Tax Rates 2025/2026

Naail & Co®

CHARTERED CERTIFIED ACCOUNTANTS

Income Tax

Rates and bands (other than savings and dividend income)

2025/26		2024/25	
Band £	**Rate %**	**Band £**	**Rate %**
0 - 37,700	20	0 - 37,700	20
37,701 - 125,140	40	37,701 - 125,140	40
Over 125,140	45	Over 125,140	45

Income tax rates in Scotland and Wales on income other than savings and dividend income have been devolved.

Savings income	**2025/26 and 2024/25**
Savings allowance basic rate	£1,000
Savings allowance higher rate	£500

A starting rate of 0% may be available unless taxable non-savings income exceeds £5,000.

Dividend income	**2025/26**	**2024/25**
Dividend allowance	£500	£500
Dividend ordinary rate	8.75%	8.75%
Dividend upper rate	33.75%	33.75%
Dividend additional rate	39.35%	39.35%

Income Tax Allowances

	2025/26	**2024/25**
Personal allowance	£12,570	£12,570
Personal allowance income limit	£100,000	£100,000
Marriage allowance	£1,260	£1,260
Married couple's allowance	£11,270	£11,080
- minimum amount	£4,360	£4,280
- income limit	£37,700	£37,000
Blind person's allowance	£3,130	£3,070

Individual Savings Accounts

	2025/26	**2024/25**
Overall investment limit	£20,000	£20,000
Junior account investment limit	£9,000	£9,000

Devolved Income Tax

Scotland rates and bands

2025/26		2024/25	
Band £	**Rate %**	**Band £**	**Rate %**
0 - 2,827	19	0 - 2,306	19
2,828 - 14,921	20	2,307 - 13,991	20
14,922 - 31,092	21	13,992 - 31,092	21
31,093 - 62,430	42	31,093 - 62,430	42
62,431 - 125,140	45	62,431 - 125,140	45
Over 125,140	48	Over 125,140	48

Wales rates and bands

2025/26		2024/25	
Band £	**Rate %**	**Band £**	**Rate %**
0 - 37,700	20	0 - 37,700	20
37,701 - 125,140	40	37,701 - 125,140	40
Over 125,140	45	Over 125,140	45

Capital Gains Tax

Individuals	**2025/26**	**2024/25**
Exemption	£3,000	£3,000
Standard rate	18%	10/18*%
Higher/additional rate	24%	20/24*%
Trusts		
Exemption	£1,500	£1,500
Rate	24%	20/24*%

*The 18/24% rates apply to disposals on/after 30 October 2024.
The 18/24% rates may apply to the disposal of certain residential property for both years.

Business Asset Disposal Relief The first £1m of qualifying gains are charged at 10% for 2024/25 and 14% for 2025/26.

Inheritance Tax

Death rate	Lifetime rate	Chargeable transfers 2025/26 and 2024/25
Nil	Nil	0 - £325,000 (nil rate band)
40%	20%	Over £325,000

A further nil rate band of £175,000 may be available in relation to current or former residences.

Car, Van and Fuel Benefits

2025/26		
CO_2 emissions g/km		% of list price taxed
0		3
1 - 50		
Electric range	130 or more	3
	70 - 129	6
	40 - 69	9
	30 - 39	13
	under 30	15
51 - 54		16
For every extra 5		+1
155 and above		37

For fully diesel cars generally add a 4% supplement (unless the car is registered on or after 1 September 2017 and meets the Euro 6d emissions standard) but the maximum is still 37%. For emissions of 75g/km or more if the CO_2 figure does not end in a 5 or 0 round down to the nearest 5 or 0.

	2025/26
Car fuel benefit	£28,200
Van benefit	£4,020
Van fuel benefit	£769

Tax Reliefs for Individuals

2025/26 and 2024/25

Enterprise Investment Scheme (EIS)

Relief on investments in certain unquoted trading companies up to £1m per annum (£2m for knowledge intensive companies):

• Income tax relief at 30% • Capital gains exemption on disposal

Unlimited amounts of capital gains from the disposal of other assets may be able to be deferred by making an EIS investment.

Seed Enterprise Investment Scheme (SEIS)

Relief on investments in certain unquoted trading companies up to £200,000 per annum:

• Income tax relief at 50% • Capital gains exemption on disposal

Capital gains from the disposal of other assets may be exempt up to £100,000 per annum by making an SEIS investment.

Venture Capital Trusts (VCTs)

Relief on investments in certain quoted companies up to £200,000 per annum:

• Income tax relief at 30% • Capital gains exemption on disposal

Dividends received from VCTs may be exempt from income tax.

