

# Tax rates and allowances

## Income Tax Allowances

	2024/25 £	2025/26 £
<b>Personal allowance</b>	12,570	12,570
Income limit	100,000	100,000
<b>Transferable marriage allowance<sup>1</sup></b>		
	1,260	1,260
<b>Married couple's allowance<sup>1</sup></b> (relief at 10%)		
Either partner born before 6.4.1935	11,080	11,270
Income limit	37,000	37,700
Minimum where income exceeds limit	4,280	4,360
<b>Blind person's allowance<sup>3</sup></b>	3,070	3,130
<b>Dividend allowance</b>	500	500
<b>Personal savings allowance</b>		
Basic rate taxpayers	1,000	1,000
Higher rate taxpayers	500	500

## Income Tax Rates

Taxable income £	2024/25	2025/26	Rate %	Dividend rate %
0 – 37,700	0 – 37,700		20	8.75
37,701 – 125,140	37,701 – 125,140		40	33.75
Over 125,140	Over 125,140		45	39.35

**Scottish taxpayers.** The Scottish Budget is expected on 4 December 2024.

**Welsh taxpayers.** For 2024/25, the Welsh rates and bands were the same as for the rest of the UK (outside Scotland). The draft Welsh Budget is expected on 10 December 2024.

A 0% starting rate for savings income only applies to the extent that such income falls within the first £5,000 of taxable income. If taxable non-savings income exceeds the limit, the starting rate does not apply. A 0% rate applies to savings income falling within the personal savings allowance. Income taxable at the starting rate for savings does not fall within the personal savings allowance. A 0% rate applies to dividend income within the dividend allowance. The trust rate of income tax is 45%. The dividend trust rate is 39.35%.

<sup>1</sup> Available for civil partners.

## National Insurance Contributions

**2025/26**  
**Class 1 (Earnings related)**

Employees	Weekly earnings	2024/25	2025/26
First £242	Nil		
£242.01 – £967	8%		
Over £967	2%		

## Employers

Weekly earnings	2024/25	2025/26
First £96	Nil	
Over £96	15%	

Employees' rates are reduced to 1.85% for married women with valid certificates of election but the 2% rate above £967 still applies. Rates are nil for employees over state pensionable age. Normal employers' contributions are still payable. Employers' rates for employees under 21, apprentices under 25 and eligible veterans are nil on earnings up to £967 per week, and for eligible employees in freeport and investment zone tax sites on earnings up to £481 per week.

## Employment allowance

(per employer) – £10,500 a year.

**Class 1A and Class 1B** – 15%

**Class 2** (Self-employed) – Flat rate £3.50 a week (voluntary).

Small profits threshold (SPT) £6,845 a year.

**Class 3** (Voluntary contributions) – £17.75 a week.

**Class 4** (Self-employed) – 6% of profits between £12,570 and £50,270 a year. 2% of profits above £50,270 a year.

## Inheritance Tax

	2024/25	2025/26
Nil-rate band <sup>1</sup>	£325,000	£325,000
Residence nil-rate band <sup>1</sup>	£175,000	£175,000
Rate of tax on excess	40% <sup>2</sup>	40% <sup>2</sup>
Chargeable lifetime transfers	20%	20%
Annual gifts of up to £3,000 per donor are exempt.		

<sup>1</sup> Unused nil-rate band is transferable to spouse or civil partner.

<sup>2</sup> 36% where 10% or more of the net estate is left to charity.

## Capital Gains Tax

Annual exempt amounts 2025/26	£
Individuals, disabled trusts and, for year of death and next two years, personal representatives	3,000
Trusts generally	1,500
Rates 2025/26	
Individuals: Standard rate	18% <sup>1</sup>
Higher rate	24% <sup>1</sup>
Gains on residential property	18%/24%
Gains on carried interest	32%
Trustees and PRs	24% <sup>1</sup>
Gains to which business asset disposal relief applies <sup>2</sup>	14%
Gains to which investors' relief applies <sup>3</sup>	14%

