

Income tax

Income tax allowances

Income tax allowances ⁸	2024/25	2025/26
Personal allowance ¹	£12,570	£12,570
Income limit for personal allowance ¹	£100,000	£100,000
Transferable tax allowance for married couples ²	£1,260	£1,260
Married couple’s allowance (either party born before 6/4/1935) ^{3 4}	£11,080	£11,270
Income limit for married couple's allowance ^{3 4}	£37,000	£37,000
Minimum amount of married couple’s allowance	£4,280	£4,360
Blind person’s allowance	£3,070	£3,130
Dividend allowance ⁵	£500	£500
Personal savings allowance - basic rate taxpayers ⁶	£1,000	£1,000
Personal saving allowance - higher rate taxpayers ⁶	£500	£500
Trading income allowance ⁷	£1,000	£1,000
Property income allowance ⁷	£1,000	£1,000

1. The personal allowance reduces where the income is above £100,000 - by £1 for every £2 of income above the £100,000 limit. For 2024/25 and 2025/26, once income reaches £125,140 the personal allowance reduces to nil.
2. An individual who is taxable at no more than basic rate can transfer this part of his or her allowance to a spouse or civil partner who is also only taxed at basic rate.
3. These allowances reduce where the income is above the income limit by £1 for every £2 of income above the limit, Until the married couple’s allowance minimum amount is reached.
4. Tax relief for the married couple’s allowance is given at the rate of 10%.
5. Exempts the first tranche of dividend income from tax but the exempted income does use up tax bands and count towards other income thresholds.
6. Exempts the first tranche of savings interest income by giving an effective tax credit of £200 to basic and higher Rate taxpayers - not available to additional rate taxpayers.
7. Exempts the first £1,000 of income. Can be claimed where income is higher but related expenses cannot. Cannot be claimed where rent-a-room £7,500 exemption applies.
8. Income tax thresholds frozen until 2027/28. From 2028/29 the income tax thresholds will increase with inflation

Investment tax reliefs

Annual investment limits and income tax relief on initial investment	2024/25		2025/26	
	Limit	Relief	Limit	Relief
Enterprise investment scheme	£2,000,000 ¹	30%	£2,000,000 ¹	30%
Venture capital trust	£200,000	30%	£200,000	30%
Seed enterprise investment scheme ²	£200,000 ²	50%	£200,000 ²	50%
Social investment tax relief ³	£1,000,000	30%	£1,000,000	30%
Individual savings account - Adults	£20,000 ^{4 5 6}	N/A	£20,000 ^{4 5 6}	N/A
Junior ISA / Child trust fund (up to age 18)	£9,000	N/A	£9,000	N/A

1. Any amount over £1,000,000 must be invested in one or more qualifying knowledge intensive companies.
2. If you dispose of an asset which gives rise to a chargeable gain, 50% of the amount of gain reinvested in shares which also qualify for SEIS income tax relief will be exempt from CGT (this also applies where an SEIS investment is carried back to the prior year for income tax relief purposes).
3. Relief limited to purchase of ordinary shares or loans made to a narrow range of social enterprises and charities.
4. Help to Buy ISAs can continue for existing holders and be used for homes worth up to £450,000 in London and £250,000 outside London. Holders can save up to £200 per month each, to which the Government will add a 25% tax-free bonus of up to a maximum of £3,000. Can be transferred to a LISA.
5. Lifetime ISA (LISA) is available for people aged 18 to 40. Savers can invest up to £4,000 a year to which the Government will add a 25% tax-free bonus of up to a maximum of £1,000 a year. LISA funds can be used to buy a first home or as a pension (if funds used for other purposes the bonuses are lost and an extra charge applied).
6. Savings in Help to Buy, LISA and Junior ISAs (in tax year child becomes 18) are counted towards overall contribution limit for the year.

