 2027, including a backdated payment for eligible businesses

Measure description

This measure provides funding for the residual costs of the British Industrial Competitiveness Scheme (BICS) and the Supercharger uplift on energy bills, following a package of energy system savings and the removal of Carbon Price Support. It also funds an additional payment for BICS eligible businesses in 2027-28 for support they would have received had the scheme applied from 2026-27.

This measure will be effective from April 2027.

The cost base

The cost base is total estimated energy consumption of businesses eligible for the BICS and Supercharger uplift schemes.

Costing

The costing has been calculated by subtracting the cost of the BICS and Supercharger uplift schemes from the estimated aggregate bill saving impact of removing Carbon Price Support from April 2028 and changing the indexation mechanism for the Renewables Obligation and Feed in Tariffs schemes from the Retail Prices Index to the Consumer Price Index.

The costing accounts for a behavioural response whereby businesses eligible for BICS increase their energy consumption in response to a lower unit price of electricity.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	-1,235m	-65m	-135m	-420m	-465m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the cost base and behavioural response.

Carbon Price Support (CPS): Remove the CPS rates to reduce energy bills from 1 April 2028

Measure description

This measure ends Carbon Price Support (CPS) rates of Climate Change Levy (CCL) and Fuel Duty from 1 April 2028. CPS currently acts as a carbon price top-up to the UK Emissions Trading Scheme (ETS) on fossil fuels used by electricity generators, increasing the wholesale cost of electricity.

The tax base

The tax base consists of fossil fuels (coal, gas, liquefied petroleum gas, oil) used for electricity generation by major power producers and Combined Heat and Power installations producing non-qualifying electricity. It is estimated using HMRC administrative data and forecasts of fossil fuel electricity generation from the Department for Energy Security and Net Zero’s Dynamic Dispatch Model.

The tax base projections are adjusted to account for the OBR’s forecasts for GDP, inflation, exchange rates, and energy prices.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing accounts for a behavioural response whereby the removal of Carbon Price Support increases demand for UK Emissions Trading Scheme (ETS) permits from electricity generators, leading to a higher UK ETS price and therefore higher UK ETS revenue than would otherwise have been the case.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	+0m	-165m	-45m	-15m	-10m

Areas of uncertainty

The main uncertainties in this costing relate to future fossil fuel electricity generation and the size of the behavioural response.

Spring 2026 Youth Employment and Skills Package: Expand Youth Guarantee and apprenticeship support

Measure description

This measure guarantees a six-month paid job for every eligible 18- to 24-year-old who has been on Universal Credit (UC) and looking for work for 18 months.

National rollout will begin in November 2026. The scheme will fund 100% of employment costs for 25 hours per week at the relevant minimum wage, alongside wraparound support and onboarding costs.

This costing relates to the expansion of the scheme announced as part of the Spring 2026 Youth Employment Package, which widened eligibility from 18- to 21-year-olds to 18- to 24-year-olds.

The cost base

The cost base uses data on current Universal Credit expenditure and the OBR's Universal Credit expenditure forecast for the eligible cohort of the expanded scheme only (22- to 24-year-olds).

Costing

AME savings from the programme arise from lower welfare spending, as individuals will have a reduced UC entitlement while in employment.

The costing is estimated by calculating a UC saving per job and applying this to estimated cohort volumes.

The costing accounts for a behavioural response, whereby some claimants will leave subsidised employment before completing the six-month job.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact [AME savings only]	+0m	+25m	+35m	+0m	+0m	+0m

Areas of uncertainty

The main uncertainties in this costing relate to the number of individuals eligible for a role, the behavioural response (the length of time each young person remain in the job), and the additionality of welfare savings.

British Business Bank: Expand the Growth Guarantee Scheme to support £6.5 billion of additional SME lending across this Parliament

Measure description

The measure expands the Growth Guarantee Scheme, the government's principal loan guarantee programme for smaller businesses. It supports an additional £6.5 billion of lending between 2026-27 and 2029-30, alongside changes that extend the maximum loan term from six to ten years and increase the maximum eligible business turnover from £45 million to £54 million.

Additional allocations began in July 2026, with the changes to maximum loan term and business turnover eligibility taking effect from October 2026.

The cost base

The cost base consists of the additional lending supported by the Growth Guarantee Scheme relative to the pre-measure forecast. The measure increases supported lending by £1.0 billion in 2026-27, £1.5 billion in 2027-28 and £2.0 billion in each of 2028-29 and 2029-30.

Costing

The costing applies the expected lifetime loss rate to each year's additional guaranteed lending. Expected losses are recognised when guarantees are entered into, while Scheme Lender Fee income accrues over the period for which the guaranteed lending remains outstanding.

The loss-rate assumptions draw on the performance and valuation of the existing Growth Guarantee Scheme portfolio, with adjustments for the introduction of ten-year facilities and the expected characteristics of future borrowers. Fee income is estimated using the expected deployment and amortisation profile of the additional lending.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	-105m	-145m	-180m	-170m	-160m	-155m

Areas of uncertainty

The main uncertainties in this costing relate to future take-up, and default and recovery rates, particularly given the introduction of ten-year facilities.

Leeds City Fund: Establish the Leeds City Fund with 100% retention of business rates growth

Measure description

This measure establishes the Leeds City Fund, a Business Rates Retention (BRR) zone under which Leeds City Council will retain 100% of business rates growth for 25 years to support capital borrowing for city-centre infrastructure and development.

The measure is effective from 1 April 2027, subject to legislation.

The tax base

The tax base consists of estimated new commercial floorspace created within the zone. This is multiplied by the estimated rateable value per square metre of the new floorspace.

Costing

The static costing is estimated by applying the pre- and post-measure local retention share to the tax base described above.

