Your guide to the

Autumn Budget 2026

What it means for your agency



The Chancellor of the Exchequer, John Healey, delivered his first Budget on Wednesday 28 October 2026.

Here are the announcements that matter most to digital agencies and their owners, and what we think they mean for you.

If you want to understand more about any of this and how it may affect your agency or your 2027 planning, talk with your contact at MAP.

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At a glance: the Budget for agency owners

The eight announcements we think matter most to digital agencies. Each is covered in more detail on the pages that follow.

- **HMRC gets tougher**
  670 more compliance officers, and a new power to recover smaller tax debts directly from those who can pay but repeatedly don't.
- **Selling your agency**
  The Business Asset Disposal Relief (BADR) lifetime limit halves from £1m to £500,000 for sales from April 2027. The rate stays at 18%.
- **Dividends unchanged**
  The Budget makes no change to dividend tax. Property and savings income tax rises by a further 2% from April 2027.
- **Non-compete clauses**
  The government will legislate to restrict non-competes, so team members can move on more easily. Detailed proposals are due in early 2027.
- **Higher mileage rate**
  55p a mile for the first 10,000 business miles is now permanent, and the rate above that rises from 25p to 35p from April 2027.
- **New founders' relief**
  From April 2027, a 10% Capital Gains Tax rate on up to £10m of lifetime gains for qualifying founders of high-growth, innovative companies.
- **EMI2 share scheme**
  The Company Share Option Plan becomes EMI2, and the options each employee can hold double to £120,000, on top of EMI, from April 2027.
- **Pay costs rise**
  The National Living Wage rises 3.9% to £13.21 an hour from April 2027. No change to employer National Insurance.

What hasn't changed

No increase to the headline rates of income tax, National Insurance or VAT. The 25% main rate of Corporation Tax, full expensing and the £1m Annual Investment Allowance stay in place. Income tax thresholds remain frozen until April 2031, as announced last year.



National Minimum Wage

The National Living Wage (NLW) and National Minimum Wage (NMW) rise by 3.9% from 1 April 2027, a smaller rise than in recent years.

Age	Now	From April 27
21 and over (NLW)	£12.71	£13.21
18 to 20	£10.85	£11.27
16 to 17	£8.00	£8.31
Apprentice	£8.00	£8.31

Tip

Check every team member's pay against the new rates, including interns, apprentices and staff on salary sacrifice. Consider how your revenue targets and pricing can be adjusted to prevent agency profit being squeezed.

Employer National Insurance

No change to employer National Insurance was announced. It stays at 15% on earnings above £5,000 a year per employee, with an Employment Allowance of £10,500.

Mileage allowance

The Approved Mileage Allowance Payment (AMAP) rates set the most you can repay a team member, tax-free, for using their own car for work.

Business miles in the tax year	Was	Next
First 10,000 miles	55p	55p, made permanent
Over 10,000 miles	25p	35p from 06/04/27

These are maximum tax-free amounts, not a requirement. What you actually pay is set by your own expenses policy. The self-employed can claim the same rates.

What this means for your agency

Budget now for April 2027 pay rises. Remember the 15% employer National Insurance on top, and the knock-on for team members paid just above the minimum if you want to keep pay differences fair.

On mileage, you don't have to pay the higher rate, but your team may ask. Decide your position and update your expenses policy so it's clear for everyone.



Business Asset Disposal Relief

Business Asset Disposal Relief (BADR) lowers the Capital Gains Tax (CGT) you pay when you sell your agency or your shares in it. The lifetime limit on gains that qualify is halved from £1m to £500,000. The rate stays at 18%, as it has been since April 2026.

The new limit applies to sales made from 6 April 2027. The government says three in four claimants will still get relief on their whole gain.

Employee Ownership Trust (EOT) transactions are not affected, as they do not qualify for the relief. Instead, the same 12% effective rate of tax that came in from November 2025 will still apply for higher rate tax payers.

	Now	From 06/04/27
BADR lifetime limit	£1m	£500,000
BADR rate	18%	18%
Main CGT rates	18% / 24%	18% / 24%
Annual exempt amount	£3,000	£3,000

New founders' relief

From 6 April 2027, a new relief taxes gains at 10% on up to £10m over a lifetime, for qualifying founders of high-growth, innovative companies. The detailed rules are out for consultation, so we don't yet know how many agency owners will qualify. We'll update you when they're published.

What it actually means

An owner selling shares for a £1m gain that qualifies for BADR, paying higher-rate tax. For simplicity this ignores the annual exempt amount.