Income tax

Tax rates and taxable bands

Band	2024/25			2025/26		
		Dividends	Other income		Dividends	Other income
Starting rate for savings ¹²	£0-£5,000	N/A	0%	£0-£5,000	N/A	0%
Basic ²	£0-£37,700	8.75% ³⁴	20%	£0-£37,700	8.75% ³⁴	20%
Higher ²	£37,701-£125,140 ⁷	33.75% ³⁴	40%	£37,701-£125,140	33.75% ³⁴	40%
Additional ²	Over £125,140 ⁷	39.35% ³⁴	45%	Over £125,140	39.35% ³⁴	45%
Scottish -Starting rate ⁵	£0-£2,306	N/A ⁵	19%	TBA	N/A ⁵	TBA
- Basic rate band ⁵	£2,307-£13,991	N/A ⁵	20%	TBA	N/A ⁵	TBA
- Intermediate rate band ⁵	£13,992-£31,092	N/A ⁵	21%	TBA	N/A ⁵	TBA
- Higher rate band ⁵	£31,093-£62,430	N/A ⁵	42%	TBA	N/A ⁵	TBA
- Advanced ^{5 6}	£62,431-£125,140	N/A ⁵	N/A	TBA	N/A ⁵	TBA
- Top ⁵	Over £125,140	N/A ⁵	47%	TBA	N/A ⁵	TBA
Trusts						
Income up to £1,000 ⁷	£0-£1,000	8.75%	20%	£0-£1,000	8.75%	20%
Trust tax rates	Over £1,000	39.35%	45%	Over £1,000	39.35%	45%

1. The starting rate is for savings income only. If non-savings income is above this limit, then the starting rate for savings will not apply.
2. These rates apply for England, Northern Ireland and Wales. Since April 2019, the Welsh assembly has had the power to vary income tax rates in Wales but has not done so to date.
3. Dividends are treated as the top slice of income - applies for each band in which they fall.
4. The dividend allowance effectively exempts the first £500 of dividends received.
5. Rates applicable to most taxable income of Scottish residents (after personal allowances). However, the UK thresholds and rates will still apply to their savings and dividend income and capital gains.
6. Advanced rate introduced for 2024/25.
7. The first £1,000 of income limit is available to set against the additional rate tax liability where there is only savings and dividend income - but it must be set against savings income first then against dividends.

Non-UK domiciliaries

2025/26

From 6 April 2025 a residency-based regime will apply giving a preferential tax treatment for four years from arrival to individuals who have been non-UK resident for ten consecutive years. There is transitional relief available via a temporary repatriation facility and rebasing. Read more [here](#). See [IHT section](#) for IHT reform.

2024/25

An individual who is not UK-domiciled but who is tax resident in the UK can opt to benefit from the ‘remittance basis’, effectively exempting their foreign income and gains (FIG) from UK taxation unless remitted to the UK. Where this option is taken, an annual charge is levied based on the number of years of tax residence as per the table below.

Tax years of UK residence	Charge 2024/25 ²
Up to 7 tax years	Nil
7 or more out of the previous 9 tax years	£30,000
12 or more out of the previous 14 tax years	£60,000
15 or more out of the previous 20 tax years	N/A ¹

1. Individual is deemed to be domiciled in the UK and taxable on worldwide income and capital gains.
2. Remittance basis charge no longer relevant from 6 April 2025 onwards.

Employment

Company car benefits

New cars ³	CO ₂ emissions in grams per kilometre ^{1 2} not exceeding												
	0	1-50	54	59	64	69	74	79	>	149	154	159	160+
2024/25	2%	See below	15%	16%	17%	18%	19%	20%	>	34%	35%	36%	37%
2025/26	3%		16%	17%	18%	19%	20%	21%	>	35%	36%	37%	37%

Hybrids - electric range (miles)	More than 130	70-129	40-69	30-39	Under 30
For new cars ³ with emissions of 1-50g/km					
2024/25	2%	5%	8%	12%	14%
2025/26	3%	6%	9%	13%	15%

The vehicle list price is multiplied by the appropriate percentage (reduced for periods of unavailability) to calculate the benefit.

1. For each 5 grams per kilometre above 95 increase by 1%.
2. 4% supplement if car runs solely on diesel (subject to maximum of 37%).
3. New means first registered after 5 April 2020 (Worldwide Light Vehicle Test Procedure (WLTP) emissions rating).

Provision of fuel for company cars		
Where any private fuel is provided	From 6 April 2024	From 6 April 2025
The company car percentage is multiplied by	£27,800	£ 28,200

VAT on fuel benefits

Amounts treated as additional output tax per annum		
CO ₂ emissions in grams per km ¹	1 May 2024 - 30 April 2025	1 May 2025 - 30 April 2026
120 or below	£117.00	TBA
225 (or more)	£409.00	TBA

1. Rates vary, increasing for each 5 grams per kilometre.

Company van benefits

	2024/25	2025/26
Restricted to commuting and insignificant private journeys *	Nil	Nil
Unrestricted use *	£3,960 ¹	£4,020 ¹²
Provision of private fuel *	£757	£769

* Most benefits will trigger a tax charge if provided through salary sacrifice arrangements.

1. Nil charge for zero emission vans from 2021/22 onwards.
2. Double cab vans taxed as company cars from 6 April 2025 onwards.