Additional business rates income is assumed to facilitate borrowing against future revenue. Borrowing is estimated as £20 million of additional capital borrowing annually from 2028-29 to 2031-32, plus interest and minimum revenue provision; none is assumed without the zone.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	+0m	-25m	-25m	-25m	-30m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and the associated level of borrowing.

UK-India Comprehensive Economic and Trade Agreement (CETA): Changes to tariffs following entry into force on 15 July 2026

Measure description

This measure amends the UK's integrated tariff schedule to account for the trading arrangements under the UK's new free trade agreement with India that has been in place since 15 July 2026.

The tax base

The tax base is the expected Customs Duty revenue from the relevant commodity codes impacted, had the measure not been implemented. The tax base has been projected across the forecast using the OBR's forecasts for non-oil goods imports.

Costing

The static costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

A behavioural adjustment is made to account for the incentive for traders to delay imports before the agreement takes effect, the proportion of traders that utilise the preferential tariff rates, and traders diverting their trade to benefit from the preferential tariffs.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	-175m	-260m	-265m	-270m	-280m	-295m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and behavioural response.

National Insurance Contributions: Bring the UK-India Double Contributions Convention into force from 15 July 2026

Measure description

A Double Contributions Convention (DCC) between the UK and India entered into force on 15 July 2026, alongside the UK-India Comprehensive Economic and Trade Agreement (CETA). The DCC supports business and trade by ensuring that employees moving between the two countries, and their employers, pay social security contributions in only one country at a time. It extends on a reciprocal basis during the period which detached workers remain in their home country's social security system from 52 weeks to 60 months and eliminates situations where workers and employers could otherwise become liable to contributions in both countries on the same earnings.

The tax base

The tax base consists of the income of employees moving between the UK and India, which becomes liable to, or ceases to be liable to, Class 1 National Insurance contributions as a consequence of the DCC. Estimates of the population affected by the DCC have been produced using available administrative data and reasonable proxies where direct measures are not available.

The tax base is grown over the forecast horizon using the OBR's forecasts for employee growth and wage growth.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above. The relative flows of temporary workers between the UK and India and the changes in National Insurance liabilities introduced by the DCC result in an overall net reduction in receipts.

The costing includes a small temporary behavioural adjustment associated with the introduction of the new detached worker arrangements.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+5m	-25m	-65m	-90m	-105m	-105m

Areas of uncertainty

The main uncertainties in this costing relate to the number of UK and Indian workers who qualify for the detached worker period, both initially and over the forecast period. There is also uncertainty around assumptions about temporary work assignment duration and the behavioural response of affected workers.

Steel Tariff: Change tariff rate and quotas on imported steel from 1 July 2026

Measure description

This measure amends the UK's integrated tariff schedule to account for the UK's new steel measure on imports of specific steel products following expiry of the steel safeguard on 30 June 2026.

The new quotas took effect from 1 July 2026, with a 50% tariff on imports outside of the quota.

The tax base

The tax base is the expected Customs Duty revenue from the relevant commodity codes impacted, had the measure not been implemented. The tax base has been projected across the forecast using the OBR's forecasts for non-oil goods imports.

Costing

The static costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

For the new steel measure, a behavioural adjustment is made to account for traders retiming or diverting their trade to avoid paying additional duty, and for a reduction in demand for imports due to the 50% tariff rate above the new quotas.

The costing accounts for the interaction with the Carbon Border Adjustment Mechanism (CBAM), which comes into force on 1 January 2027, and includes a reduction in CBAM revenue resulting from the impact of the new steel measure on imports.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+85m	+110m	+120m	+120m	+120m	+115m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and behavioural response.

Stamp Taxes on Shares: Replace Stamp Duty and Stamp Duty Reserve Tax with the Securities Transfer Tax from late 2027

Measure description

This measure replaces Stamp Duty and Stamp Duty Reserve Tax with a single, self-assessed Securities Transfer Tax which will also simplify and digitise the administration and payment of the tax, while consolidating the legislative framework.

This measure will be effective from late 2027.

The tax base

The tax base consists of transactions in securities currently subject to Stamp Duty or Stamp Duty Reserve Tax and is estimated using HMRC receipts and administrative data.

The tax base is grown over the forecast horizon using the OBR's forecasts for Stamp Taxes on Shares receipts.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing covers several technical changes that each have small or negligible impacts. The largest element of the costing is accounted for by the tax becoming self-assessed. This change may affect how taxpayers interact with the tax system with a corresponding impact on receipts.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	-15m	-30m	-30m	-30m	-30m

Areas of uncertainty

The main uncertainties in this costing relate to the availability of data and assumptions used to cost the self-assessment element.

Business Rates: Introduce 100% relief for eligible Electric Vehicle Charging Points (EVCPs) and electric vehicle-only forecourts for ten years from 1 April 2026

Measure description

This measure introduces a 100% relief for eligible Electric Vehicle Charging Points (EVCPs) and electric vehicle only forecourts for ten years from 1 April 2026.

The tax base

The tax base is the estimated business rates liability of EVCPs, based on their estimated rateable value and applicable multiplier for relevant years.

Costing

The static costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above. The static cost is adjusted to reflect that business rates are deductible for Corporation Tax for companies and Income Tax for the self-employed, and that business rates are devolved to Scotland, Wales, and Northern Ireland.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	-15m	-5m	-10m	-15m	-15m

Areas of uncertainty

The main uncertainties in this costing relate to the size and rateable value of the tax base, the future growth in number of eligible properties, the impacts of appeals against property valuations on rateable values, and the impact of behavioural responses.

Infected Blood Compensation Scheme: Implement the Inquiry's Additional Report recommendations from 24 July 2026

Measure description

This measure implements a number of recommendations in the Infected Blood Inquiry's Additional Report, following public consultation.