## Corporation Tax

Financial Year to	31/3/2025	31/3/2026
Main rate	25%	25%
Small profits rate	19%	19%
19% rate limit	£50,000	£50,000
marginal relief limit	£250,000	£250,000

marginal relief fraction	3/200	3/200
effective marginal rate	26.5%	26.5%

## Stamp Taxes

Shares and marketable securities	0.5% <sup>4</sup>
<b>Transfers of land and buildings<sup>5</sup></b>	
<b>Residential (on band of consideration)<sup>6,7,8</sup></b>	
£0 – £125,000	0%
£125,001 – £250,000	2%
£250,001 – £925,000	5%
£925,001 – £1,500,000	10%
Over £1,500,000	12%

## Non-residential (on band of consideration)

£0 – £150,000	0%
£150,001 – £250,000	2%
Over £250,000	5%

## Leases

(Rent – on band of net present value)<sup>5</sup>

Residential	Non-residential	
£0 – £125,000	£0 – £150,000	0%
Over £125,000	£150,001 – £5,000,000	1%
n/a	Over £5,000,000	2%

## Freeport and investment zone special tax sites

Qualifying purchases receive full SDLT relief.

<sup>1</sup> For disposals on or after 30 October 2024.

<sup>2</sup> Subject to lifetime limit on gains of £1m.

<sup>3</sup> Subject to lifetime limit on gains of £1m (disposals on or after 30 October 2024).

<sup>4</sup> Rounded up to the nearest multiple of £5. Transactions of £1,000 or less exempt.

<sup>5</sup> In Scotland land and buildings transaction tax. In Wales land transaction tax.

<sup>6</sup> Where the consideration exceeds £500,000 and the purchase is by – or by a partnership including – a company or collective investment scheme enveloping the property, the rate is 17% of the total consideration.

<sup>7</sup> Where the consideration is no more than £500,000 and the purchaser is a first-time buyer, the 0% band is increased to £300,000 (and the 5% rate applies to any consideration above £300,000 up to £500,000).

<sup>8</sup> Rates are increased by 5 percentage points for certain purchases, including purchases of additional residential properties by individuals. Transactions under £40,000 are excluded. Rates are increased by 2 percentage points for purchases by non-UK residents.

## Car Benefit

2025/26	Electric range	% of list price
CO2 emissions		
g/km	(miles)	
0	N/A	3
1-50	>130	3
1-50	70-129	6
1-50	40-69	9
1-50	30-39	13
1-50	<30	15
51-54		16
55-59		17
60-64		18
65-69		19
70-74		20
75-79		21
80-84		22
85-89		23
90-94		24
CO2 emissions		% of list price
g/km		
95-99		25
100-104		26
105-109		27
110-114		28
115-119		29

120-124	30
125-129	31
130-134	32
135-139	33
140-144	34
145-149	35
150-154	36
155-159	37
160 or more	37

4% supplement (up to max 37%) applies to diesel cars which do not meet the RDE2 standard.

### Car Fuel Benefit

For 2025/26, car fuel benefit is calculated by applying the above car benefit percentage to a figure of £28,200.

### Tax-Free Mileage Allowances

#### Employee's own vehicle

<i>Motorcars and vans</i>	2025/26
Up to 10,000 business miles	45p
Over 10,000 business miles	25p
Each passenger making same trip	5p
<i>Motorcycles</i>	24p
<i>Cycles</i>	20p

#### Advisory fuel rates for company car from 1 September 2024

<i>Cylinder capacity</i>	<i>Petrol</i>	<i>Diesel</i>	<i>LPG</i>
0-1,400 cc	13p	-	11p
0-1,600 cc	-	12p	-
1,401 cc-2,000 cc	15p	-	13p
1,601 cc-2,000 cc	-	14p	-
Over 2,000 cc	24p	18p	21p

Advisory electric rate for fully electric cars is 7p per mile.

