

2025/26

Hazlewoods

# Tax Facts

## Rates and allowances guide



Creating  
Tax Clarity

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# Personal tax

## Income tax rates and allowances

Personal allowances <sup>#</sup>	2025/26	2024/25
Personal allowance <sup>*</sup>	£12,570	£12,570
Transferable marriage allowance <sup>**</sup>	£1,260	£1,260
Married couple's allowance <sup>***</sup>	£11,270	£11,080
Dividend allowance	£500	£500
Blind person's allowance	£3,130	£3,070
Personal savings allowance for basic rate taxpayers	£1,000	£1,000
Personal savings allowance for higher rate taxpayers (nil for additional rate taxpayers)	£500	£500

<sup>#</sup> £1,000 allowance each for property and trading income available, subject to various restrictions.

<sup>\*</sup> The personal allowance is restricted by £1 for every £2 of income over £100,000, to a minimum of nil.

<sup>\*\*</sup> Only available where both spouses/civil partners are basic rate taxpayers.

<sup>\*\*\*</sup> Married couple's allowance is available where either partner was born before 6/4/1935 and is reduced by £1 for every £2 of income over £37,700 (£37,000 for 2024/25) to a minimum of £4,360 (£4,280 for 2024/25).

Income tax rates – England, NI and Wales <sup>*</sup>	2025/26 Taxable income	2024/25 Taxable income
0% starting rate for savings <sup>**</sup>	£5,000	£5,000
20% basic rate	up to £37,700	up to £37,700
40% higher rate	£37,701 – £125,140	£37,701 – £125,140
45% additional rate <sup>#</sup>	over £125,140	over £125,140

<sup>\*</sup> The Welsh Government has devolved powers to be able to set the rates of income tax but remains in alignment with England and NI rates for 2024/25 and 2025/26.

<sup>\*\*</sup> The starting savings rate is restricted by non-savings taxable income. No allowance will be available if the non-savings income exceeds the personal allowance plus the £5,000 starting rate.

<sup>#</sup> Rate applicable for accumulation or discretionary trusts for non-dividend income (above a £500 de minimis).

## Income tax rates and allowances

Income tax rates – Scotland	2025/26 Taxable income	2024/25 Taxable income
19% starter rate	up to £2,827	up to £2,306
20% basic rate	£2,828 – £14,921	£2,307 – £13,991
21% intermediate rate	£14,922 – £31,092	£13,992 – £31,092
42% higher rate	£31,093 – £62,430	£31,093 – £62,430
45% advanced rate	£62,431 – £125,140	£62,431 – £125,140
48% top rate <sup>#</sup>	over £125,140	over £125,140

# Rate applicable for accumulation or discretionary trusts for non-dividend income (above a £500 de minimis)

Dividend income <sup>*</sup>	2025/26	2024/25
Basic rate	8.75%	8.75%
Higher rate	33.75%	33.75%
Additional rate <sup>#</sup>	39.35%	39.35%

\* A £500 dividend allowance is available, above which the rates shown are payable.

# Rate applicable for accumulation or discretionary trusts for dividend income (above a £500 de minimis).

High income child benefit charge (HICBC)	2025/26	2024/25
HICBC paid by spouse/partner with higher income if income exceeds <sup>*</sup>	£60,000	£60,000
Income above which HICBC is full amount of child benefit received <sup>**</sup>	£80,000	£80,000

Every £200 of income above £60,000 adds one percentage point to the rate of HICBC. HICBC is charged on the amount of child benefit received.

\* Taxable income net of gift aid and allowable pension contributions, but not personal reliefs.

\*\*No HICBC if person entitled to child benefit elects not to receive child benefit.

## Rent a room relief

Income threshold – gross receipts £7,500 (£3,750 where at least one other person is entitled to the receipts)

## Income tax rates and allowances

Individual savings account (ISA) limit	2025/26	2024/25
Maximum contribution	£20,000	£20,000
Junior ISA – maximum contribution*	£9,000	£9,000

\* Available for children under age 18 who live in the UK and do not have a child trust fund.

Lifetime ISA	2025/26	2024/25
Upper age limit	40	40
Annual contribution limit	£4,000	£4,000
Government contribution	25%	25%

Withdrawals can be made after 12 months to buy a home or for any reason after the age of 60. Other withdrawals are subject to a 25% penalty.