These regulations came into force in July 2026.

The cost base

The cost base for this measure is the estimated number of people eligible to claim compensation through the Infected Blood Compensation Scheme and the amount of compensation awarded.

Costing

The costing estimates the number of people who will receive additional compensation as a result of changes to the Scheme, referred to as the fourth set of regulations, the additional compensation they are expected to receive and the timings of compensation payments.

While the fourth set of regulations widens eligibility and introduces new awards, these changes do not materially alter the behavioural assumptions underlying the scheme's cost model.

The costs presented here relate to the impact of the fourth regulations only, rather than the overall cost of the Infected Blood Compensation Scheme.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	-360m	-355m	-265m	-90m	-75m	+0m

Areas of uncertainty

The main uncertainties in this costing relate to the number of eligible claimants in each category, when they choose to apply and how they choose to receive compensation.

Student Loans: Cap interest rates for Plan 2 and Plan 3 student loans at 6% from 1 September 2026 to 31 August 2027

Measure description

This measure caps interest rates on Plan 2 (undergraduate borrowers starting study between academic year 2012/13 and academic year 2022/23) and Plan 3 (postgraduate borrowers) student loans at 6% for academic year 2026-27.

The cap applies from 1 September 2026 to 31 August 2027.

The cost base

The cost base is primarily the Plan 2 and Plan 3 modified interest components of the Student Finance Modelling Unit forecast for English borrowers. That is, the interest charged on the loan portion of these parts of the student loan book as defined by ONS methodology. This is defined by both the capitalised interest accrued by borrowers and future repayments against their loan balances. The cost base assumes that Plan 2 and 3 interest rates for academic year 2026-27 are based on the RPI outturn figure of 4.1% for the 12 months to March 2026, published in April 2026. In the absence of the measure, the maximum interest rate would have been 7.1%.

Costing

The costing estimates the reduction in modified interest received on Plan 2 and 3 student loans as a result of the 6% interest rate cap for academic year 2026-27, using outputs from DfE's Higher Education student loan outlay and repayment model.

This costing assumes no behavioural response by borrowers.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	-230m	-170m	-10m	-10m	-5m	-15m

Areas of uncertainty

The main uncertainty in this costing relates to the long-term assumptions of student loan forecasts.

Waste Crime: Fund Landfill Tax costs for six priority illegal waste site clearances until 31 March 2029

Measure description

This measure provides a Landfill Tax rebate on waste disposed of at permitted landfill sites as part of clearances of illegal waste sites.

The measure is effective from 2026-27.

The cost base

The cost base comprises the Landfill Tax liabilities associated with waste removed through funded clearances of illegal waste sites in the period 2026-27 to 2028-29. It is projected across the forecast period using the OBR's RPI forecast to project future Landfill Tax rates.

Costing

The costing is estimated using projected waste tonnages from eligible site clearances and forecast Landfill Tax rates. It assumes that the rebate expenditure is fully offset by additional Landfill Tax receipts. The Barnett formula has applied in the normal way to additional funding provided to Defra.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	-2m	-2m	-3m	+0m	+0m

Areas of uncertainty

The main uncertainty is the volume of waste that will require landfill disposal. Estimates may change following detailed site investigations and the start of excavation activities.

Waste Crime: Fund a three-year pilot to fund Local Authorities' Landfill Tax liabilities arising from illegal waste site clearances from 2027

Measure description

This measure introduces a pilot Landfill Tax rebate for qualifying waste disposed of at permitted landfill sites as part of local authority-led clearances of illegal waste sites.

The measure is expected to commence in 2027.

The cost base

The cost base comprises the Landfill Tax liabilities associated with local authority-led clearances of illegal waste sites in the period 2027-28 to 2029-30. It is projected across the forecast period using the OBR's RPI forecast to project future Landfill Tax rates.

Costing

The costing is estimated using projected waste tonnages from eligible site clearances and forecast Landfill Tax rates. It assumes that the rebate expenditure is fully offset by additional Landfill Tax receipts. The Barnett formula has applied in the normal way to additional funding provided to local authorities.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	-2m	-1m	+0m	+0m	+0m

Areas of uncertainty

The main uncertainties relate to the behavioural response to the rebate scheme and local authorities' ability to carry out clearances, including their ability to fund costs not covered by the Landfill Tax rebate.

Erasmus+: Enable UK participation in the Erasmus+ study scheme for 2027 from 1 January 2027

Measure description

The UK will participate in Erasmus+ in 2027, with programme activity running from 1 January 2027, up to 2030.

The government is accounting for the student loan impacts at this Budget, as well as providing for the delivery costs. At Spring Forecast 2026, £0.6bn was allocated for the cost of Erasmus+ association for 2027-28.

This measure will be effective from 1 January 2027.

The cost base

The cost base is the Student Finance Modelling Unit forecast for English undergraduate student loan outlay and repayments.

Costing

The costing is the difference between the pre- and post-measure forecasts. Where an Erasmus+ placement year replaces an existing year of study, the standard loan entitlement is replaced by the lower year-abroad entitlement. Where it adds a year to the course, the year-abroad entitlement is additional.

In 2027-28 and 2028-29 there are savings because the affected borrowers receive lower tuition fee loans and, for work placements, no maintenance loans. Future years include costs from Erasmus+ placement years that extend courses.

This costing assumes no additional behavioural adjustment.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact*	-15m	+70m	+45m	-5m	+0m	-15m

*Note: This costing also includes delivery costs.

Areas of uncertainty

The main uncertainties in this costing relate to borrower behaviour and programme utilisation.

Company Car Tax: Set the Benefit-in-Kind rates (appropriate percentages) for electric vehicles, hybrids and internal combustion engine vehicles for 2030-31

Measure description

This measure sets Company Car Tax Appropriate Percentage rates for 2030-31. Rates will be 1 percentage point above 2029-30 rates across all vehicle bands, subject to a maximum of 40%.