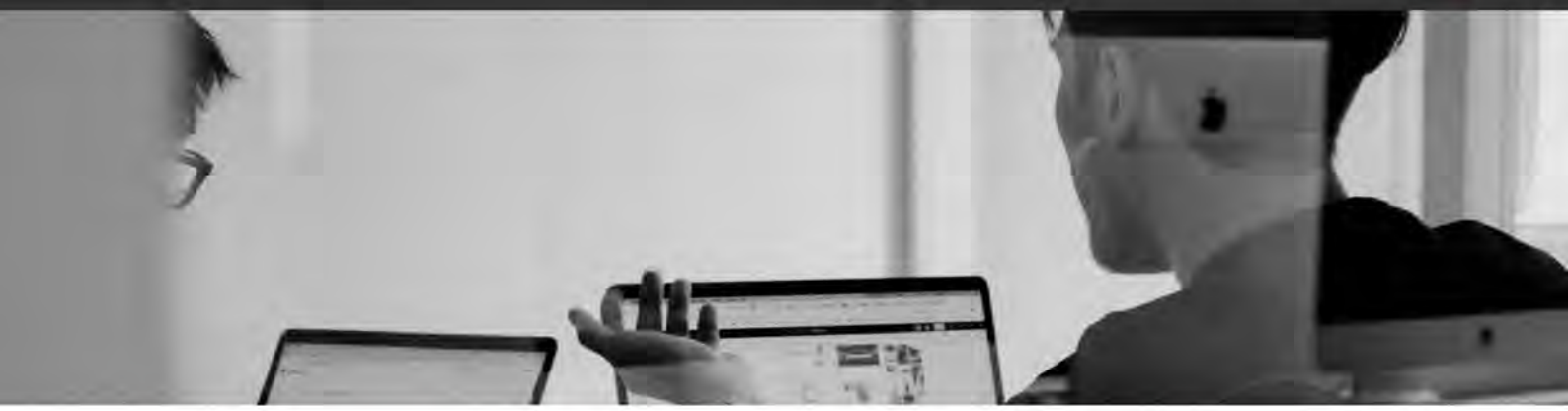
	Tax
Before: £1m at 18%	£180,000
After: £500,000 at 18%	£90,000
plus £500,000 at 24%	£120,000
After: total	**£210,000**
Extra tax	**£30,000**

Tax tip

Sales made before 6 April 2027 still use the £1m limit, subject to any anti-forestalling rules. Each qualifying shareholder has their own limit, so how shares are held matters. Talk to us before you agree heads of terms.

What this means for your agency

If you're planning a trade sale, a management buyout or a move to an Employee Ownership Trust in the next few years, now is the time to review your exit plan and timing with us.



EMI2: a new share scheme

The Company Share Option Plan [CSOP] is renamed EMI2 and made more generous. It is for agencies that have outgrown the Enterprise Management Incentives [EMI] scheme or don't qualify for it. From 6 April 2027:

	Now	From 06/04/27
Options per employee	£60,000	£120,000
Counts against EMI limit	Yes	No
Exercise period	10 years	15 years

EMI itself was expanded in April 2026 (up to 500 employees, £120m of gross assets and £6m of options). From April 2027 it gets more flexible too: 180 days instead of 90 to exercise after a disqualifying event, EMI kept when moving to an Employee Ownership Trust, and no separate HMRC notice for each grant.

Tax tip

EMI gains usually qualify for BADR at 18%, compared with up to 47% on a cash bonus once income tax and National Insurance are added. Share options can be a far more valuable reward per pound.

Non-compete clauses

The government will legislate so that non-compete clauses in employment contracts don't stop startups and scaling firms from hiring, or stop workers moving jobs. The reform will apply across the whole economy.

It will also consult shortly on the wider use of restrictive practices, and set out its detailed position in early 2027, before legislating.

What this means for your agency

Agencies often rely on restrictions to protect client relationships and stop teams leaving together. Long non-competes may soon be unenforceable.

Ask your employment lawyer to review your contracts, especially client non-solicitation, team-move clauses and notice periods.

The strongest protection is giving your best people a reason to stay.



Dividends

The Budget makes no change to dividend tax. The rates rose by 2% in April 2026, as announced at the 2025 Budget. The tax-free dividend allowance stays at £500.

Band	2026/27	2027/28
Ordinary rate	10.75%	10.75%
Upper rate	35.75%	35.75%
Additional rate	39.35%	39.35%

Property and savings income

Tax on property and savings income was already due to rise by 2% from April 2027. The Chancellor added a further 2% on top, from the same date. The property rates apply in England, Wales and Northern Ireland.

Band	2026/27	From 06/04/27
Basic rate	20%	24%
Higher rate	40%	44%
Additional rate	45%	49%

Corporation Tax

No change. The government had already pledged to keep the 25% main rate for the rest of this Parliament.

Profits	Rate
£50,000 or less	19%
£50,000 to £250,000	26.5% marginal
Over £250,000	25%

What this means for your agency

For most owner-managers, the usual mix of a small salary and dividends still works. But rent your company pays you for property, and interest it pays on a director's loan, will be taxed more heavily from April 2027.

If your agency pays you rent or loan interest, let's review it before April 2027.

Tax tip

Income tax thresholds stay frozen until April 2031. Pension contributions through your company remain one of the most tax-efficient ways to take value out of your agency.



HMRC compliance

HMRC will recruit 670 more compliance officers, on top of the 5,500 already promised. It also gets a new power to recover smaller tax debts directly from people and businesses who can afford to pay but repeatedly fail to.

Direct debit for VAT and PAYE

From April 2029, you'll need a direct debit in place for your VAT and PAYE return liabilities. You can still pay another way before a set cut-off date, but HMRC will use the direct debit to collect anything left unpaid.

Tax tip

If cash is tight, talk to us before a deadline passes. A Time to Pay arrangement agreed early is far better than HMRC collecting directly from your account.

What to do now

- Budget for April 2027 pay rises, including the knock-on to staff just above the minimum.
- Decide your mileage rate and update your expenses policy.
- Planning a sale or exit in the next few years? Review it with us now.
- Consider employee incentive schemes to reward and retain your key staff
- Ask your employment lawyer to review contracts and restrictive covenants.
- Review rent or loan interest your agency pays you before April 2027.
- Keep every HMRC filing and payment up to date.

Talk to your regular MAP contact about what this means for you.

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Based on the Budget announcements on Wednesday 28 October 2026. Some details are subject to consultation and the final legislation. This guide is general information, not advice for your circumstances, so please talk to us before acting on it.