### Fixed Rate Deductions: Unincorporated Businesses

<b>Vehicle expenditure</b>	<b>Amount per mile</b>
<i>Motorcars and goods vehicles</i>	
Up to 10,000 business miles	45p
Over 10,000 business miles	25p
<i>Motorcycles</i>	24p

#### Business use of home

<b>Hours worked per month</b>	<b>Amount per month</b>
25 or more	£10
51 or more	£18
101 or more	£26

#### Private use of

<b>business premises</b>	<b>Disallowable amount per month</b>
<b>Number of occupants</b>	
1	£350
2	£500
3 or more	£650

### Individual Savings Accounts

<b>Limits</b>	<b>2024/25</b>	<b>2025/26</b>
Annual limit	£20,000	£20,000
Junior ISA annual limit	£9,000	£9,000

Lifetime ISA annual limit	£4,000	£4,000
Help to Buy ISA monthly limit	£200	£200

### Investment Reliefs

	<b>Investment limit</b>	<b>Income tax relief rate</b>
Enterprise investment scheme <sup>1</sup>		
	£1,000,000	30%
Venture capital trusts	£200,000	30%
Seed enterprise investment scheme		
	£200,000	50%

### Value Added Tax

<b>Standard rate</b>	<b>20%</b>
<b>Reduced rate</b>	<b>5%</b>
Registration threshold (from 1 April 2025)	£90,000 pa
Deregistration limit (from 1 April 2025)	£88,000 pa
Annual accounting scheme turnover limit	£1,350,000 pa
Cash accounting scheme turnover limit	£1,350,000 pa
Flat rate scheme turnover limit	£150,000 pa

<sup>1</sup> Investment limit is £2,000,000 if any amount over £1,000,000 is invested in knowledge-intensive companies.

### Capital Allowances

<b>Dredging</b>	<b>Rate %</b>
(straight-line basis)	
Writing-down allowance	4

#### Know-how

(reducing balance basis)	
Writing-down allowance	25

#### Mineral extraction

(reducing balance basis)	
<i>Writing-down allowances</i>	
General	25
Acquisition of mineral asset	10

#### Patent rights

(reducing balance basis)	
Writing-down allowance	25

#### Plant and machinery

(reducing balance basis)	
Annual investment allowance – max £1,000,000 pa	100
<i>First-year allowances</i>	
New cars with CO <sub>2</sub> emissions 0 g/km	100
New electric charge-point equipment	100
Full expensing (companies only)	
main rate expenditure	100
special rate expenditure	50
New assets for use in freeport or investment zone	
tax sites (companies only)	100

#### *Writing-down allowances*

Main rate expenditure	18
Cars (other than low-emission cars)	6
Special rate expenditure (including integral features and thermal insulation)	6

Long-life assets	6
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### Research and development

Allowance	100
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### Structures and buildings (straight-line basis)

#### *Writing-down allowance*

General	3
Freeport and investment zone tax sites	10

### Registered Pension Schemes

#### Individual contributions

Maximum tax-relievable contributions are the higher of:  
100% of taxable UK earnings; or  
£3,600 (where the scheme applies tax relief at source).

#### 2025/26

Annual allowance	£60,000
Threshold income limit	£200,000
Adjusted income limit	£260,000
Minimum where income exceeds limit	
	£10,000
Lump sum allowance	£268,275
Lump sum and death benefit allowance	£1,073,100

#### 2024/25

Annual allowance	£60,000
Threshold income limit	£200,000
Adjusted income limit	£260,000
Minimum where income exceeds limit	£10,000
Lump sum allowance	£268,275
Lump sum and death benefit allowance	£1,073,100
Unused annual allowance can be c/f for up to three years.	

### Tax Credits

**Annual amounts 2024/25** (tax credits end on 5 April 2025) **£**

#### Child tax credit

Family element	545
Child element (for each child)	3,455
Disabled child element	4,170
Severely disabled child element	5,850

#### Working tax credit

Basic element	2,435
Lone parent and couple element	2,500
30-hour element	1,015
Disability element	3,935
Severe disability element	1,705
Childcare element (up to 70% of costs)	

	<b>Weekly</b>
maximum eligible cost (1 child)	175
maximum eligible cost (2 or more)	300

#### Income thresholds

Income threshold	7,955
eligible for child tax credit only	19,995
Withdrawal rate	41%
Income rise disregard	2,500
Income fall disregard	2,500