The measure will be effective from 6 April 2030.

The tax base

The tax base consists of individuals who receive taxable company car benefits, estimated using HMRC company car administrative data including car volumes by fuel type, list prices and taxable value.

The tax base is grown over the forecast horizon using a mix of the OBR's Consumer Price Index and company car volumes projections.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing accounts for a behavioural response where some company car users switch to cheaper company cars due to differences in the relative tax treatment between alternative types of company cars.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	+0m	+0m	+0m	+310m	+345m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base, and the size of the behavioural response.

Supported Housing: Introduce a licensing regime to enforce national standards for supported housing from 2027-28

Measure description

This measure introduces a licensing regime for providers of supported housing in England under the Supported Housing (Regulatory Oversight) Act 2023. Local authorities will charge fees to meet the costs of administering and enforcing the regime. Licence fees will be set by Local Authorities following Government guidance.

The licence regime will be effective from 2027-28, with associated increases in Housing Benefit.

The cost base

The cost base consists of DWP forecasts of Housing Benefit expenditure in Great Britain, published in the Benefit Expenditure and Caseload Tables, which are adjusted to cover England only.

Costing

The costing assumes the vast majority of licence fees paid by supported housing providers are ultimately recovered through eligible service charges met by Housing Benefit.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	-55m	-70m	-30m	-30m	-30m

Areas of uncertainty

The main uncertainties in this costing relate to the costs incurred by local authorities and the licence fees subsequently set; the proportion and timing of fees recovered by providers through Housing Benefit; and the potential effect on the Housing Benefit caseload where providers withdraw or do not obtain a licence.

Donated Medicines: Introduce a zero rate of VAT for the donation of medicines under qualifying circumstances from 23 June 2026

Measure description

This measure reduces the VAT rate on donated medicines from the Standard Rate of 20% to 0%.

The measure is effective from 23 June 2026.

The tax base

The tax base consists of the value of donated medicines that are currently subject to VAT under the deemed supply rules. The tax base is estimated using internal HMRC administrative data.

The tax base is grown over the forecast horizon using the Office for Budget Responsibility's forecast growth in nominal GDP.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	-15m	-20m	-20m	-25m	-25m	-25m

Areas of uncertainty

The main uncertainty in this costing relates to the size of the tax base.

Temporary Staffing: Amend Group 7 of Schedule 9 to the VAT Act 1994 to restore the tax treatment of medical deputies to its previously intended position

Measure description

This measure restores the VAT treatment applied to medical staff to its intended position by removing the VAT exemption for the provision of a deputy for a registered medical practitioner.

The measure applies to General Medical Council (GMC) registered locum doctors supplied through employment agencies and other organisations. Deputising services that are primarily providing medical care will remain exempt from VAT.

This measure will be effective from 1 May 2027.

The tax base

The tax base consists of spending on GMC registered locum doctors supplied through employment agencies and other organisations. It is estimated using market research on healthcare sector spending on agency staff, adjusted to identify spending on GMC registered locum doctors within scope.

The tax base is grown over the forecast horizon using the OBR's forecast for growth in wages and salaries.

Costing

The costing estimates the additional output VAT on affected supplies and the offsetting increase in input VAT recovery.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	+85m	+95m	+100m	+100m	+105m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base.

Landfill Communities Fund: Increase the Landfill Tax credit cap from 1 April 2027

Measure description

This measure increases the maximum Landfill Communities Fund tax credit that landfill site operators can claim against their annual Landfill Tax (Lft) liability from 5.3% to 8.3%. It applies to Lft in England and Northern Ireland.

The measure will be effective from 1 April 2027.

The tax base

The tax base consists of total forecasted Lft liabilities in England and Northern Ireland. This is estimated using HMRC administrative data.

The tax base is grown over the forecast horizon using the OBR's forecasts for population growth and the Retail Prices Index (RPI), alongside inputs from the Department for Environment, Food and Rural Affairs (Defra).

Costing

The costing is estimated by applying the pre- and post-measure tax credit caps to the tax base described above. It is adjusted to account for expected utilisation of the cap.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	-10m	-15m	-15m	-15m	-15m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and the extent to which landfill site operators utilise the increased cap.

Higher Education: Introduce registration requirements for franchise providers with 300 or more students from 1 September 2028, to strengthen quality and oversight of franchised provision

Measure description

From academic year 2028-29, non-exempt franchised higher education providers with 300 or more students who deliver courses on behalf of a lead provider, will be required to register with the Office for Students (OfS) for new students to continue to be eligible for student finance.

This policy change is intended to curb the rapid growth of unregistered franchised providers, where there is greater risk of poor recruitment and governance practices.

This measure will be effective from 1 September 2028.

The cost base

The cost base is estimated using the last agreed undergraduate student finance forecast used for DfE accounts.

Costing

The costing is estimated by comparing the pre- and post-measure forecasts, whereby new students at franchised providers who do not successfully register will not be able to access student finance from academic year 2028-29.

The costing accounts for a behavioural response whereby provision shifts away from unregistered providers, resulting in some savings before the requirement takes effect. It also accounts for some providers registering with the OfS to continue provision after September 2028, with others leaving the market from September 2028.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+30m	+70m	+200m	+220m	+200m	+225m

Areas of uncertainty

The main uncertainties in this costing relate to the behavioural response.

