NEWS ROUND-UP

SEPTEMBER 2026

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STUDENT LOAN INTEREST RATES RISE

Student loan interest rates will rise across all repayment plans from September 2026, although the Government will retain a 6% cap for borrowers on Plan 2 and Plan 3.

The Department for Education (DfE) has confirmed the rates that will apply from 1 September 2026 to 31 August 2027. The cap prevents the maximum rates for Plan 2 and Plan 3 from reaching 7.1%.
Plan 1 borrowers, generally those who started undergraduate courses between 1998 and 2012, will pay interest of 4.1%, based on the retail prices index (RPI).

This is up from 3.2% in 2025/26, although still below the 4.3% rate charged in 2024/25.

Plan 2 borrowers, broadly covering undergraduates who started courses between 2012 and 2023, will pay between 4.1% and 6% of their income, depending on their income.

Without the Government cap, the maximum rate would have risen to 7.1%. The maximum was 6.2% in 2025/26 and 7.3% in 2024/25.

Postgraduate borrowers on Plan 3 will pay 6% interest. The cap again prevents the rate from reaching 7.1%. The Plan 3 rate was 6.2% in 2025/26 and 7.3% in 2024/25.

Plan 5 applies to borrowers who began undergraduate courses in 2023 or later. Their interest rate will rise from 3.2% to 4.1% for 2026/27. The rate remains below the 4.3% charged in 2024/25.

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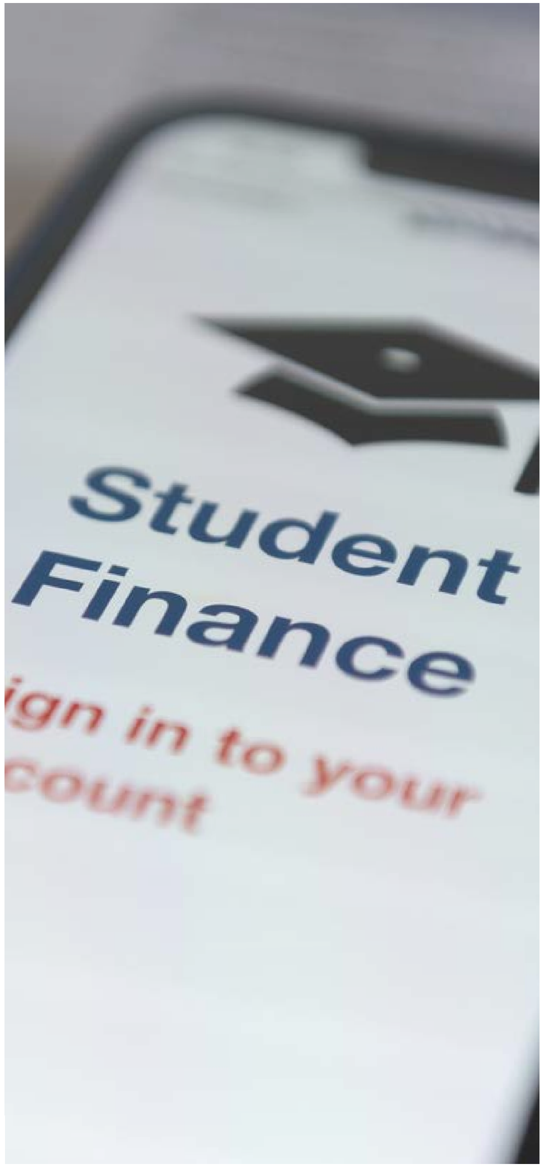


4 IN 10 MISSED MTD SIGN-UP

More than 500,000 self-employed people and landlords had signed up for Making Tax Digital (MTD) for Income Tax ahead of the first quarterly reporting deadline, according to HMRC.

However, that still left an estimated 364,000 taxpayers, more than 4 in 10 of those expected to be within scope, unregistered before the 7 August deadline.

HMRC had identified around 864,000 taxpayers with qualifying income above £50,000 who were expected to join MTD from 2026/27.

The 7 August deadline covered both registration and submission of the first quarterly update, reporting income for the opening quarter of 2026/27. Updates had to be filed using compatible software, as HMRC does not provide its own online filing service.

HMRC said taxpayers who missed the deadline would receive reminder letters. It also said further figures on registrations and quarterly updates would be published.