Selected Rates

	2025/26	2024/25
Weekly benefit	**£**	**£**
New State Pension	230.25	221.20
Old State Pension	176.45	169.50
Statutory pay standard rates		
Sick Pay	118.75	116.75
Maternity/Adoption Pay	187.18	184.03
Shared Parental Pay	187.18	184.03
Paternity Pay	187.18	184.03

National Living Wage and National Minimum Wage

Age	NLW	18-20	16-17	Apprentices
From 1 April 2025	£12.21	£10	£7.55	£7.55

Applies to apprentices under 19 or 19 and over in the first year of apprenticeship.
NLW applies to those aged 21 and over.

National Insurance

2025/26 Class 1 (employed) rates

Employee		Employer	
Earnings per week	**%**	**Earnings per week**	**%**
Up to £242	Nil	Up to £96	Nil
£242.01 - £967	8	Over £96	15
Over £967	2		

Entitlement to contribution-based benefits for employees retained for earnings between £125 and £242 per week. The employer rate is 0% for certain military veterans, employees under 21 and apprentices under 25 on earnings up to £967 per week.

Class 1A (employers)	15% on employee taxable benefits
Class 1B (employers)	15% on PAYE Settlement Agreements
Class 2 (self-employed)	nil (£3.50 per week where those with profits below £6,845 wish to make a voluntary contribution)
Class 3 (voluntary)	flat rate per week £17.75
Class 4 (self-employed)	6% on profits between £12,570 and £50,270 plus 2% on profits over £50,270

Corporation Tax

Years to 31.3.25 and 31.3.26	Profits band £	Rate %
Small profits rate	0 - 50,000	19
Marginal rate	50,001 - 250,000	26.5
Main rate	Over 250,000	25
Marginal relief fraction	3/200	

Profits limits are reduced for a company with associated companies. Different rates apply for ring-fenced (broadly oil industry) profit.

Capital Allowances

First Year Allowance (FYA) on certain plant, machinery and cars of 0g/km (for cars purchased before 1 April 2026 (6 April 2026 for income tax))	**100%**
Corporation tax FYA ('full expensing') on certain new, unused plant and machinery	**100%**
Corporation tax FYA on new, unused long-life assets, integral features of buildings, etc.	**50%**
Annual Investment Allowance £1,000,000 excluding cars	
Writing Down Allowance	
Long-life assets, integral features of buildings, cars over 50g/km	**6%**
Other plant and machinery	**18%**
Structures and Buildings Allowance	**3%**

Pensions

	2025/26	2024/25
Lump sum allowance	£268,275	£268,275
Lump sum and death benefit allowance	£1,073,100	£1,073,100
Annual allowance	£60,000	£60,000
Money purchase annual allowance	£10,000	£10,000

Value Added Tax

	From 1.4.25	From 1.4.24
Standard rate	20%	20%
Reduced rate	5%	5%
Annual Registration Limit	£90,000	£90,000
Annual Deregistration Limit	£88,000	£88,000

Property Taxes

Across the whole of the UK, residential rates may be increased by 5% (8% in Scotland and up to 5% in Wales) where further residential properties are acquired.

Stamp Duty Land Tax

Land and buildings in England and N. Ireland

Residential Band £	Rate %	Non-residential Band £	Rate %
0 - 125,000	0	0 - 150,000	0
125,001 - 250,000	2	150,001 - 250,000	2
250,001 - 925,000	5	Over 250,000	5
925,001 - 1,500,000	10		
Over 1,500,000	12		

First-Time Buyer relief may apply to residential purchases up to £500,000.

Land and Buildings Transaction Tax

Land and buildings in Scotland

Residential Band £	Rate %	Non-residential Band £	Rate %
0 - 145,000	0	0 - 150,000	0
145,001 - 250,000	2	150,001 - 250,000	1
250,001 - 325,000	5	Over 250,000	5
325,001 - 750,000	10		
Over 750,000	12		

First-Time Buyer relief may apply on the first £175,000 of residential purchases.

Land Transaction Tax

Land and buildings in Wales

Residential Band £	Rate %	Non-residential Band £	Rate %
0 - 225,000	0	0 - 225,000	0
225,001 - 400,000	6	225,001 - 250,000	1
400,001 - 750,000	7.5	250,001 - 1,000,000	5
750,001 - 1,500,000	10	Over 1,000,000	6
Over 1,500,000	12		

Disclaimer: Rates are for guidance only. No responsibility for loss occasioned by any person acting/refraining from action as a result of this information can be accepted by the authors or firm.

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