Technical Newsdesk: December 2026

Welcomes

December 2026



26 November 2026

It is a pleasure to write this final introduction to the Technical Newsdesk for 2026. Sometimes, when starting with a blank document, it can be hard to pin down a suitably interesting angle – but this month I have been lucky, given that the Budget is just behind us and Christmas is around the corner!

On 28 October, the new Chancellor delivered an earlier Budget than last year. From the perspective of unrepresented taxpayers, some of the announcements brought mixed feelings.

For instance, it was confirmed that the government would press ahead with reforms to Self-Assessment tax payments from April 2029, moving taxpayers to a system of earlier and more frequent payments. The reforms were first announced at Budget 2025, with a public consultation taking place over the summer. The Budget day publication of HMRC's summary of consultation responses (tinyurl.com/mwanvw7c) showed some clear positives but left several concerns unresolved.

On the positive side, given the strength of feedback during the consultation – including from the LITRG, CIOT and ATT technical teams – HMRC have sensibly decided to scrap plans for the mandatory collection of Self-Assessment tax payments through PAYE for those with a suitable source of employment or pension income. PAYE collection will now be optional. We are also pleased that HMRC have committed to working closely with stakeholders as they design the new payment regime.

However, this is still a major shake-up of the Self-Assessment tax payment system. There will be many hurdles in designing a new system, and in managing the transitional year in 2029/30. It would be remiss to celebrate the removal of mandatory PAYE collection without acknowledging that the wider project will be a significant undertaking for the government, professional bodies, tax practitioners, and – most importantly – taxpayers. My colleague Sarah Weston has written a blog setting out these challenges in more detail at tinyurl.com/5t2fvfr8.

Another area of the Budget that LITRG was particularly eager to hear about was the solution for state pensioners affected by the continued freeze in the personal allowance. Again, stemming from a brief comment in the 2025 Budget, it had been unclear how the government intended to 'ease the administrative burden' for certain state pensioners paying small amounts of tax under Simple Assessment. We now have an answer: the new Pension Tax Allowance, which will be introduced from April 2027. This appears to apply more broadly than was indicated last year, which LITRG agrees is a fairer solution.

However, this is a temporary measure that introduces further complexity to the system. It will exist only for the remainder of this Parliament, raising concerns that this is a 'band aid' rather than a long-term solution. Even if personal allowances are 'unfrozen' as planned in 2031, the knock-on impact of the previous freeze will remain.

And speaking of freezes, we are now back to 'sparkly season' weather-wise and have a festive month ahead. While December is often a very busy time for tax practitioners, I hope there is still time for some seasonal cheer – whether that means a Christmas party, mince pies in the staff kitchen or some questionable festive jumpers around the office!