HMRC approved mileage rates

	2011/12 onwards	
Employees' own cars	up to 10,000 miles	additional miles
Cars and vans from 2011/12	45p	25p
Motorcycles	24p	24p
Bicycles	20p	20p
Each passenger in cars and vans only - same trip	5p	5p

Employment

Other benefits and rates

Interest free loans up to £10,000	Tax and NIC free
Larger loans at less than the official rate (2.25% 2024/25)	Discount taxable on employee and liable to employer's NIC
Car and motorcycle parking facilities/parking fees at or near place of work * Electricity that employers provide to charge an employee's electric or plug-in hybrid vehicle * Works bus services / support for public transport bus services * Employer supplied mobile telephones (one per employee) * Relocation costs not exceeding £8,000 * Protective clothing and uniforms *	Tax and NIC free unless provided through salary sacrifice arrangements (This list is not exhaustive.)
Employer pension contributions Workplace nurseries, childcare vouchers (within weekly limits) Cycles used partly for commuting	Tax and NIC free (This list is not exhaustive.)

* Most benefits will trigger a tax charge if provided through salary sacrifice arrangements entered into after 5 April 2017.

Pension contributions

	2024/25	2025/26
Auto enrolment minimum contributions - employer	3%	3%
- employee	5%	5%
Individual's annual allowance (AA)	£60,000 ^{4 5 6}	£60,000 ^{4 5 6}
Employer - unlimited, but triggers tax charge on individual if 'total pension inputs' ^{1 2} exceed	£60,000 ^{4 5 6}	£60,000 ^{4 5 6}
Lump sum and death benefit allowance (deaths below age 75 only)	£1,073,000	£1,073,000
Maximum tax-free lump sum ³	£268,275	£268,275

1. Total pension inputs include both individual's contributions and employer's contributions.
2. Statutory formulae are used to calculate deemed pension inputs and fund value for individuals who are members of defined benefit schemes.
3. A Lifetime Allowance of £1,073,100 only applies in relation to tax-free lump sum and death benefits for 2023/24. Charges on excess pension funds at crystallisation events abolished from 6 April 2023.
4. When contributions in the three prior tax years have been less than the AA for that year, unused relief can be carried forward to allow contributions of more than the AA for the current year to be made without a tax charge.
5. Limited to £10,000 for input periods starting from the date that certain pension benefits are taken.
6. The AA for individuals with 'adjusted' income over £260,000 for 2024/25 and 2025/26 is reduced by £1 for every £2 of excess, subject to a minimum allowance of £10,000 for 2024/25 and 2025/26.

Apprenticeship levy

Rate for 2024/25 and 2025/26	Allowance
0.50%	£15,000 ¹

¹ Levy charged on total earnings liable to employer Class 1 NIC (including the earnings for employees aged under 21 and apprentices under 25). Allowance effectively exempts employer (or groups of connected employers) from levy until total paybill exceeds £3,000,000 per tax year.

National living wage

Worker age	Apprentices < 19 and/or in first year	Under 18	18-20	21 and over
Hourly rate from 1 April 2024	£6.40	£6.40	£8.60	£11.44
Hourly rate from 1 April 2025	£7.55	£7.55	£10.00	£12.21

National Insurance Contributions

Class 1 | 2025/26

Employee ^{1 3 7}				Employer ^{1, 6, 7}	
Weekly pay	Monthly pay	Annual pay	Rate	Weekly pay	Rate
£0 - £125 (LEL)	£0 - £542	£0 - £6,500	Nil		
£125 - £242 (PT)	£542 - £1,048	£6,500 - £12,570	Nil ²	£0 - £96 (ST)	Nil
£242 - £967(UEL)	£1,048 -£4,189	12,570 -£50,270	8% ⁷	£0 - £967 (UST, AUST) ⁴	Nil ⁴
Over £967	Over £4,189	Over £50,270	2%	Over £96 (ST) / £967 (UST, AUST) ⁴	15%
				Employment allowance	£10,500 ⁵

Class 1 | 2024/25

Employee ^{1 3 7}				Employer ^{1, 6, 7}	
Weekly pay	Monthly pay	Annual pay	Rate	Weekly pay	Rate
£0 - £123 (LEL)	£0 - £533	£0 - £6,396	Nil		
£123 - £242 (PT)	£533 - £1,048	£6,396 - £12,570	Nil ²	£0 - £175 (ST)	Nil
£242 - £967(UEL)	£1,048 -£4,189	12,570 -£50,270	8%	£0 - £967 (UST, AUST) ⁴	Nil ⁴
Over £967	Over £4,189	Over £50,270	2%	Over £175 (ST) / £967 (UST, AUST) ⁴	13.8%
				Employment allowance	£5,000 ⁵

1.