Local Authority Spending: Impact of adjustments to high needs budget on local authority spending

Measure description

This measure reflects changes to the high needs budget in 2026-27 and 2027-28. This budget is the funding Department for Education (DfE) allocates to Local Authorities (LAs) to fund their statutory Special Educational Needs and Disabilities (SEND) systems. The changes set out are the result of additional funding for pay and the reduction in funding due to the valuation of the Teachers' Pension Scheme (TPS). As the high needs budget offsets the pressure which LAs face on their SEND budgets, these changes in funding reduce the in-year deficit which LAs accrue. This measure applies in 26-27 and 27-28 only, as from 28-29 onwards the Statutory Override will end and all pressure from the SEND system will be funded within DfE DEL rather than through LA deficits (AME).

Costing

The costing is the net impact of the additional pay grant, and adjustments to reflect the TPS valuation, on high needs funding.

These figures have been publicly announced. On 8 July 2026, the government published i) details of additional funding for pay which would be made available to schools and Local Authorities through the Schools Budget Support Grant 2026, and ii) the methodology for the funding adjustments in schools and other education providers to account for the fall in teachers' pension employer contributions.

There is no behavioural impact of this measure.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+105m	+140m	+0m	+0m	+0m	+0m

Areas of uncertainty

This is a confirmed change in planned spending on the high needs budget, so there is no uncertainty over the figures involved.

High Value Council Tax Surcharge: Confirm eligibility for deferrals, discounts and exemptions from 1 April 2028

Measure description

The High Value Council Tax Surcharge (HVCTS) is a new annual charge on owners of properties in England valued at £2 million and above, announced at Budget 2025 and taking effect from April 2028. This measure confirms a deferral scheme will be available to those who meet certain criteria, as well as a series of discounts and exemptions.

The tax base

The tax base consists of properties in England valued at £2 million or more that are estimated to receive a discount, an exemption or be eligible for the deferral scheme.

The tax base is estimated using a combination of commercial valuation data, Council Tax statistics, SDLT transaction data, Wealth & Asset Survey data and Valuation Office data.

The tax base is grown over the forecast horizon using OBR property price forecasts.

Costing

The costing is estimated by applying the tax regime to the pre- and post-measure tax base described above.

The costing assumes a behavioural response whereby a proportion of eligible taxpayers will use the deferral scheme.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	-5m	-5m	-45m	-45m	-50m	-50m

Areas of uncertainty

The main uncertainties in this costing relate to the behavioural response and household-level data availability.

Benefits in Kind (BiKs): Delay mandatory payrolling of company cars, vans, fuel and medical benefits from 6 April 2026 to 6 April 2027, with remaining BiKs implemented from 6 April 2028

Measure description

This measure revises the implementation timetable for mandatory payrolling of Benefits in Kind (BiKs). Employers will now be required to report and pay Income Tax and Class 1A National Insurance contributions through payroll for company cars, vans, fuel and medical benefits from April 2027. Mandatory payrolling will extend to most remaining BiKs from 6 April 2028. Beneficial loans and employer-provided accommodation will remain outside the scope of mandatory payrolling. Employers will also have the option to exclude benefits provided to eligible globally mobile employees.

This measure will have effect from 6 April 2027.

The tax base

The tax base consists of taxable Benefits in Kind subject to mandatory payrolling. It is derived from HMRC outturn and forecasts of Class 1A National Insurance contribution liabilities. Adjustments exclude benefits outside the scope of mandatory payrolling and account for benefits whose implementation is deferred until 6 April 2028.

The tax base is projected over the forecast period using forecasts of Class 1A National Insurance contributions.

Costing

The costing is estimated by delaying and then phasing implementation of mandatory payrolling for most Benefits in Kind, therefore bringing forward the timing of payment for Class 1A. There is a behavioural response whereby mandatory payrolling improves compliance through more frequent reporting and electronic capture of information.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	-30m	-5m	+0m	+0m	-5m	-5m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the behavioural response, and the total number of globally mobile employees who are exempted from this policy.

Low Value Imports: Remove the £135 customs duty relief and introduce new customs arrangements from October 2028

Measure description

This measure brings forward the removal of customs duty relief for goods imported into the UK valued at £135 or less, alongside the introduction of new customs arrangements for these goods, from 1 March 2029 to October 2028 at the latest. Relief will remain for non-commercial consignments valued at £39 or less that are sent between private individuals.

The tax base

The tax base consists of the value of low value goods imported into the UK that are currently eligible for the customs duty relief for consignments valued at £135 or less. The tax base is estimated using HMRC customs declarations data, trader and postal operator data, and compliance information on low value imports.

The tax base has been projected over the forecast using the OBR's forecast for non-oil goods imports.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing accounts for a behavioural response whereby sellers pass the additional customs duty on to consumers through higher prices, reducing demand for low value imported goods, and some taxpayers altering the timing of imports in response to the measure.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	+0m	+215m	+0m	-10m	-15m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and behavioural response.

Emissions Trading Scheme (ETS): Delay the inclusion of energy from waste in the ETS

Measure description

This measure delays the expansion of the UK Emissions Trading Scheme (UK ETS) to include greenhouse gas emissions generated from Energy from Waste (EfW) and waste incineration.

The costing takes effect from 1 January 2028.

The tax base

The tax base consists of the greenhouse gas emissions generated by the EfW and waste incineration sector. This is estimated using the Department for Energy Security and Net Zero EfW emissions forecast, which is derived from its Dynamic Dispatch Model.

Costing

The costing is estimated by applying the UK carbon price forecast to the emissions that would have entered the UK ETS under the previous implementation timetable, compared with the post-measure position.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	+0m	-125m	-490m	-450m	-440m

Areas of uncertainty

The main uncertainties in this costing relate to forecast greenhouse gas emissions from EfW and waste incineration, and future UK ETS carbon prices.

