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SUMER
NORTHERN IRELAND

The New Tax Year is Here – What to Review Now



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The 2026/27 tax year is now underway, and a number of important tax changes have officially taken effect from 6 April. While some allowances and thresholds remain frozen, several reforms will have a material impact on individuals, business owners and families - particularly around dividends, inheritance tax planning and the taxation of foreign income.

Now is a good time to review your position, understand what's changed, and consider whether any action is needed early in the tax year.

Changes to Dividend Tax Rates

From 6 April 2026, higher tax rates now apply to dividend income for most taxpayers. While the income tax bands themselves remain unchanged, dividend rates have increased by two percentage points for basic and higher-rate taxpayers.

Band	2025/26	From April 2026
Basic Rate	8.75%	10.75%
Higher Rate	33.75%	35.75%
Additional Rate	39.35%	39.35% (unchanged)

For shareholders and owner-managed businesses, this may affect remuneration planning and cash flow forecasting, particularly where dividends form a core part of personal income.

Inheritance Tax: New Limits on Key Reliefs

Major reforms to **Business Property Relief (BPR)** and **Agricultural Property Relief (APR)** are now in force.

From this tax year:

- 100% relief is available on the first £2.5 million of qualifying BPR and APR assets per individual
- Any value above this threshold attracts 50% relief, resulting in an effective inheritance tax rate of 20% on that portion.
- Unused relief can only be transferred between spouses or civil partners

For couples, careful estate planning may be required to ensure reliefs are used efficiently and allowances are not lost, particularly where assets are intended to pass to other family members.

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Looking Ahead: ISA and Pension Changes on the Horizon

While not all reforms apply immediately, this tax year marks a key transition period ahead of further changes planned for 2027.

These include:

- Proposed restrictions on Cash ISA contributions for under-65s
- Changes to how unused pension funds are treated for inheritance tax purposes

Although these measures are not yet in force, reviewing savings and retirement strategies now can help avoid rushed decisions later.

Overseas Income and the New FIG Regime

The **Foreign Income and Gains (FIG)** regime also continues to evolve. This tax year is the final opportunity to benefit from the reduced tax rate available under the Temporary Repatriation Facility before rates increase next year.

For individuals with overseas income, assets or non-UK connections, this is a critical time to reassess exposure and ensure compliance with the new framework.

Why Reviewing Early Still Matters

With the tax year now open, acting early can provide clarity and flexibility. Reviewing your position sooner rather than later can help with budgeting, long-term planning and avoiding unnecessary surprises as the year progresses.

Professional advice can be particularly valuable where changes overlap - for example, where business ownership, succession planning and personal income are closely linked.

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