The limits are defined as LEL - lower earnings limit; PT - primary threshold; ST - secondary threshold; UST - upper secondary threshold; AUST - apprentice upper secondary threshold and UEL - upper earnings limit.
2.

No NIC is actually payable but notional Class 1 NIC is deemed to have been paid in respect of earnings between the LEL and PT to protect contributory benefit entitlement.
3.

‘Statutory directors’ (ie recorded at Companies House) are averaged for a year, where there are rate changes.
4.

UST applies only for employees aged under 21; AUST applies only for employees aged under 25 who are apprentices. Exemption for first 12 months of employing former forces personal applies from 6 April 2021.
5.

For 2024/45, can only be claimed by employers with Class 1 secondary NIC payments of less than £100,000 in the previous tax year (also need to consider the total of de minimis EU state aid receipts). No limit 2025/26 onwards.
6.

Employer’s NIC paid (up to UST) in respect of former Armed services personnel (taken on for their first civilian job) after 5 April 2021 can be reclaimed for first 12 months of employment.
7.

Employers operating in a Freeport tax site or Investment Zone will pay zero % Class 1 employer’s NIC in relation to new employees earning up to £25,000 per annum for 36 months per employee.

National Insurance Contributions

Other NIC classes

Classes 1A + 1B employer	2024/25		2025/26	
(A) Car, car fuel and other benefits	13.8%		15%	
(B) PAYE settlement agreement	13.8%		15%	
Class 2 Self-employed annual profits	NA ¹	NA ¹	NA ¹	NA ¹
Class 3 Voluntary	£17.45 pw		£17.75 pw	
Class 4 Self-employed annual profits	£12,570 - £50,270	6%	£12,570 - £50,270	6%
	over £50,270	2%	over £50,270	2%

1. Abolished from 6 April 2024. Individuals with profits above £6,845 for 2025/26 (£6,725 for 2024/25) will continue to receive access to contributory benefits including the State Pension. Those with profits under those amounts will be able to continue to pay Class 2 NIC voluntarily at £3.50 pw for 2025/26 (£3.45 pw for 2024/25) to get access to contributory benefits.



Corporate Tax

Corporate tax rates

	2024/25	2025/26
Full rate	25% ^{4 5}	25% ^{4 5}
Small profits rate (up to £50,000)	19% ¹	19% ¹
Patent box - effective rate	10%	10%
Diverted profits tax	31% ²	31% ²
Digital services tax	2% ³	2% ³
Bank tax - surcharge	3%	3%
Residential property development profits over £25m	4%	4%
Ring fenced profits (Oil extraction and rights)		
- Small - profits under £300,000 (marginal relief 11/400)	19%	19%
- Main - profits of £300,000 and more	30%	30%
- Supplementary charge	10%	10%
Energy Profits Levy (oil and gas)	To 31 October 2024 35% ⁶	38% ⁶
	From 1 Nov 2024 38% ⁶	
Electricity Generator Levy	45% ⁶	45% ⁶

- 1. Close companies and non-resident companies liable to UK corporation tax are liable to the full rate. A marginal rate for profits applies between £50,000 and £250,000 at 26.5% for 2024/25 and 2025/26.
- 2. Applies to diverted profits where large companies have sales to UK customers in excess of £10m but no taxable presence in UK (eg by routing transactions through a third party that lacks economic substance).
- 3. Applies to businesses generating relevant worldwide revenues of more than £500m, of which, at least £25m are derived from UK users. A group’s first £25m of revenues derived from UK users will be exempt.
- 4. Companies whose profits for two consecutive accounting periods exceed £1.5m, must pay quarterly instalments of CT starting six months and 14 days after the start of the second accounting period.
- 5. Quarterly instalment payments for companies with profits over £20m made on the third, sixth, ninth and twelfth months of their accounting period.
- 6. Energy profits levy applies an additional charge on oil and gas profits of 35% to 31 October 2024 and then 38% until 31 March 2030 and an Electricity Generator Levy of 45% applies until 31 March 2028.