## Timetable for self-assessment

Date	Event
31 July 2025	Second payment on account for 2024/25
5 October 2025	Deadline for notification of chargeability 2024/25
31 October 2025	File paper return for 2024/25 to HMRC
30 December 2025	File return for 2024/25 for a tax underpayment of less than £3,000 to be collected via PAYE during 2026/27
31 January 2026	File electronic return for 2024/25 Balancing payment for 2024/25 First payment on account for 2025/26

Pensions

	2025/26	2024/25
Maximum tax allowable gross contributions*	£60,000**	£60,000**
Maximum tax allowable gross contributions not restricted to earnings	£3,600	£3,600

Special rules attribute value to defined benefit (final salary) and other pension arrangements.

\* Personal contributions are also capped at relevant earnings if higher than the minimum contribution. Annual allowance will still be increased by unused relief for three previous tax years.

\*\*The standard annual allowance will be reduced by £1 for every £2 of ‘adjusted income’ (which includes employer pension contributions) above £260,000 to a minimum of £10,000 but only if an individual also has ‘threshold income’ (broadly, an individual’s taxable income) of over £200,000.

A charge is applied to any excess pension contributions over and above the total allowance. The charge is levied at the individual’s marginal rate.

The annual allowance is reduced to £10,000 if more than 25% pension commencement lump sum has been drawn from a defined contribution pot, flexible drawdown has commenced or the income limit for capped drawdown has been exceeded.

Capital gains tax

Annual exempt amounts	2025/26	2024/25
Individuals and personal representatives	£3,000	£3,000
Trusts generally	£1,500	£1,500

Rates of tax	2025/26	30/10/2024 - 5/4/2025	6/4/2024 - 29/10/2024
Individuals – basic rate**	18%	18%	10%
Individuals – higher or additional rate***	24%	24%	20%
Business asset disposal relief	14%	10%	10%
Business asset disposal relief lifetime limit on gains	£1,000,000	£1,000,000	£1,000,000
Investors’ relief	14%	10%	10%
Investors’ relief lifetime limit on gains	£1,000,000	£1,000,000	£10,000,000
Companies (corporation tax rates)*	25%	25%	25%
Trusts and personal representatives***	24%	24%	20%

\* Where profits are less than £250,000 different CT rates will apply (see corporation tax section for further details)

\*\* 8% surcharge for gains on residential property and carried interest prior to 30 October 2024 and 14% surcharge from April 2025 on carried interest.

\*\*\* Surcharge for gains on residential property of 4% to 29/10/2024 and 8% surcharge for gains on carried interest (4% for the period from 30/10/24 to 5 April 2025)

## Capital gains tax

### Qualifying criteria for business asset disposal relief and investors' relief

Description	Business asset disposal relief	Investors' relief
Acquisition of shares	At any point from anyone	Subscription for new shares after 16 March 2016
Type of shares	Any	Ordinary
Holding period	24 months to date of disposal	36 months to date of disposal
Minimum shareholding	5% of ordinary share capital, voting rights and entitlement to proceeds on disposal* unless through EMI	N/A
Company requirement	Trading company or holding company of a trading group	Unlisted trading company or unlisted holding company of a trading group
Employment condition	Employees or officer for at least 24 months prior to disposal	Investor and its associates must not be an employee or officer (some exceptions apply)

\* An alternative condition of beneficial entitlement to 5% of profits available for distribution and 5% of assets available on a winding up throughout the entire qualifying period can be met instead of the 5% entitlement to proceeds on disposal condition.

Inheritance tax

Rates	2025/26	2024/25
0%	Up to £325,000	Up to £325,000
40% (death rate)*	Over £325,000	Over £325,000
20% (lifetime rate)	Over £325,000	Over £325,000
Residence nil-rate band**	Up to £175,000	Up to £175,000

Any unused percentage of the nil-rate band from the estate of a previously deceased spouse can be used on the death of the second spouse.

\* A reduced rate of 36% applies where the deceased leaves at least 10% of their net estate to charity.

\*\*The residence nil-rate band applies for a home passed to a direct descendent but is tapered away by £1 for every £2 of the net value of the estate above £2 million.

Major exemptions	
Gifts to UK domiciled spouse and civil partner	Unlimited
Gifts to non-UK domiciled spouse	£325,000
Gifts to charities	Unlimited
Annual gifts*	£3,000
Small gifts to different individuals	£250
Gift on marriage	
- By parent	£5,000
- By remoter ancestor	£2,500
- By other person	£1,000
Regular gifts out of surplus income	Unlimited
Most transfers between individuals, if donor survives for 7 years	

\* Unused annual allowance can be carried forward for one year only.

