



WESTCOTTS

CHARTERED ACCOUNTANTS
& BUSINESS ADVISERS

tax rates

2025 – 2026



INCOME TAX

Main personal allowances and reliefs	25/26	24/25
Personal allowance*	£12,570	£12,570
Marriage/civil partners' transferable allowance	£1,260	£1,260
Blind person's allowance	£3,130	£3,070
Rent-a-room relief	£7,500	£7,500
Property allowance and trading allowance (each)	£1,000	£1,000

*Personal allowance reduced by £1 for every £2 of adjusted net income over £100,000

UK taxpayers excluding Scottish taxpayers' non-dividend, non-savings income	25/26	24/25
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20% basic rate on taxable income up to	£37,700	£37,700
40% higher rate on next slice of income over	£37,700	£37,700
45% additional rate on income over	£125,140	£125,140

Scottish taxpayers – non-dividend, non-savings income		
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19% starter rate on taxable income up to	£2,827	£2,306
20% basic rate on next slice up to	£14,921	£13,991
21% intermediate rate on next slice up to	£31,092	£31,092
42% higher rate on next slice up to	£62,430	£62,430
45% advanced rate on next slice up to	£125,140	£125,140
48% top rate on income over	£125,140	£125,140

All UK taxpayers		
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Starting rate at 0% on band of savings income up to**	£5,000	£5,000	
Personal savings allowance at 0%:	Basic rate	£1,000	£1,000
	Higher rate	£500	£500
	Additional rate	£0	£0
Dividend allowance at 0%:	All individuals	£500	£500
Tax rates on dividend income:	Basic rate	8.75%	8.75%
	Higher rate	33.75%	33.75%
	Additional rate	39.35%	39.35%
Trusts: Income exemption generally	£500	£500	
Rate applicable to trusts:	Dividends	39.35%	39.35%
	Other income	45%	45%

**Not available if taxable non-savings income exceeds the starting rate band

High Income Child Benefit Charge: 1% of benefit per £200 of adjusted net income between £60,000 and £80,000

REGISTERED PENSIONS

	25/26	24/25
Lump sum and death benefit allowance	£1,073,100	£1,073,100
Lump sum allowance	£268,275	£268,275
Money purchase annual allowance	£10,000	£10,000
Annual allowance*	£60,000	£60,000
Annual allowance charge on excess is at applicable tax rate(s) on earnings		

*Reduced by £1 for every £2 of adjusted income over £260,000 to a minimum of £10,000, subject to threshold income being over £200,000

STATE PENSIONS

	Annual	Weekly
New state pension	£11,973.00	£230.25
Basic state pension – single person*	£9,175.40	£176.45
Basic state pension – spouse/civil partner*	£5,496.40	£105.70

*State pension age reached before 6/4/16

TAX INCENTIVISED INVESTMENTS

	25/26	24/25
Total Individual Savings Account (ISA) limit, excluding Junior ISAs (JISAs)	£20,000	£20,000
Lifetime ISA	£4,000	£4,000
JISA/Child Trust Fund	£9,000	£9,000
Venture Capital Trust (VCT) at 30%	£200,000	£200,000
Enterprise Investment Scheme (EIS) at 30%*	£2,000,000	£2,000,000
EIS eligible for CGT deferral relief	No limit	No limit
Seed EIS (SEIS) at 50%	£200,000	£200,000
SEIS CGT reinvestment relief	50%	50%

*Above £1,000,000 investment must be in knowledge-intensive companies

NATIONAL INSURANCE CONTRIBUTIONS

Class 1	25/26	
	Employee	Employer
NICs rate	8%	15%
No NICs for employees generally on the first	£242 pw	£96 pw
No NICs for younger employees* on the first	£242 pw	£967 pw
NICs rate charged up to	£967 pw	No limit
2% NICs on earnings over	£967 pw	N/A

*No employer NICs on the first £967 pw for employees generally under 21 years, apprentices under 25 years and veterans in first 12 months of civilian employment.
No employer NICs on the first £481 pw for employees at freeports and investment zones in Great Britain in the first 36 months of employment

Employment allowance £10,500
Per business – not available if sole employee is a director

Class 1A Employer

On most employees' and directors' taxable benefits 15%

Class 2 Self-employed Flat rate per week (voluntary) £3.50 (£182.00 pa)
Small profits threshold £6,845

Class 4 Self-employed On annual profits of £12,570 to £50,270: 6%
Over £50,270: 2%

Class 3 Voluntary flat rate per week £17.75 (£923.00 pa)

CAPITAL GAINS TAX

	25/26	24/25
Annual exemption: Individuals, estates, etc	£3,000	£3,000
Trusts generally	£1,500	£1,500
	From	To
	30/10/24	29/10/24
Below UK higher rate band Tax rate	18%	10%
Surcharge for residential property/carried interest*	0%/0%	8%/8%
Within UK higher and additional rate bands Tax rate	24%	20%
Surcharge for residential property/carried interest*	0%/4%	4%/8%
Trusts and estates Tax rate	24%	20%

Business Asset Disposal Relief
14% (10% 24/25) on lifetime limit of £1,000,000 for trading businesses and companies (minimum 5% participation) held for at least 2 years

