

Car benefits 2025/26

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

Zero emission cars 3%.

| Petrol and diesel hybrids with CO2 emission 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 ¹ -37% | | |
| Diesels not meeting RDE2 standard: add 4% to non-diesel rates, up to 37% | | | | | |
| Fuel benefit - taxable amount for private use | | 25/26 | 24/25 | | |
| Car benefit % multiplied by | | £28,200 | £27,800 | | |

¹ increased by 1% for every extra 5g/km up to max 37%

Vans - for private use

| | 25/26 | 24/25 |
|--|--------|--------|
| Zero emissions: 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 ¹ (1st year) | £1,000,000 |
| P&M allowance for companies (1st year) ² | 100% |
| Special rate P&M allowance for companies (1st year) ² | 50% |
| P&M ³ | 18% |
| Patent rights and know-how ³ | 25% |
| Special rate P&M e.g. long-life assets and integral features of buildings ³ | 6% |
| Structures and buildings (straight line) ⁴ | 3% |
| Electric vehicle charge points | 100% |

| Motor cars | | | |
|------------------------|------------------------------|--------------------|-------------------|
| CO2 emissions of g/km: | 0 | 1-50 | Over 50 |
| Capital allowance | 100% first year ² | 18%pa ³ | 6%pa ³ |

¹The AIA is based on a 12 month accounting period. Groups of companies and related companies under common control are entitled to a single AIA between them.

²New and unused only.

³Annual reducing balance.

⁴10% for freeports & investment zones in GB.

| | |
|---|-------|
| Research and development (R&D) ¹ | 25/26 |
| Capital expenditure | 100% |
| R&D merged scheme | 20% |
| R&D intensive SME payable credit | 14.5% |
| R&D intensive SME intensity ratio | 30% |

¹ For accounting periods starting on or after 1 April 2024.



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● ● ● **25/26**

TAX RATES AND ALLOWANCES

Your at a glance pocket
guide to current tax
rates and allowances

Offices in:

| | |
|------------|--------------|
| Grimsby | 01472 350601 |
| Louth | 01507 606111 |
| Scunthorpe | 01724 863105 |
| Skegness | 01754 761777 |
| Lincoln | 01522 701843 |
| Beverley | 01482 889400 |
| Leeds | 01137 303606 |

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Forrester Boyd
CHARTERED ACCOUNTANTS



Income tax allowances

| Main personal allowances and reliefs | 25/26 | 24/25 |
|--|-------------------|-------------------|
| Personal allowance¹ | £12,570 | £12,570 |
| income limit | £100,000 | £100,000 |
| Transferable marriage/civil partners' allowance | £1,260 | £1,260 |
| Married couple/civil partners' allowance² (relief at 10%) (either partner born before 6/4/35) minimum where income exceeds limit | £11,270 £4,360 | £11,080 £4,280 |
| 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 |
| Dividend allowance | £500 | £500 |
| Personal savings | | |
| basic rate taxpayers | £1,000 | £1,000 |
| higher rate taxpayers | £500 | £500 |

¹ Personal allowance reduces where income is above £100,000 - by £1 for every £2 of income above the £100,000 limit.

² Married couple's/civil partners' allowance reduced by £1 for every £2 of adjusted net income over £37,700 (£37,000 for 24/25) until minimum reached.

Income tax rates

| Taxable income | 25/26 | 24/25 |
|------------------------|--------------|--------------|
| £0 - £37,700 | 20% | 20% |
| £37,701 - £125,140 | 40% | 40% |
| over £125,140 | 45% | 45% |
| Dividend income | 25/26 | 24/25 |
| Basic rate band | 8.75% | 8.75% |
| Higher rate band | 33.75% | 33.75% |
| Additional rate band | 39.35% | 39.35% |

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.

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

| Trusts | 25/26 | 24/25 |
|--|--------|--------|
| Trusts - Income exemption generally | £500 | £500 |
| Standard rate band generally | n/a | n/a |
| Rate applicable to trusts - dividends | 39.35% | 39.35% |
| other income | 45% | 45% |

Pension schemes

| Registered pension schemes | 25/26 | 24/25 |
|---|---------------|---------------|
| Annual allowance ¹ | £60,000 | £60,000 |
| Threshold income limit | £200,000 | £200,000 |
| Adjusted income limit | £260,000 | £260,000 |
| Minimum where income exceeds limit | £10,000 | £10,000 |
| Lifetime allowance | n/a | n/a |
| Lump sum allowance (25% up to) | £268,275 | £268,275 |
| Lump sum and death benefit allowance | £1,073,100 | £1,073,100 |
| State pensions | annual | weekly |
| New state pension | £11,973.00 | £230.25 |
| Basic state pension - single person ² | £9,175.40 | £176.45 |
| Basic state pension - spouse/civil partner ² | £5,493.80 | £105.65 |

¹ Minimum reduced allowance is £10,000 reduced by £1 for every £2 of income over adjusted income limit (until min reached), subject to threshold income limit being exceeded.

² State pension age reached before 6/4/16.