Corporate Tax

Capital allowances

Annual investment allowance (AIA) ⁵	1 Jan 2019 onwards
Available to all businesses for general plant and machinery, integral features (but not cars)	100% on first £1m per year

Other capital allowances ¹	2024/25	2025/26
General plant and machinery ^{2 4}	New - 100%, Used - 18%	New - 100%, Used - 18%
Long-life assets ^{3 4}	New - 50%, Used - 6%	New - 50%, Used - 6%
Integral features (IFs) ^{3 4 5}	New - 50%, Used - 6%	New - 50%, Used - 6%
Structures and buildings in UK	3%	3%
Freeport areas		
- plant and machinery	100%	100%
- structures and buildings	10%	10%
New electric vans ^{6, 7}	100%	100%
Cars with CO ₂ emissions of 0g/km ⁷	New - 100%, Used - 18%	New - 100%, Used - 18%
Other business cars		
- CO ₂ emissions ≤50g/km	All cars - 18%	All cars - 18%
- CO ₂ emissions >50g/km	All cars - 6%	All cars - 6%

1.
- All allowances apply from 1 April for companies and 6 April for other businesses unless otherwise stated.
2.
- Uncapped “full expensing” first year allowance (FYA) of 100% on most new plant and machinery investments that ordinarily qualify for 18% general pool writing down allowances.
3.
- Uncapped “SR” FYA of 50% on most new ⁴ plant and machinery investments that ordinarily qualify for 6% special rate pool, integral features and long-life asset pool writing down allowances.
4.
- Full expensing and the SR allowances only apply to qualifying expenditure on “new” (not “second hand” or “used”) qualifying items and to entities subject to UK corporation tax. Assets directly used for leasing do not currently qualify.
5.
- Integral features include: lifts; escalators; central heating; air conditioning; electrical lighting; power and water systems; external solar screening.
6.
- Second hand electric vans or vans with CO₂ emissions are covered by AIA.
7.
- FYAs at 100% for qualifying expenditure on zero-emission cars and goods vehicles up to 31 March 2025.

Research and development relief

	2024/25	2025/26
Small and medium-sized companies		
- Additional deduction for costs	86%	86% ⁴
- Expenditure credit	10%	10% ⁴
R&D Intensive ³ SME payable credit (loss-making companies only)	14.5% ¹	14.5% ¹
Research and development expenditure credit (RDEC) for large companies - Above the line credit	20% ⁴	20% ⁴
Merged research and development credit scheme - Above the line credit	20% ⁴	20% ⁴
Research and development capital allowances - for qualifying capital expenditure ²	100%	100%

1.
- Loss-making SMEs can surrender in exchange for payment.
2.
- On purchase of plant and machinery, testing facilities, research buildings and infrastructure with no cost limits.
3.
- Companies whose R&D expenditure constitutes at least 30% of their total expenditure with 12-month grace period if failed.
4.
- For accounting periods starting on or after 1 April 2024, the SME and RDEC scheme merge and relief is given at 20% as an above the line credit.

Corporate Tax

Other corporate tax reliefs

	Additional deduction	Payable tax credit for losses surrendered ¹	
		2024/25	2025/26
Animation tax relief	Lower of 80% total core expenditure and amount of UK core expenditure	39% ⁴	39% ⁴
Children's television tax relief		39% ⁴	39% ⁴
Film tax relief		34% ⁴	34% ⁴
High-end TV tax relief		34% ⁴	34% ⁴
Museums and galleries tax relief ²	Lower of 80% total core expenditure and amount of core expenditure on goods or services from the EEA	45%/50%	40%/45%
Orchestra tax relief		50%	45%
Theatre tax relief ³		45%/50%	40%/45%
Video games tax relief		34% ⁴	34% ⁴

1. Where the entity is not profit making, a payable tax credit is available for surrendered losses.
2. For Museums and Galleries Exhibition Tax Relief, a lower rate is given for non-touring exhibitions and a higher rate for touring exhibitions.
3. For Theatre Tax Relief, a lower rate is given for non-touring productions and a higher rate for touring productions.
4. From 1 January 2024 the Audio-Visual Expenditure credit commences as an above-the-line, refundable tax credit.

Interest on tax - annual rates

Corporation tax paid via quarterly instalments	Paid late	Repaid
6 April 2025 ¹	7.25%	4.50%
18 November 2024	5.75%	4.50%
12 August 2024	6.00%	4.75%
14 August 2023	6.25%	5.00%
3 July 2023	6.00%	4.75%
22 May 2023	5.50%	4.25%
3 April 2023	5.25%	4.00%
13 February 2023	5.00%	3.75%
26 December 2022	4.50%	3.25%
CGT, NIC, income tax, IHT, SDLT, SDRT and other corporation tax payments		
6 April 2025 ¹	8.75%	3.75%
26 November 2024	7.25%	3.75%
20 August 2024	7.50%	4.00%
22 August 2023	7.75%	4.25%
11 July 2023	7.50%	4.00%
31 May 2023	7.00%	3.50%
13 April 2023	6.75%	3.25%
21 February 2023	6.50%	3.00%
6 January 2023	6.00%	2.50%

1. Late payment rate will be increased from 6 April 2025 by 1.5% by the 2024 Autumn Budget.
- See older rates on [HMRC website here](#)

Capital Gains

Annual exemption

	2024/25	2025/26
Individuals	£3,000	£3,000
Trusts ¹	£1,500	£1,500
Chattels exemption	£6,000	£6,000

1. Divided by the number of trusts settled by same settlor since 6 June 1978, up to a maximum of 10. Trusts for the disabled have the full individual exemption, subject to a similar anti-fragmentation rule.