*For 25/26, rate for carried interest for all tax bands is 32%

INHERITANCE TAX

	25/26	24/25
Nil-rate band*	£325,000	£325,000
Residence nil-rate band*†	£175,000	£175,000
Rate of tax on excess	40%	40%
Rate if at least 10% of net estate left to charity	36%	36%
Lifetime transfers to and from certain trusts	20%	20%
Non-long-term-resident spouse /civil partner exemption	£325,000	£325,000

*Up to 100% of the unused proportion of a deceased spouse's/civil partner's nil-rate band and/or residence nil-rate band can be claimed on the survivor's death

†Estates over £2,000,000: the value of the residence nil-rate band is reduced by 50% of the excess over £2,000,000

100% relief: businesses, unlisted/AIM companies, some farmland/buildings

50% relief: certain other business assets

Annual exempt gifts of: £3,000 per donor £250 per donee

Tapered tax charge on lifetime gifts between 3 and 7 years of death

Years 0–3 full 40% rate, then 8% less for each year until 0% at 7 or more years.

STAMP DUTIES AND PROPERTY TRANSACTION TAXES

Stamp Duty and SDRT: Stocks and marketable securities 0.5%

Additional residential and all corporate residential properties

£40,000 or more – add 5% to SDLT rates, 8% to LBTT rates and 5% to most LTT rates

England & N Ireland – Stamp Duty Land Tax (SDLT) on slices of value

from 1/4/25

Residential property	%	Commercial property†	%
Up to £125,000	0	Up to £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 buyers: 0% on first £300,000 for properties up to £500,000

Non-resident purchasers: 2% surcharge on properties £40,000 or more

Residential properties bought by companies etc over £500,000: 17% of total consideration, subject to certain exemptions

†0% for freeport and investment zone qualifying property in England only

Scotland – Land and Buildings Transaction Tax (LBTT) on slices of value

Residential property	%	Commercial property	%
Up to £145,000	0	Up to £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 buyers: 0% on the first £175,000

Wales – Land Transaction Tax (LTT) on slices of value

Residential property	%	Commercial property	%
Up to £225,000	0	Up to £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		

CORPORATION TAX

Year to 31/3/26 and 31/3/25	Profits	Effective rate	Diverted profits
	£0–£50,000	19.0%	} 31%
	£50,001–£250,000	26.5%	
	£250,001 and above	25.0%	

Loans to participants 33.75%

VALUE ADDED TAX

Standard rate	20%	Domestic fuel	5%
Installation of energy saving materials (except Northern Ireland)			0%
Registration level	£90,000	Deregistration	£88,000
Flat rate scheme turnover limit			£150,000
Cash and annual accounting schemes turnover limit			£1,350,000

CAR BENEFITS

Taxable amount based on original list price and CO₂ emissions in g/km.

Zero emission cars	3%				
Petrol and diesel hybrids with CO ₂ emissions 1–50g/km					
Range – electric-only miles	< 30	30–39	40–69	70–129	130+
	15%	13%	9%	6%	3%
All non-diesel cars over 50g/km CO₂			51–54		55 & over
			16%		17%*–37%

*Increased for every extra 5g/km by 1% up to the maximum 37%

Diesels not meeting RDE2: add 4% to non-diesel rates, up to 37%

Fuel benefit – taxable amount for private use		25/26	24/25
CO ₂ % charge used for car benefit multiplied by		£28,200	£27,800

VANS – FOR PRIVATE USE

	25/26	24/25
Zero emission: chargeable amount	Nil	Nil
Other vans: chargeable amount	£4,020	£3,960
Fuel: chargeable amount	£769	£757

TAX-FREE BUSINESS MILEAGE ALLOWANCE – OWN VEHICLE

Cars and vans first 10,000 miles	45p per mile	then 25p per mile
Qualifying passenger	5p per mile	
Motorcycles	24p per mile	Bicycles 20p per mile

MAIN CAPITAL AND OTHER ALLOWANCES

Plant & machinery (P&M) 100% annual investment allowance (1st year)	£1,000,000
P&M allowance for companies (1st year)*	100%
Special rate P&M allowance for companies (1st year)* P&M**	50%
Patent rights and know-how**	18%
Special rate P&M e.g. long-life assets and integral features of buildings**	25%
Structures and buildings (straight line)†	6%
	3%

Motor cars

CO ₂ emissions of g/km	0*	1–50	Over 50
Capital allowance	100% first year	18% pa**	6% pa**

*New and unused only **Annual reducing balance

†10% for freeports and investment zones in Great Britain

Research and Development (R&D)

Capital expenditure	100%
R&D merged scheme	20%
R&D intensive SME payable credit	14.5%
R&D intensive SME intensity ratio	30%

Axminster
tel: 01297 33388

Barnstaple
tel: 01271 374138

Bideford
tel: 01237 472725

Bridgwater
tel: 01278 458251

Burnham-on-Sea
tel: 01278 783861

Crediton
tel: 01363 775426

Exeter
tel: 01392 288555

Holsworthy
tel: 01409 253297

Honiton
tel: 01404 540054

Okehampton
tel: 01837 52839

Plymouth
tel: 01752 666601

Seaton
tel: 01297 21467

Somerton
tel: 01458 272482

Tiverton
tel: 01884 256688

Torquay
tel: 01803 618910

Weston-super-Mare
tel: 01934 620428

www.westcotts.uk
exeter@westcotts.uk

