

Budget 2026: What It Means for Professional Services & Owner-Managed Companies

Corporation Tax rates are unchanged, but how you take profits out, sell the business and keep records are all under closer scrutiny from April 2027 onwards.

Taking profits out

- Directors' loans. Extra reporting was dropped after consultation, but HMRC remains focused on directors' loan accounts and payments to shareholders. Every withdrawal should be properly recorded as salary, dividend, loan or benefit.
- Holding company and buy-back arrangements. From April 2028, profits taken through these capital routes are expected to be taxed as income. Genuine sales to third parties and family succession are protected. If you are mid-reorganisation, talk to us before the next step.
- Salary. If you pay yourself a small salary, keep it above the new Lower Earnings Limit of £6,916 a year so 2027-28 counts towards your State Pension.

Selling the business

Business Asset Disposal Relief falls to a £500,000 lifetime limit for sales on or after 6 April 2027. On a £1 million gain that can mean £30,000 more tax, and a rushed pre-April contract will not necessarily protect the old limit.

Payroll and benefits

- From 6 April 2027, tax on company cars, vans, fuel and medical cover goes through payroll; other benefits follow in April 2028.
- The National Living Wage rises 3.9% to £13.21 an hour from 1 April 2027.

Contact your team at Galloways today!

Just call us on 0800 012 9190 or email us

Disclaimer: The information provided is for general guidance only, does not constitute professional advice, and is not a substitute for consulting a qualified accountant or other professional for specific circumstances.

HMRC compliance and directors' liability

- Correcting errors. From 1 April 2028, you must correct inaccurate returns once you find the error, and HMRC can issue Customer Correction Notices.
- Personal liability. HMRC can publish more detail when naming deliberate defaulters, including Personal Liability Notices that move a company's penalty onto a director.
- Disqualification. For offences from 1 April 2027, directors convicted under HMRC's tax security rules can be disqualified for up to five years.

Digital admin ahead

- E-invoicing becomes mandatory for VAT-registered businesses from 1 April 2029.
- A Direct Debit instruction for VAT and PAYE will be needed from April 2029.
- Amended Corporation Tax returns must be filed online from 1 April 202

Before April 2027

- ☐ Bring your directors' loan account up to date
- ☐ If a sale is likely in the next few years, talk to us before agreeing terms
- ☐ Get payroll ready for company cars and medical cover
- ☐ Ask Galloways about e-invoicing

Most of these measures still have to pass through Parliament, so the detail may change. To talk through what the Budget means for your company, call or email your usual contact.

Contact us to discover how these changes could affect you.

The information above is based on announcements made in the UK Autumn Budget 2026. Tax treatment depends on individual circumstances and may be subject to future legislation and HMRC guidance

Read our full Budget summary here.