Corporation Tax: Spread the one-off impact of revenue recognition changes for qualifying gas distribution activities over five years for accounting periods ending on or after 31 December 2026

Measure description

This measure allows affected gas distribution companies to spread the Corporation Tax liability arising from changes to the Financial Reporting Standard 102 evenly over five years, rather than paying the accelerated liability in full upfront. It applies to gas distribution companies affected by the accounting changes and is intended to mitigate the resulting impact on household energy bills.

This measure is applied from 1 April 2026.

The tax base

The tax base consists of deferred income of affected gas distribution companies that is liable for Corporation Tax. This is estimated using Ofgem administrative data.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing does not account for a behavioural response.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	-160m	+40m	+40m	+40m	+40m	+0m

Areas of uncertainty

The main uncertainty in this costing relates to the size of the tax base.

International Investors: Relieve double taxation for UK investors in US Limited Liability Companies and similar entities from early 2028

Measure description

This measure introduces a mechanism to provide double taxation relief for UK-resident individuals receiving income from US Limited Liability Companies (LLCs) and other reverse hybrid entities where relief is currently unavailable. It will reduce double taxation while preserving UK tax on distributions. It does not apply to corporate investors or other non-individual entities like pension funds, whose existing tax treatment will remain unchanged.

The measure will be effective from early 2028. The costing has been based on the normal time limits for claims.

The tax base

The tax base consists of income received by UK individuals from US Limited Liability Companies and similar foreign entities that are taxed transparently overseas but treated as opaque in the UK. The tax base is estimated using HMRC Self Assessment and compliance data.

The tax base is grown over the forecast horizon using the OBR's forecast for growth in dividend receipts for households.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing accounts for a behavioural response whereby the reduction in double taxation is expected to increase reporting of reverse hybrid income, encourage more overseas income to be brought into the UK, and potentially incentivise some individuals to relocate to the UK, partially offsetting the Exchequer cost of the measure.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	+0m	-5m	-10m	-5m	-5m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and the behavioural response.

Renters' Rights: Roll out a £65 fee for the 'Register your rental property' service for private landlords and private properties in England from 15 December 2026

Measure description

This measure introduces a £65 fee for the new registration service for private landlords and private properties in England. The service is intended to generate better data on the private rented sector in England to support local authority enforcement work and offer more transparency for renters.

This measure will be effective from 15 December 2026.

The tax base

The tax base consists of private rented properties in England that are required to be registered on the 'Register your rental property' service. The fee is charged on a per-property basis. The current estimate is that approximately 4.9 million eligible properties are in scope.

The tax base is projected over the forecast period using the estimated number of eligible properties and the profile of registrations and annual renewals. The costing reflects the phased rollout of the service and, where applicable, pro-rating of the registration fee.

Costing

The costing is estimated by applying the £65 annual registration fee to the forecast number of eligible properties required to register, taking account of the phased implementation of the service and pro-rating where applicable. The costing assumes the £65 fee remains static.

The pre-behavioural costing represents the receipts that would arise from properties in scope registering as required. This is then adjusted for the assumed registration and renewal profile to produce the forecast receipts. The key behavioural adjustment is the proportion of eligible properties expected to be registered each year.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+10m	+135m	+190m	+215m	+230m	+235m

Note: this is offset by increased DEL spending so is fiscally neutral.

Areas of uncertainty

The main uncertainties in this costing relate to the behavioural response. The costing makes assumptions about the rate of registration, but ultimately it will be a legal requirement for landlords to register their properties on the service, and local authorities can carry out enforcement action against landlords who fail to register.

Public Works Loan Board (PWLB) Debt Relief for Councils in Severe Financial Distress

Measure description

Between October 2025 and March 2026, the government announced that it would repay a total of £700m of the debt owed to the Public Works Loan Board (PWLB) by two local authorities in order to support their recovery from severe financial distress. £500m of support was announced for Woking Borough Council in October 2025, and £200m of support was announced for Thurrock Council in March 2026.

This measure has been in effect since September 2026.

The cost base

As this support was agreed individually with the affected councils, there is no cost base for this measure.

Costing

This measure is fiscally neutral, as it is being delivered entirely through a transfer between two central government bodies (MHCLG and PWLB). No payments are being made to either council as part of this measure.

Furthermore, as the relevant debt is judged to be unsustainable for either council to repay on their own, it is assumed that there will be no change in behaviour from either council as a result of receiving this support.

Exchequer impact (£m)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Exchequer impact	+0m	+0m	+0m	+0m	+0m	+0m

Areas of uncertainty

The main uncertainties in this costing relate to the behavioural response.

Annex A

Indexation in the public finance forecast baseline

The following table shows the indexation assumptions that have been included in the public finances forecast baseline, including all pre-announcements, for Budget 2026 policy costings. This does not include the changes made at Budget 2026 – these will be captured in future publications of this Annex.

Forecast area	Element	Default indexation assumed in the baseline	Previously announced policy changes from 2026-27 onwards
Income Tax	Personal Allowance	Increase by CPI, rounded up to the nearest £10	Maintained at its 2021-22 level up to and including 2030-31
	Basic Rate Limit	Increase by CPI, rounded up to the nearest £100	Maintained at its 2021-22 level up to and including 2030-31
	Additional Rate Threshold	Aligned with the level at which the Personal Allowance is fully withdrawn	Maintained at its 2023-24 level up to and including 2030-31
	Starting rate for savings income	Increase by CPI, rounded to the nearest £10	Maintained at its 2015-16 levels up to and including 2030-31
	Individual Savings Accounts – annual subscription limit	Increase by CPI rounded to the nearest £120	Maintained at its 2017-18 level up to and including 2030-31
	Marriage Allowance	Fixed at 10% of the Personal Allowance	Maintained at its 2021-22 level up to and including 2030-31
	Married Couple's Allowance	Increase by CPI, rounded to nearest £10	Upated by CPI at AB25 for 2026-27
	Blind Person's Allowance	Increase by CPI, rounded to nearest £10	Upated by CPI at AB25 for 2026-27