Taper relief

Taper relief is given in respect of tax due on chargeable gifts made between 3 and 7 years before death.

Years between gift and death	Tax rate
Less than 3	40%
3 to 4	32%
4 to 5	24%
5 to 6	16%
6 to 7	8%
7 or more	0%



## Inheritance tax

### Agricultural property relief\*

Vacant possession available within 24 months	100%
Landlords' interest in let farmland	50%
– for new tenancies let after 31 August 1995	100%

### Business property relief\*\*

Unincorporated business	100%
Unquoted shares in a trading company	100%
Assets used in controlled business	50%

\* The property must be either; owned and occupied for agricultural purposes by the same person for at least two years prior to disposal, or, owned for at least seven years prior to disposal where occupied by someone else for agricultural purposes.

\*\*Assets must be held for at least two years to qualify.

## Investments

Enterprise investment scheme (EIS)	2025/26	2024/25
Maximum investment for income tax relief in qualifying 'knowledge intensive companies'	£2,000,000	£2,000,000
Maximum investment for income tax relief in qualifying non-knowledge intensive companies	£1,000,000	£1,000,000
Rate of income tax relief	30%	30%

Seed enterprise investment scheme (SEIS)	2025/26	2024/25
Maximum investment for income tax relief	£200,000	£200,000
Rate of income tax relief	50%	50%

Venture capital trusts (VCT)	2025/26	2024/25
Maximum investment for income tax relief	£200,000	£200,000
Rate of income tax relief	30%	30%

# Business tax

## Corporation tax

	Year ending 31 March 2026	Year ending 31 March 2025
Main rate	25%	25%
Small profits rate	19%	19%
Small profits limit	£50,000	£50,000
Marginal relief limit	£250,000	£250,000
Marginal rate	26.5%	26.5%
Loans to participators*	33.75%	33.75%

\* Where not repaid within nine months of the year end.

## Capital allowances

	2025/26	2024/25
Annual investment allowance (AIA)	100% on first £1,000,000	100% on first £1,000,000
<b>Writing down allowance (WDA)</b>		
Full expensing 100% FYA*	100%	100%
Plant and machinery	18%	18%
Special rate pool – FYA**	50%	50%
WDA – special rate pool	6%	6%
Structures and buildings allowance (SBA)	3%	3%
<b>Motor cars***</b>		
CO <sub>2</sub> emissions of 0g/km – FYA	100%	100%
CO <sub>2</sub> emissions 1g/km – 50g/km – WDA	18%	18%
CO <sub>2</sub> emissions > 50g/km – WDA	6%	6%
<b>Research and Development (R&amp;D) allowances</b>	100%	100%

\* Claimable by companies for expenditure on certain plant and machinery but excludes second hand assets and cars.

\*\* Claimable by companies on special rate pool assets (e.g. integral features such as lighting and heating systems)

\*\*\*100% first year allowances are only available for new and unused cars. 18% writing down allowance applies to second hand cars with zero emissions.

## R&D and Patent Box

	2025/26	2024/25
R&D merged scheme	20%	20%
R&D intensive SME deduction rate	186%	186%
R&D intensive SME payable credit*	14.5%	14.5%
Patent Box	10%	10%

\* Available for loss making companies where R&D expenditure totals at least 30% of total expenditure.

## Corporation tax self assessment and quarterly payments

Quarterly instalment payments apply to large companies (taxable profits of at least £1,500,000 p.a. reduced pro rata by the number of associated companies).

Accelerated instalment payments apply to 'very large' companies (taxable profits of at least £20,000,000 p.a. again reduced pro rata by associated companies).

### Timetable for corporation tax self-assessment and quarterly payments

Event	Large companies due date From start of accounting period:	Very large companies due date From start of accounting period:
First quarterly payment date	6 months and 13 days	2 months and 13 days
Second quarterly payment date	9 months and 13 days	5 months and 13 days
Third quarterly payment date	12 months and 13 days	8 months and 13 days
Fourth quarterly payment date	15 months and 13 days	11 months and 13 days
Payment date for companies not in quarterly instalments regime	9 months and 1 day after the end of the accounting period	
Filing date for tax return	Within 12 months of the end of the accounting period	

Employee benefits

Beneficial loans

Threshold	£10,000
Official rate of interest from 6 April 2025*	3.75%

Company vans and fuel	2025/26	2024/25
Van benefit	£4,020	£3,960
Fuel benefit	£769	£757

\* From April 2025 the official rates of interest, used for beneficial loans and living accommodation calculations, will be reviewed and potentially amended on a quarterly basis.