Rates

	2024/25	2025/26
Standard rate	To 29 Oct 10%	18%
	From 30 Oct 18%	
Higher rate	To 29 Oct 20%	24%
	From 30 Oct 24%	
Residential property standard rate	18%	18%
Residential property higher rate ¹	24% ¹	24% ¹
Carried interest standard rate	18%	32%
Carried interest higher rate	28%	32%
Business asset disposal relief	10% ²	14% ²
Business asset disposal relief lifetime limit of on gains	£1,000,000 ²	£1,000,000 ²
Investors' relief rate	10% ³	14% ³
Investors' relief lifetime limit of gains	To 29 Oct £10,000,000 ³	£1,000,000 ³
	From 30 Oct £1,000,000 ³	

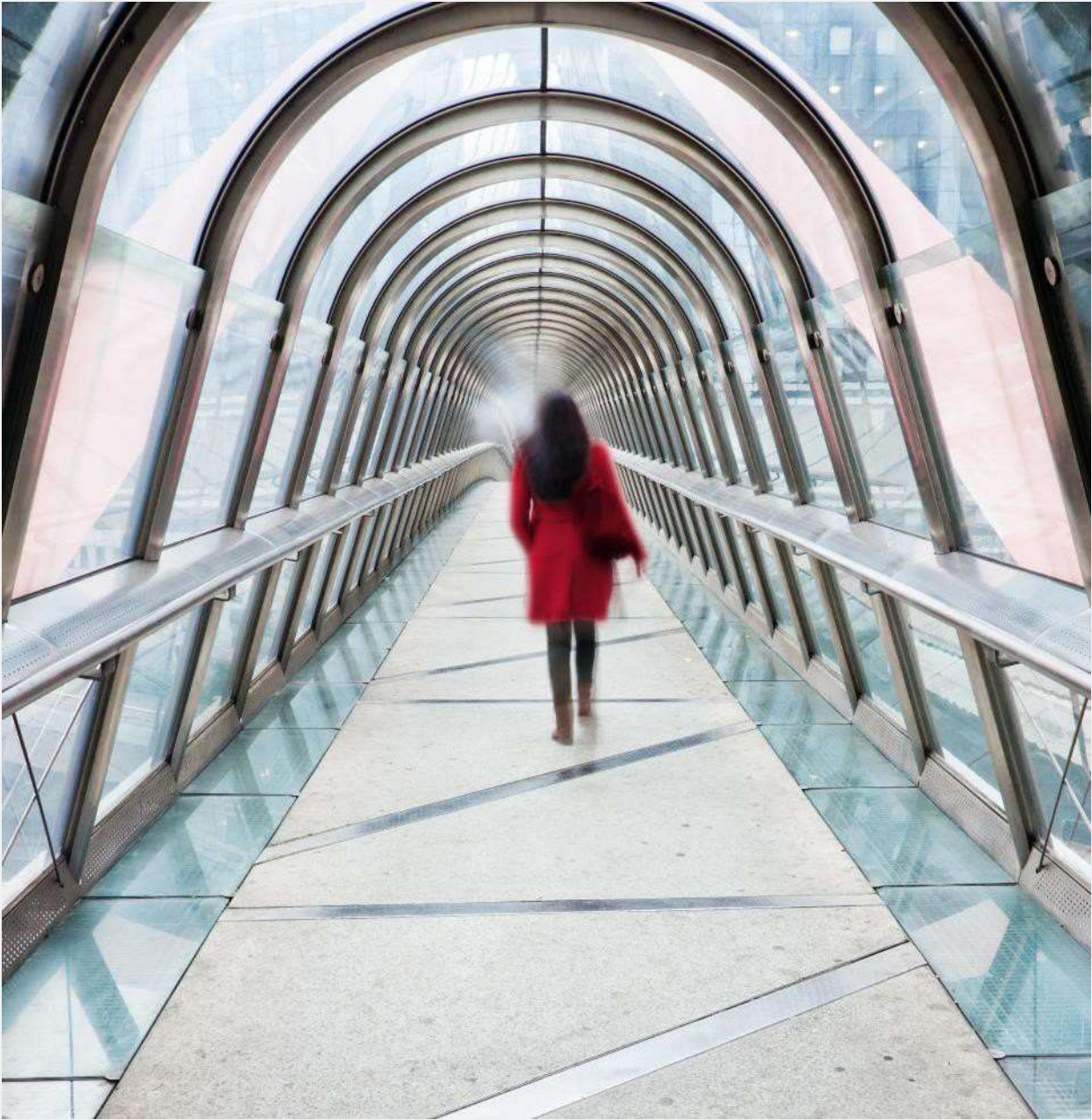
1. Also applies to gains made by non-UK residents on sales of UK residential property (but corporation tax rate applies for corporates unless property within the ATED regime and disposed of prior to 6 April 2019).
2. Business asset disposal relief (formerly known as Entrepreneurs' relief) may be available for individuals (and trustees of settlements) on disposal of certain business assets including the sale of a business or the sale of a qualifying shareholding (5% or qualifying enterprise management incentive shares) in a trading company/holding company of a trading group. Rate increasing to 14% from April 2025 and 18% from April 2026.
3. Investors' relief applies to qualifying investor gains on newly issued ordinary shares of an unlisted trading company bought by individuals from 17 March 2016 and held for at least three years starting from 6 April 2016. Allowance reducing to £1,000,000 from 30 October 2024 (from £10,000,000). Rate increasing to 14% from April 2025 and 18% from April 2026.