	Qualifying Care Relief	Fixed amount increases by CPI, rounded to nearest £10; weekly amount rounded up to the nearest £5	Upated by CPI at AB25 for 2026-27
National Insurance Contributions	Lower Earnings Limit	Increase by CPI rounded down to the nearest £1	Upated by CPI at AB25 for 2026-27
	Small Profits Threshold	Increase by CPI rounded up to the nearest £10	Upated by CPI at AB25 for 2026-27
	Primary Threshold	Increase by CPI rounded to the nearest £1	Aligned with the Personal Allowance and maintained at its 2021-22 level up to and including 2030-31
	Lower Profits Limit	Set at the same level as the annual equivalent of the NICs Primary Threshold	Aligned with the Personal Allowance and maintained at its 2021-22 level up to and including 2030-31
	Secondary Threshold	Increase by CPI rounded to the nearest £1	Reduced from £9,100 to £5,000 from 2025-26 and maintained at this level up to and including 2030-31
	Upper Earnings Limit / Upper Profits Limit/	Aligned with Income Tax Higher Rate Threshold	Aligned with the Higher Rate Threshold and maintained at its 2021-22 level up to and including 2030-31
	Class 2 and Class 3 Contribution rates	Class 2 and Class 3 weekly rates increase by CPI rounded to the nearest 5p	Upated by CPI at AB25 for 2026-27
	Special Class 2 rate for share fisherman	Equal to the Class 2 weekly rate + 65p	Upated in line with default indexation at AB25 for 2026-27

	Special Class 2 rate for volunteer development workers	5% of the Lower Earnings Limit	Upated following the uprating of the Lower Earnings Limit by CPI for 2026-27
Inheritance Tax	Nil-rate band	Increase by CPI, rounded up to the nearest £1,000	The nil-rate band will remain at its 2020-21 level up to and including 2030-31
	Residence nil-rate band	Increase by CPI, rounded up to the nearest £1,000	The residence nil-rate band will remain at its 2020-21 level up to and including 2030-31
	Residence nil-rate band – threshold for tapered withdrawal	Increase by CPI, rounded up to the nearest £1,000	The threshold for tapered withdrawal of the residence nil-rate band will remain at its 2020-21 level up to and including 2030-31
	Agricultural property relief and business property relief - allowance for 100 per cent relief	Increase by CPI, rounded up to the nearest £1,000	The allowance will be maintained at £2.5 million up to and including 2030-31
Working-age Social Security Benefits and Payments: Jobseeker's Allowance; Income Support; Employment and Support Allowance	All main rates	Increase by CPI, rounded to nearest 5p	
Universal Credit	Standard Allowance	Increase by CPI, rounded to the nearest 1p	The standard allowance will be increased above inflation from 2026-27 to 2029-30, reaching CPI+4.8% by April 2029
	First child element	Child element of Child Tax Credit (CTC) plus family element, rounded to the nearest 1p	

	Subsequent child element	Child element of CTC, rounded to the nearest 1p	
	Disabled child lower rate	Increase by CPI, rounded to the nearest 1p	
	Disabled child higher rate	Disabled child element of CTC plus enhanced disabled child element of CTC, rounded to the nearest 1p	
	Limited capability for work, limited capability for work and work-related activity	Increase by CPI, rounded to the nearest 1p	The lower LCWRA rate is frozen at the 2026-27 rate until 2029-30 For the protected higher rate, the combined Standard Allowance and LCWRA amount will increase by CPI, rounded to the nearest 1p, until April 2029
	Carer Amount	Increase by CPI, rounded to the nearest 1p	
	Childcare	Based on childcare element of Working Tax Credit, rounded to the nearest 1p	
	Non-dependents housing cost contribution	Increase by CPI, rounded to the nearest 1p	
	Work Allowances	Increase by CPI, rounded to the nearest £1	

Disability Benefits: Disability Living Allowance; Attendance Allowance; Carer's Allowance; Incapacity Benefit; and ESA work Related Activity and Support Component Rates; Personal Independence Payments	All main rates	Increase by CPI, rounded to the nearest 5p	
Statutory Payments: Statutory Maternity Pay; Adoption Pay; Paternity Pay; Parental Bereavement Pay; Shared Parental Pay; Sick Pay; Maternity Allowance	All main rates	Increase by CPI, rounded to the nearest 5p for Statutory Sick Pay; nearest figure divisible by 7 for all other statutory payments	
Basic State Pension	All categories	Highest of Average Weekly Earnings , CPI, or 2.5% rounded to the nearest 5p	
Additional State Pension	All categories	Increase by CPI rounded to the nearest 1p	
New State Pension	All categories	Highest of Average Weekly Earnings, CPI, or 2.5% rounded to the nearest 5p	

Pension Credit	Standard Minimum Guarantee	Average Weekly Earnings, rounded to the nearest 5p	
	Savings Credit	Increase by CPI, rounded to the nearest 1p	
Child Tax Credit	Child element	Increases by CPI, rounded up to the nearest £5	Nil. Not being uprated as it's now been replaced by UC
	Disability element: disabled child rate and severely disabled child rate	Increase by CPI, rounded up to the nearest £5	Nil. Not being uprated as it's now been replaced by UC
Working Tax Credit	Basic element, 30-hour element, couple and lone parent element	Increase by CPI, rounded up to the nearest £5	Nil. Not being uprated as it's now been replaced by UC
	Disabled worker element and severe disability element	Increase by CPI, rounded up to the nearest £5	Nil. Not being uprated as it's now been replaced by UC
Child Benefit	Eldest (or only) child and subsequent children amounts	Increase by CPI, rounded to the nearest 5p	
Guardian's Allowance	All children amount	Increase by CPI, rounded to the nearest 5p	
Stamp Duty Land Tax	Stamp duty land tax thresholds for residential property freehold and leasehold premium transactions	Fixed at £125,000, £250,000, £925,000 and £1,500,000	
	Stamp duty land tax thresholds on rent under new residential leases Net Present Value	Fixed at £125,000	
Annual Tax on Enveloped Dwellings	Annual chargeable amount	Increase by CPI for September, rounded down to the nearest £50	