Tax incentivised investment

| Individual Savings Accounts (ISAs) | 25/26 | 24/25 |
|--|---------|---------|
| Annual limit | £20,000 | £20,000 |
| Junior ISA annual limit | £9,000 | £9,000 |
| Lifetime ISA annual limit ¹ | £4,000 | £4,000 |
| Help to Buy ISA monthly limit ² | £200 | £200 |

| Investment reliefs | limit | relief rate |
|---|------------|-------------|
| Enterprise investment scheme (EIS) ³ | £1,000,000 | 30% |
| Venture capital trusts (VCT) | £200,000 | 30% |
| Seed enterprise investment scheme (SEIS) | £200,000 | 50% |

¹ Counts towards annual limit.

² Closed to new accounts.

³ Investment limit is £2,000,000 if any amount over £1,000,000 is invested in knowledge-intensive companies.

National Insurance Contributions 2025/26

| Class 1 | | | |
|-----------------|----------|-----------------|----------|
| Weekly earnings | Employee | Weekly earnings | Employer |
| First £242 | nil | First £96 | 0% |
| £242.01 - £967 | 8% | Over £96 | 15% |
| Over £967 | 2% | | |

Employers' 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 freepart and investment zone tax sites on earnings up to £481 per week for the first 36 months of employment.

| | |
|--|--|
| Class 1A - employee and director taxable benefits | 15% |
| Employment allowance - per employer | £10,500 per year |
| Class 2 - Self-employed | voluntary flat rate £3.50 a week |
| Class 3 - voluntary contributions | £17.75 a week |
| Class 4 - Self-employed | 6% of profits between £12,570 - £50,270 a year 2% of profits above £50,270 a year |

| Limits and thresholds | weekly | monthly | annual |
|--|--------|---------|---------|
| Lower earnings limit | £125 | £542 | £6,500 |
| Primary threshold | £242 | £1,048 | £12,570 |
| Secondary threshold | £96 | £417 | £5,000 |
| Upper earning limit (& upper secondary thresholds) | £967 | £4,189 | £50,270 |

Capital gains tax

| Annual exemption | 25/26 | 24/25 |
|--|--------|--------|
| Individuals, disabled trusts and, for year of death and next two years, personal representatives | £3,000 | £3,000 |
| Trusts generally | £1,500 | £1,500 |

| Rates of tax | 25/26 | 24/25 |
|-------------------------------|---------|------------------|
| Individuals | | |
| standard rate | 18% | 10% ¹ |
| higher rate | 24% | 20% ¹ |
| gains on residential property | 18%/24% | 18%/24% |
| gains on carried interest | 32% | 18%/28% |

| | | |
|--|-----|------------------|
| Trustees and personal representatives | | |
| gains other than residential property | 24% | 20% ¹ |
| gains on residential property | 24% | 24% |

¹ From 30th October 2024 these rates were aligned with gains on residential property.

| Rates of tax | 25/26 | 24/25 |
|--|-------|-------|
| Gains to which business asset disposal relief applied ¹ | 14% | 10% |
| Gains to which investors' relief applies ² | 14% | 10% |

¹ Subject to lifetime limit on gains of £1 million.

² Subject to lifetime limit on gains of £1 million.

Inheritance tax

| | 25/26 | 24/25 |
|---|----------|----------|
| Nil-rate band ¹ | £325,000 | £325,000 |
| Residence nil-rate band ^{1, 2} | £175,000 | £175,000 |
| Rate of tax on excess ³ | 40% | 40% |
| Chargeable lifetime | 20% | 20% |
| Annual exempt gifts per donor of: | £3,000 | £3,000 |

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.

¹ Unused nil-rate band is transferable to spouse or civil partner.

² Reduced by 50% of excess over estate value of £2,000,000.

³ 36% where 10% or more of the net estate is left to charity.

Stamp duties and property transaction taxes (From 1st April 2025)

Shares and marketable securities 0.5%¹

Transfers of land and buildings in England and N. Ireland²

| Residential (on band of consideration) ² | |
|---|-----|
| Up to £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)^{2, 3}

| | |
|---------------------|----|
| £0 - £150,000 | 0% |
| £150,001 - £250,000 | 2% |
| Over £250,000 | 5% |

Additional residential and all corporate residential properties

£40,000 or more - add 5% to SDLT rates

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

¹ Rounded up to the nearest multiple of £5. Transactions of £1,000 or less exempt.

² In Scotland land and buildings transaction tax and in Wales land transaction tax, both at different rates.

³ 0% for freepart and investment zone qualifying property in England.

Corporation tax

| Financial year to: | 31/3/26 | 31/3/25 |
|-------------------------|-----------------------|-----------------------|
| Main rate | 25% | 25% |
| Small profits rate | 19% | 19% |
| 19% rate limit | £50,000 ¹ | £50,000 ¹ |
| Marginal relief limit | £250,000 ¹ | £250,000 ¹ |
| Marginal relief | 3/200 | 3/200 |
| Effective marginal rate | 26.5% | 26.5% |
| Loan to participators | 33.75% | 33.75% |

¹ The 19% rate and marginal relief limits are reduced where there are associated companies.

Value added tax (From 1st April 2025)

| Standard rate = 20% | Reduced rate = 5% | |
|---|-------------------|--------------|
| Registration threshold | | £90,000pa |
| Deregistration limit | | £88,000pa |
| Annual accounting scheme turnover limit | | £1,350,000pa |
| Cash accounting scheme turnover limit | | £1,350,000pa |
| Flat rate scheme turnover limit | | £150,000pa |