VAT

VAT rates

Standard rate	20%
Reduced rate (domestic fuel, power and energy saving measures)	5%

Annual turnover thresholds	From 1 April 2024	From 1 April 2025
Registration	£90,000	£90,000
Deregistration	£88,000	£88,000
Flat rate schemes - entry	£150,000 or less	£150,000 or less
Flat rate schemes - exit	More than £230,000	More than £230,000
Cash or annual accounting - entry	£1,350,000 or less	£1,350,000 or less
Cash or annual accounting - exit	More than £1,600,000	More than £1,600,000



Inheritance tax

Rates on death

	2024/25	2025/26 ³
Nil (all chargeable assets)	£325,000	£325,000 ²
Nil (residence) ¹	£175,000	£175,000 ²
40%	Excess	Excess

For married couples and civil partners, the proportion of the nil-rate band unused on the first death is available for use, at the rate prevailing, on the death of the second spouse or civil partner on or after 9 October 2007. A reduced rate of 36% applies where 10% or more of the net estate is left to charity.

1.

A special nil rate band applies where a residence is passed on death to a direct descendant.
2.

Bands frozen until at this level until 6 April 2030.
3.

For chargeable events occurring on or after 6 April 2025 the test for whether overseas assets are within the scope of IHT will be whether a person has been UK resident for 10 tax years prior to the year of the chargeable event. Once you meet this 10-year test, you stay within the UK IHT net for the next 10 years whether resident in the UK or not.

Lifetime transfers

Gifts to individuals and certain trusts for minor children and the disabled are potentially exempt transfers. If the donor survives seven years the transfers are completely exempt. All other lifetime transfers are chargeable at 20%. Where tax is charged at death on any gift made within seven years of death, taper relief may apply as follows:

Years before death	0-3	3-4	4-5	5-6	6-7
Death rate tax percentage	100%	80%	60%	40%	20%

Reliefs and main lifetime exemptions (reducing value transferred)

Asset transferred	Reduction
Whole or part of business (excluding investment businesses and certain industries) ²	100%
Quoted shares giving control	50%
Unquoted shares ^{1,2}	100%
Agricultural relief - working farmer and property let on tenancies starting after 31 August 1995 ²	100%
Agricultural relief - other let property	50%

1.

Shares quoted on AIM and ISDX are treated as unquoted.
2.

From April 2026 the first £1m of combined agricultural and business property will continue to receive 100% relief, with 50% relief on amounts over £1m. Business relief for shares that are not listed on a recognised stock exchange, which includes AIM shares, will reduce to 50%. The £1m allowance does not apply to these shares.