High Value Council Tax Surcharge	Annual chargeable amount	Increase by CPI	Budget 2025 confirmed the introduction of the charge from April 2028, and that charges will increase by CPI inflation each year
Climate Change Levy	Main Rates	Increase by RPI, rounded to the nearest 1,000th of a penny	CCL main rate in the UK for gas is set at £0.00801/kWh in 2026-27, and £0.00827/kWh in 2027-28 The main rate on electricity is set at £0.00801/kWh in 2026-27, and £0.00827/kWh in 2027-28 The freeze of LPG at £0.02175 per kg is continued up to and including 2027-28 Any other taxable commodity rate is set at £0.06264 per kg in 2026-27, and £0.06468 in 2027-28

	Reduced rates	Increase by RPI, rounded to the nearest 1,000th of a penny	The reduced rates for each of the commodities are set at the following: Electricity: 8% of the main rate up to (and including) 2027-28 LPG: 23% of the main rate up to (and including) 2027-28 Gas and any other taxable commodity: 11% of the main rate up to (and including) 2027-28
	Carbon Price Support commodity rates	Increase by RPI, rounded to the nearest 1,000th of a penny	The Carbon Price Support has been frozen at the equivalent of £18 per tonne of CO2 until 31 March 2028 CPS will be removed from 1 April 2028.
Aggregates Levy	Levy amount	Increase by RPI, rounded to the nearest penny	
Landfill Tax	Tax rates	Increase by RPI, rounded to the nearest 5 pence and increase the lower rate by the same amount in cash terms as the standard rate	Budget 2025 announced that from 2026-27, the standard rate will increase by RPI and the lower rate will increase by same amount in cash terms as the standard rate
Plastic Packaging Tax	Tax rate	Increase by CPI, rounded to the nearest penny	

Vehicle Excise Duty	Duty rates	Increase by RPI, rounded to the nearest £1 or £5	Budget 2025 announced that VED rates for cars, vans, motorcycles, heavy goods vehicles and trade licenses would rise in line with RPI with effect from 1 April 2026 It also announced that from April 2026 a new, higher Expensive Car Supplement threshold of £50,000 applies to zero emission cars first registered on or after 1 April 2025 As announced on 22 May 2026, from 1 July 2026 until 30 June 2027, a majority of heavy goods vehicles are eligible for a reduced rate of £1 when they renew their VED
Heavy Goods Vehicle Levy	Duty rates	Increase by RPI, rounded to the nearest penny	Budget 2025 announced that the HGV levy would rise in line with RPI with effect from 1 April 2026
Electric Vehicle Excise Duty (eVED)	Duty rates	Increase by CPI (from April 2028)	

Air Passenger Duty	Duty rates	Increase by forecast RPI, rounded to the nearest penny	Autumn Budget 2024 announced that APD rates would be set to the nearest penny with effect from 1 April 2027 Budget 2025 announced that APD rates would rise in line with RPI with effect from 1 April 2027 It also announced that from 1 April 2027, the scope of the higher rate would be extended to all private and business jets of 5.7 tonnes or more
Electricity Generator Levy	Benchmark amount	Increase by CPI from April 2027, rounded to the nearest penny	
Tobacco Duties	Duty rate on all tobacco products	Increase by RPI+2%	One-off increase introduced on 1 October 2026 of £2.20 per 100 cigarettes / 50g of Hand Rolled Tobacco (HRT) and other tobacco products on top of annual RPI+2% escalator
Vaping Products Duty	Duty rates on vaping liquid	Increase by CPI (from Autumn 2027)	Vaping Products Duty was implemented for the first time on 1 October 2026 and so the first uprating is not until Autumn 2027 in the forecast
Alcohol Duties	Duty rate on all alcoholic products	Increase by RPI from 1 February 2027	None

Soft Drinks Industry Levy	Duty rates	Increase by CPI from 1 April 2027, plus an additional increment from 2025 to 2029 to account for the 27% CPI increase between 2018 and 2024.	In 2024, to protect its real-terms value, the Government announced that both the lower and higher rates of the Soft Drinks Industry Levy will increase each year over the next 5 years to reflect the 27% Consumer Price Index increase between 2018 and 2024 as well as increase in line with the Consumer Price Index each year from 1 April 2025
Fuel Duties	Duty rates for petrol and diesel	Increase by RPI, rounded to the nearest 100th of a penny	On 22 May 2026, the government announced it would extend the 5 pence per litre (ppl) cut through to the end of the year and review this at Budget. The current timetable for unwinding the cut is for it to be reversed in two stages on 1 January and 1 February. The government also cut the duty rate for marked gas oil (red diesel) by 3.7ppl from 15 June 2026 until the end of the year
Gaming Duty	Gross gaming yield bands	Increase by RPI, rounded to the nearest £500	
Business Rates	Standard multiplier and Small Business multiplier - other properties	Increase by CPI, rounded to the nearest 10th of a penny	
	Standard Retail, Hospitality and Leisure (RHL) multiplier	Set 5p below Standard multiplier - other properties	Separate RHL multipliers were introduced in April 2026

	Small Business RHL multiplier	Set 5p below Small Business multiplier - other properties	
	High Value Multiplier	Set 2.8p above Standard multiplier - other properties	The High Value Multiplier was introduced in April 2026

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