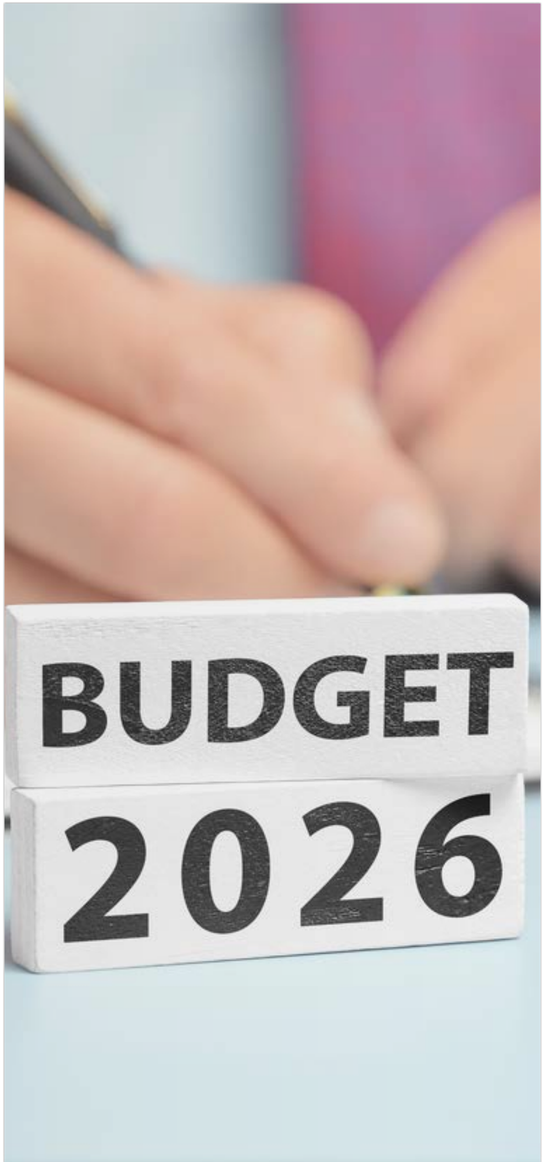
Craig Ogilvie, HMRC's director of MTD, said almost 30,000 quarterly update obligations had been recorded in a single day earlier that week, adding that HMRC was "regularly breaking MTD sign-up and submission records".

ACCA raised concerns about the number yet to register. Yogesh Dhanak, senior technical advisory manager, said the figures highlighted shortcomings in HMRC's awareness campaign and warned that implementation remained challenging.

There are no penalties for missing a quarterly update deadline during 2026/27, although taxpayers must still submit the required information.

From 6 April 2027, the points-based late-submission penalty regime will apply. A taxpayer will receive a point for each missed quarterly deadline, with a £200 penalty charged once four points are accumulated.

Talk to us about MTD.



HEALEY CONFIRMS OCTOBER BUDGET DATE

Chancellor John Healey will deliver his first Budget on Wednesday 28 October 2026, just over three months after taking charge of the Treasury.

Healey confirmed the date in a video posted on Instagram, saying the Government was moving quickly to “restore hope and bring Britain’s communities back”. He succeeded Rachel Reeves as Chancellor on 20 July, following Andy Burnham’s appointment as Prime Minister.

The announcement gives Healey 89 days to prepare his first major fiscal statement. The relatively short run-up may help limit the prolonged speculation surrounding the 2025 Budget and the uncertainty it created for businesses and households.

Healey said the Budget would shift money and decision-making away from Westminster and into communities across the country. Devolution is expected to be a central theme as the new Government sets out its economic priorities.

However, the Chancellor also emphasised that the plans would be underpinned by fiscal discipline. He confirmed that the Government would continue to meet its existing fiscal rules, despite pressure on the public finances and calls for additional spending.

Healey said the Budget would aim to provide businesses and families with the stability needed to plan for the future. The statement is therefore expected to balance the Government’s regional investment ambitions with a commitment to responsible borrowing and spending.

The Budget will be Healey’s first test as Chancellor and an early indication of how Burnham’s Government intends to combine greater regional control with economic credibility.

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VAT CAPITAL GOODS SCHEME RULES CHANGE

Revised VAT capital goods scheme rules came into force on 29 July 2026, raising the expenditure threshold for property-related assets and removing computer equipment from the scheme.

Under the changes, the threshold for land, buildings and civil engineering works has increased from £250,000 to £600,000, excluding VAT. The capital goods scheme will therefore apply only where qualifying expenditure on these assets reaches at least £600,000.

Computers and computer equipment are no longer eligible. Capital expenditure on these items incurred from 29 July 2026 will fall outside the scheme.

HMRC said the reforms are intended to simplify VAT administration and reduce the burden on smaller businesses. The scheme requires businesses to monitor how certain capital assets are used over several years and adjust the VAT initially reclaimed when that use changes.
The property threshold had remained unchanged since the scheme was introduced in 1990. Rising property values meant that more small businesses were being drawn into adjustment calculations when buying or refurbishing relatively modest premises.

