Value added tax (From 1st April 2026)

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

Car benefits 2026/27

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

Zero emission cars 4%.

Petrol and diesel hybrids with CO2 emission 1-50g/km. **Range -** electric only miles	<30	30-39	40-69	70-129	130+
	16%	14%	10%	7%	4%

All non-diesel cars over 50g/km CO2	51-54	55 & over
	17%	18[1]-37%

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

Fuel benefit - taxable amount for private use	26/27	25/26
Car benefit % multiplied by	29,200	£28,200

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

Vans - for private use

	26/27	25/26
Zero emissions: chargeable amount	Nil	Nil
Other vans: chargeable amount	£4,170	£4,020
Fuel: chargeable amount	£798	£769

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]	14%
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]	14%pa[3]	6%pa[3]

[1] The 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.
[2] New and unused only, some exclusions apply.
[3] Annual reducing balance.
[4] 10% for freeports & investment zones in GB.

Research and development (R&D) [1]	26/27
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.

Disclaimer: Rates and information within this document are for guidance only. The information is correct at the date of production, and subject to enactment of relevant legislation, therefore no responsibility for loss occasioned by any person acting/refraining from action as a result of this information can be accepted by Forrester Boyd.

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Forrester Boyd
CHARTERED ACCOUNTANTS

TAX RATES AND ALLOWANCES 26/27

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

Income tax allowances

Main personal allowances and reliefs	26/27	25/26
Personal allowance[1]	£12,570	£12,570
income limit	£100,000	£100,000
Transferable marriage/civil partners' allowance	£1,260	£1,260
Married couple/civil partners' allowance[2] (relief at 10%)		
(either partner born before 6/4/35)	£11,700	£11,270
minimum where income exceeds limit	£4,530	£4,360
Blind person's allowance	£3,250	£3,130
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 25/26) until minimum reached.

Income tax rates

Taxable income	26/27	25/26
£0 - £37,700	20%	20%
£37,701 - £125,140	40%	40%
over £125,140	45%	45%
Dividend income	**26/27**	**25/26**
Basic rate band	10.75%	8.75%
Higher rate band	35.75%	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		26/27	25/26
Trusts - Income exemption generally		£500	£500
Rate applicable to trusts -	dividends	39.35%	39.35%
	other income	45%	45%

Pension schemes

Registered pension schemes	26/27	25/26
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
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	£12,547.60	£241.30
Basic state pension - single person[2]	£9,614.80	184.90
Basic state pension - spouse/civil partner[2]	£5,759.00	110.75

[1] For those with income over £200,000, the annual allowance is reduced by £1 for every £2 that adjusted income exceeds £260,000, subject to a minimum allowance of £10,000.
[2] State pension age reached before 6/4/16.

Tax incentivised investment

Individual Savings Accounts (ISAs)	26/27	25/26
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] (Until November 2029)	£200	£200

Investment reliefs	limit	relief rate
Enterprise investment scheme (EIS)[3]	£1,000,000	30%
Venture capital trusts (VCT)	£200,000	20%
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 2026/27

Class 1

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

Employees' 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 freeport 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 £3.65 a week
Class 3 - voluntary contributions	£18.40 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	£129	£559	£6,708
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	26/27	25/26
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	**26/27**	**25/26**
Individuals		
standard rate	18%	18%
higher rate	24%	24%
gains on carried interest	N/A	32%
Trustees and personal representatives		
gains other than residential property	24%	24%
gains on residential property	24%	24%
Gains to which business asset disposal relief applied[1]	18%	14%
Gains to which investors' relief applies[2]	18%	14%

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

Inheritance tax

	26/27	25/26
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

Inheritance tax reliefs	26/27	25/26
Business, unlisted shares, qualifying agricultural property	100% up to £2.5m[1] 50% thereafter	100%
AIM Shares	50%	100%
Some other business/ agricultural assets	50%	50%

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] 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 2026)

Shares and marketable securities	0.5%[1]
Transfers of land and buildings in England and N. Ireland[2]	
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 freeport and investment zone qualifying property in England.

Corporation tax

Financial year to:	31/3/27	31/3/26
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	35.75%	33.75%

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