Fuel benefit – cars

The car fuel benefit is £28,200 (£27,800 for 2024/25) multiplied by the relevant percentage as shown over page (plus 4% diesel supplement where applicable but capped at 37%).

Company cars

The car benefit is calculated by multiplying the list price of the car when new (not the purchase price) by a percentage that is dependent on the level of approved CO<sub>2</sub> emissions of the car.

CO <sub>2</sub> emissions in g/km	Electric range (miles)	% of car's list price to be taxed	
		2025/26	2024/25
0	N/A	3	2
1-50	>130	3	2
1-50	70-129	6	5
1-50	40-69	9	8
1-50	30-39	13	12
1-50	<30	15	14
51-54		16	15
55-59		17	16
60-64		18	17
65-69		19	18
70-74		20	19
75-79		21	20
80-84		22	21
85-89		23	22
90-94		24	23

CO2 emissions in g/km	Electric range (miles)	% of car's list price to be taxed	
		2025/26	2024/25
95-99		25	24
100-104		26	25
105-109		27	26
110-114		28	27
115-119		29	28
120-124		30	29
125-129		31	30
130-134		32	31
135-139		33	32
140-144		34	33
145-149		35	34
150-154		36	35
155-159		37	36
160+		37	37

This percentage is increased by 4% for cars propelled solely by diesel that do not meet the Real Driving Emissions Step 2 (RDE2) standards but subject to an overall cap at 37%.

### Approved mileage rates

45p per mile for the first 10,000 miles and 25p for additional mileage above that limit. Employers can also pay up to 5p per mile for each employee who travels as a passenger on a business journey.

HMRC's approved 'tax-free' business mileage rates for employees using company cars are reviewed quarterly, with any changes taking effect from 1 March, 1 June, 1 September and 1 December. The rates are the maximum amount that can be paid without a charge to tax and NIC for business miles. If an employee receives less than these rates, then they can claim tax relief on the difference.

The current rates can be found at:  
[www.hmrc.gov.uk/cars/advisory\\_fuel\\_current.htm](http://www.hmrc.gov.uk/cars/advisory_fuel_current.htm)

## National insurance contributions

Class 1 – Employers and employees	2025/26	2024/25
Lower earnings limit (LEL) per week	£125	£123
Primary threshold per week	£242	£242
Secondary threshold per week	£96	£175
Upper earnings limit (UEL) per week	£967	£967

Earnings over the LEL qualify an individual for certain state benefits and must be reported under PAYE, but no employee's NICs are payable until earnings exceed the primary threshold of £242 per week and £12,570 per annum. Employer's NICs are payable once earnings exceed the secondary threshold of £96 per week (£5,000 per annum) reduced from £9,100 per annum in 2024/25.

Class 1 – Employers and employees	2025/26	2024/25
Class 1 – Employer's		
–Rate above secondary threshold (no upper limit)	15%	13.8%
Class 1 – Employee's		
–Rate between primary threshold and UEL	8%	8%
–Rate above UEL	2%	2%
–Married women and widows rate between primary threshold and UEL (2% above)	1.85%	1.85%
Class 1A (taxable benefits)	15%	13.8%
Class 1B (PAYE settlement agreement)	15%	13.8%
Class 2 (self-employed)		
–Small profits threshold (SPT)	£6,845	£6,725
–Voluntary flat rate per week below SPT	£3.50	£3.45
Class 3 (voluntary)		
–Flat rate per week	£17.75	£17.45
Class 4 (self-employed)		
–Lower profits limit (LPL)	£12,570	£12,570
–Upper profits limit (UPL)	£50,270	£50,270
–Rate between limits	6%	6%
–Rate above upper limit	2%	2%
Employment allowance (per employer)*	£10,500	£5,000

\* Businesses will not qualify for the employment allowance where they are sole director companies but the eligibility criteria of having an employer's Class 1 NIC bill of more than £100,000 in the previous tax year has been removed from April 2025.

## Indirect tax

### VAT

	2025/26	2024/25
Standard rate	20%	20%
Reduced rate	5%	5%
Registration threshold	£90,000	£90,000
Deregistration threshold	£88,000	£88,000
Cash accounting entry limit	£1,350,000	£1,350,000
Cash accounting exit limit	£1,600,000	£1,600,000
Annual VAT returns entry limit	£1,350,000	£1,350,000
Annual VAT returns exit limit	£1,600,000	£1,600,000
Flat rate scheme taxable turnover entry limit	£150,000	£150,000
Flat rate scheme total business income exit limit	£230,000	£230,000

### Land transaction taxes

Residential property** - England & NI**	SDLT rate	Additional property
Up to £125,000	Zero	5%
Over £125,000 to £250,000	2%	7%
Over £250,000 to £925,000	5%	10%
Over £925,000 to £1,500,000	10%	15%
Over £1,500,000	12%	17%

Qualifying purchases in freeport tax sites will be eligible for full SDLT relief.