Cash (or other) gift	Reduction
Annual exemption	£3,000
Small gifts (per donee)	£250
Gifts out of income	100%
Gifts on marriage:	
- Parent	£5,000
- Grandparent	£2,500
- Other	£1,000
Charitable gifts	100%

Land Taxes

Wholly residential freehold land and buildings

England and Northern Ireland stamp duty land tax

Value - standard rates	Up to 31 March 2025 ^{1 2}	Value -first time buyers	Up to 31 March 2025 ^{1 2}
Up to £250,000	Nil	Up to £425,000	Nil
£250,001 - £925,000	5% ³	£425,001 to £625,000	5% [*]
£925,001 - £1,500,000	10% ³		
Over £1,500,000	12% ³		

Value - standard rates	From 1 April 2025 ^{1 2}	Value -first time buyers	From 1 April 2025 ^{1 2}
Up to £125,000	Nil	Up to £300,000	Nil
£125,001 to £250,000	2%	£300,001 to £500,000	5% [*]
£250,001 - £925,000	5% ³		
£925,001 - £1,500,000	10% ³		
Over £1,500,000	12% ³		

^{*} Over this amount (i.e. over £625,000 up to 31 March 2025 and over £500,000 from April 2025) standard rates apply to whole purchase price.

Scottish land and buildings transactions tax

Value	Rate ^{1 4}
Up to £145,000	Nil
£145,001 - £250,000	2%
£250,001 - £325,000	5%
£325,001 - £750,000	10%
Over £750,000	12%
First time buyers	
Up to £175,000	Nil
£175,001-£250,000	2%
Over £250,000	Standard rates above apply to portion of property value exceeding £250,000

Welsh land transaction tax

Value	Rate ^{1 4}
Up to £225,000	Nil
£225,001 - £400,000	6%
£400,001 - £750,000	7.5%
£750,001 - £1,500,000	10%
Over £1,500,000	12%

1. Rate only applies for band (ie multiple rates can apply to one transaction).
2. Additional 5% (3% up to 30 October 2024) charge applies for purchases of residential property valued at more than £40,000 where purchaser already has a residential property and is not replacing a main residence and to all purchases of residential property by non-natural persons. From 1 April 2021, a further 2% charge applies to non-UK resident purchasers.
3. 17% (15% up to 30 October 2024) charge will apply to purchases of residential properties valued at over £500,000 by bodies corporate (largely companies); all collective investment schemes; all partnerships where one or more members are one of the above. There are exemptions from this higher rate for most businesses.
4. Additional charge applies for purchases of residential property valued at more than £40,000 where purchaser already has a residential property and is not replacing a main residence and to all purchases of residential property by non-natural persons at 6% from 16 December 2022 in Scotland, from 22 December 2020 in Wales (surcharge rates were previously 4% and 3% respectively).

Land Taxes continued

Commercial freehold land and buildings

England and Northern Ireland stamp duty land tax

Value	Rate ¹
Up to £150,000	Nil
£150,001 - £250,000	2%
Over £250,000	5%

Scottish land and buildings transactions tax

Value	Rate ¹
Up to £150,000	Nil
£150,001 - £250,000	1%
Over £250,000	5%

Welsh land transaction tax

Value	Rate ¹
Up to £225,000	Nil
£225,001 ² - £250,000	1%
£250,001 - £1m	5%
Over £1m	6%

1. Rate only applies for band (ie multiple rates can apply to one transaction).

Commercial leases

The tax charge on the grant of a lease is calculated as 1% of the net present value (NPV) of the rent due in respect of the lease, less an exemption. The NPV of a lease is calculated by taking the total rent payable over the life of the lease and discounting it by 3.5% a year.

England and Northern Ireland stamp duty land tax

NPV	Rate
Up to £150,000	Nil
£150,001 - £5,000,000	1%
Over £5,000,000	2%

Scottish land and buildings transactions tax

NPV	Rate
Up to £150,000	Nil
£150,000 - £2,000,000	1%
Over £2,000,000	2%

Welsh land transaction tax

NPV	Rates
Up to £225,000	Nil
£225,001 - £2,000,000	1%
Over £2,000,000	2%

Land Taxes continued

Residential leases

England and Northern Ireland ¹ SDLT	1% on net present value of rents above £125,000
Scotland ¹ LBTT	Generally exempt
Wales ¹ LTT	Nil

1. Premiums paid for grant or assignment of a lease are charged at same rates as freeholds.

Annual Tax on Enveloped Dwellings

Property value ¹	2024/25 ²	2025/26 ²
£500,001 - £1,000,000	£4,400	£4,450
£1,000,001 - £2,000,000	£9,000	£9,150
£2,000,001 - £5,000,000	£30,550	£31,050
£5,000,001 - £10,000,000	£71,500	£72,700
£10,000,001 - £20,000,000	£143,550	£145,950
Over £20,000,000	£287,500	£292,350

- 1. Charge applies to UK residential properties held by non-natural persons, subject to some reliefs and exemptions for buildings used for genuine commercial activities or charitable or public purposes.
- 2. Charge for 2024/25 and 2025/26 based on value on 1 April 2022 or subsequent purchase price.