HMRC said increasing the threshold should reduce the number of assets covered and remove time-consuming calculations for affected businesses.

The changes are not retrospective. Assets and expenditure already within the scheme before 29 July 2026 will continue to be treated under the previous rules.

The reform was first proposed by the Office of Tax Simplification in 2017. A call for evidence followed in July 2019, but implementation took several more years. The Office of Tax Simplification was later abolished in 2022 during Liz Truss's short-lived Government.

Talk to us about your finances.

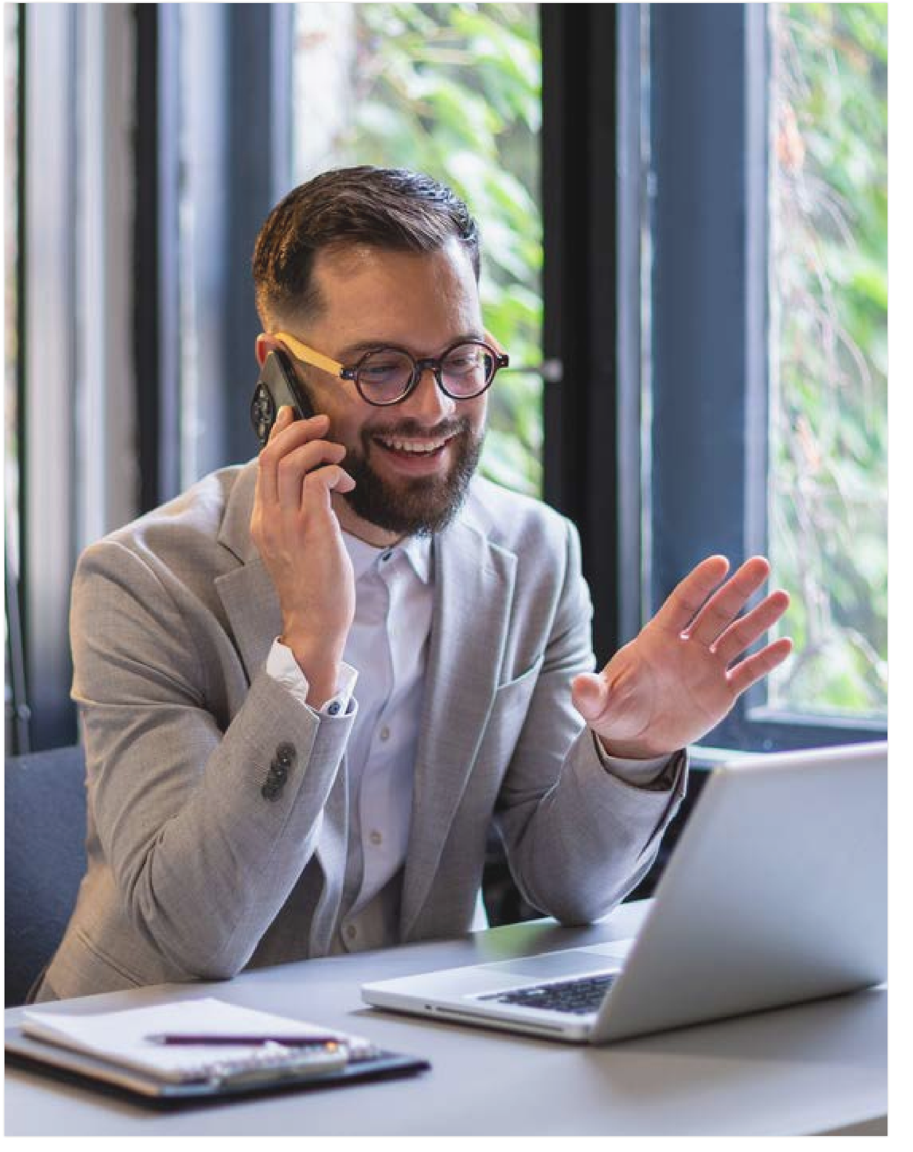
WANT TO TALK TO AN EXPERT?

If you've found the topics covered in this report to be of interest or you would like to delve deeper into any of them, we welcome the opportunity to engage in a more detailed discussion with you. Our team of experts is always keen to share insights, and we're confident that a conversation with us can provide valuable perspective.

We are also well-positioned to update you on the latest trends, opportunities and challenges in the business world. As we all know, staying ahead of the curve is vital in today's fast-paced business landscape, and we're here to help you navigate it successfully.

If you're considering getting extra support, we invite you to explore the comprehensive solutions we offer.

To schedule a meeting or to get more information, please don't hesitate to contact us.



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