## Land transaction taxes

Residential property <sup>#</sup> – Scotland	LBTT rate	Additional property
Up to £145,000	Zero	8%
Over £145,000 to £250,000	2%	10%
Over £250,000 to £325,000	5%	13%
Over £325,000 to £750,000	10%	18%
Over £750,000	12%	20%

Residential property <sup>#</sup> – Wales	LTT rate	Additional property
Up to £180,000	0%	5%
Over £180,000 to £225,000	0%	8.5%
Over £225,000 to £250,000	6%	8.5%
Over £250,000 to £400,000	6%	10%
Over £400,000 to £750,000	7.5%	12.5%
Over £750,000 to £1,500,000	10%	15%
Over £1,500,000	12%	17%

\* A further 2% SDLT surcharge also applies on residential property acquired in England and Northern Ireland by non-UK residents.

\*\*Residential properties in England and Northern Ireland purchased by a non-natural person (e.g. company) in excess of £500,000 are subject to a 17% rate on the entire consideration, subject to certain exemptions.

# First time buyers purchasing a residential property in England worth less than £300,000 are exempt from SDLT. First time purchases with a value of between £300,000 and £500,000 will pay SDLT at a rate of 5% on the amount in excess of £300,000. No relief is available for purchases above £500,000. In Scotland, first time buyers' relief from LBTT is available on the first £175,000 of the property purchase. There is no first time buyers' relief in Wales

Non-residential or mixed use property	England & NI (SDLT)	Scotland (LBTT)	Wales (LTT)
Up to £150,000	Zero	Zero	Zero
Over £150,000 to £225,000	2%	1%	Zero
Over £225,000 to £250,000	2%	1%	1%
Over £250,000 to £1,000,000	5%	5%	5%
Over £1,000,000	5%	5%	6%



## Land transaction taxes

Residential leases*	SDLT rate
Up to £125,000	Zero
Over £125,000	1%

\* Based on net present value of rents and additional 2% rate for certain 'non-resident' transactions. Nil in Wales and generally exempt in Scotland.

Non-residential/ mixed-use leases*	England & NI (SDLT)	Scotland (LBTT)	Wales (LTT)
Up to £150,000	Zero	Zero	Zero
Over £150,000 to £225,000	1%	1%	Zero
Over £225,000 to £2,000,000	1%	1%	1%
Over £2,000,000 to £5,000,000	1%	2%	2%
Over £5,000,000	2%	2%	2%

\* Based on net present value of rents.

## Stamp duty

Other	SD rate
Share purchases over £1,000	0.5%*


\* Rounded up to the nearest £5.

## Annual tax on enveloped dwellings

The filing date for ATED returns and payment is 30 April 2025 for properties in the charge to tax on 1 April 2025.

Property value (£)	ATED charge 1 April 2025 – 31 March 2026
500,001 – 1,000,000	£4,450
1,000,001 – 2,000,000	£9,150
2,000,001 – 5,000,000	£31,050
5,000,001 – 10,000,000	£72,700
10,000,001 – 20,000,000	£145,950
20,000,001 +	£292,350

## Proposed changes 2026/27

- From April 2026, agricultural property relief (APR) and business property relief (BPR) will be reformed such that 100% inheritance tax relief will only apply to the first £1 million of combined APR and BPR qualifying assets, with 50% relief only being available to any value above this.
  - Payrolling of benefits in kind (excluding accommodation and beneficial loans) will become mandatory from April 2026. P11Ds and P11D(b)s will no longer be required except for the two categories of excluded benefits.
  - The government will introduce making tax digital (MTD) for income tax self assessment. Individuals will be brought within MTD for income tax in phases, first applying to those with qualifying income over £50,000 from April 2026, those with qualifying income over £30,000 from April 2027 and those with qualifying income over £20,000 from April 2028.
  - The rates for business asset disposal relief and investors' relief will increase to 18% from 6 April 2026 (having increased from 10% to 14% in April 2025).
  - From April 2026, all carried interest will be taxed within the income tax framework, with a 72.5% multiplier applied to qualifying carried interest that is brought into charge.
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