

INCOME TAX

RATES OF TAX

2026/2027

Starting rate of 0% on savings income up to*	£5,000
Personal Savings Allowance	
Basic rate	£1,000
Higher rate	£500
Additional rate	Nil
Basic rate of 20%	£0 to £37,700
Higher rate of 40%	£37,701 to £125,140
Additional rate of 45%	£125,141 and over

*For non-savings income less than £17,570 only. The starting rate for savings applies for up to a maximum of £5,000 of savings income.

Dividend Allowance	£500
Dividend tax rates	
Basic rate	10.75%
Higher rate	35.75%
Additional rate	39.35%

Trusts

Income exemption up to**	£500
Rate applicable to accumulation or discretionary trusts	
- Dividends	39.35%
- other income	45%
Rate applicable to interest in possession trusts	
- Dividends	10.75%
- other income	20%

** Where net income exceeds £500, the full amount is subject to Income Tax. Further, the £500 may need to be divided between other trusts in existence.

Carried Interest

From 6 April 2026, carried interest is taxed as Income Tax, not Capital Gains Tax. Qualifying carried interest is subject to a 72.5% multiplier before applying Income Tax rates. Class 4 NICs may also apply.

MAIN PERSONAL ALLOWANCES AND RELIEFS

Income limit for Personal Allowance §	£100,000
Personal Allowance (basic) §	£12,570
Marriage Allowance	£1,260
Rent-a-room Scheme - tax-free income allowance	£7,500

§ Reduced allowance of £1 for every £2 of adjusted net income over and above £100,000

NATIONAL INSURANCE CONTRIBUTIONS

Class 1 Employee	per week
Lower Earnings Limit (LEL)	£129
Primary Threshold	£242
Upper Earnings Limit (UEL)	£967

Class 1	Employee	Employer
NICs rate	8%	15%
No NICs on the first (per week)*	£242	£96**
NICs rate charged up to (per week)	£967	No limit
NICs rate on earnings over UEL	2%	n/a

* This is the Primary Threshold below which no NI contributions are payable. However, the lower earnings limit is £129 per week. This £129 to £242 band is a zero-rate band introduced in order to protect lower earners' rights to contributory State benefits e.g. the new State Pension.

** Secondary Threshold.

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

Class 2 (self-employed)

Flat rate per week £3.65

Small profits threshold per year £7,105

Class 2 contributions are credited automatically where profits equal or exceed £7,105 per annum.

Class 2 contributions can be made voluntarily where profits are below £7,105 per annum.

Class 3 (voluntary)

Flat rate per week £18.40.

Class 4 (self-employed)

6% on profits between £12,570 and £50,270.

2% on profits above £50,270.

PENSIONS

2026/2027

Annual Allowance* £60,000

Lump sum and death benefit allowance (LSDBA) 1,073,100

Lump sum allowance (LSA) £268,275

LSA and LSDBA may be higher if transitional protections are available.

Where pension benefits were crystallised prior to 6 April 2024 the LSA and LSDBA may be reduced.

Money Purchase Annual Allowance (MPAA) £10,000

* Reduced by £1 for every £2 of 'adjusted income' over £260,000 to a minimum of £10,000 if 'threshold income' is also over £200,000.

CAPITAL GAINS TAX

TAX RATES	2026/2027
Individuals:	
Basic rate	18%
Higher rate	24%
Trustees and Personal Representatives:	
Residential property	24%
Other chargeable assets	24%
Business Asset Disposal Relief*	18%
Lifetime limit	£1,000,000

ANNUAL EXEMPTIONS

Individuals, estates etc	£3,000
Trusts generally	£1,500
Chattels (restricted to five thirds of proceeds exceeding limit)	£6,000

STAMP DUTY LAND TAX

	Residential
Value up to £125,000	0%
£125,001 – £250,000	2%
£250,001 - £925,000	5%
£925,001 - £1,500,000	10%
£1,500,001 and over	12%

Additional Stamp Duty Land Tax (SDLT) rules still apply as below.

- *First-time buyers benefit from SDLT relief on purchases up to £500,000 when purchasing their main residence. On purchases up to £300,000, no SDLT is payable. On purchases between £300,001 and £500,000, 5% is charged on that portion. If the price is over £500,000, relief cannot be claimed.*
- *Additional SDLT of 5% applies to the purchase of additional residential properties costing £40,000 or more.*
- *Additional SDLT of 2% applies to the purchase of residential properties costing £40,000 or more by non-UK residents.*
- *SDLT may be charged at a flat rate of 17% on interests in residential properties costing more than £500,000 purchased by certain corporate bodies or non-natural persons in some circumstances, unless relief applies.*
- *SDLT is payable in England and Northern Ireland only. Land Transaction Tax (LTT) is payable in Wales and Land and Buildings Transaction Tax (LBTT) is payable in Scotland. The rates for LTT and LBTT are different to the rates shown above.*

Leasehold property (new leases)

SDLT is payable on both the lease premium and, where applicable, the Net Present Value (NPV) of the rent for new leases.

Residential leasehold rent is charged at:

- *0% up to £125,000*
- *1% on the excess over £125,000*

This does not apply to assigned (existing) leases.

INHERITANCE TAX

RATES OF TAX ON TRANSFERS

2026/2027

Transfers made on death

- Up to £325,000	Nil
- Excess over £325,000	40%
- Reduced rate (where appropriate charitable contributions are made)	36%

Transfers

- Lifetime transfers to and from certain trusts	20%
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MAIN EXEMPTIONS

Transfers to

- Long-term UK resident spouse/civil partner	No limit
- Non-long-term UK resident spouse/civil partner (from long-term UK resident spouse) nil-rate band (NRB)	£325,000
- Residence nil-rate band (RNRB)*	£175,000
- UK-registered charities	No limit

* Available for estates up to £2,000,000 and then tapered at the rate of £1 for every £2 in excess until fully extinguished.

Lifetime transfers

- Annual exemption per donor	£3,000
- Annual small gifts exemption per donee	£250

Wedding/civil partnership gifts by

- Parent	£5,000
- Grandparent/bride or groom	£2,500
- other person	£1,000

100% relief: businesses, unlisted/AIM companies, certain farmland/building

100% relief on first £2.5 million of combined qualifying agricultural property relief and business property relief assets

50% relief on qualifying assets exceeding £2.5 million

50% relief: certain other business assets and AIM listed shares

Reduced tax charge on gifts made in excess of the nil rate band within 7 years of death:

- Years before death	0-3	3-4	4-5	5-6	6-7
- Inheritance Tax payable	100%	80%	60%	40%	20%

Quick succession relief:

- Years since IHT paid	0-1	1-2	2-3	3-4	4-5
- Inheritance Tax relief	100%	80%	60%	40%	20%

CORPORATION TAX

2026/2027

Small profits rate - for taxable profits below £50,000	19%
Main rate - for taxable profits above £250,000	25%

Companies with profits between £50,000 and £250,000 will pay tax at the main rate, reduced by a marginal relief. This provides a gradual increase in the effective Corporation Tax rate.

VALUE ADDED TAX

2026/2027

Standard rate	20%
Registration threshold	£90,000
Deregistration threshold	£88,000

MAIN SOCIAL SECURITY BENEFITS

2026/2027

		per week
Child Benefit	First child	£27.05
	Subsequent children	£17.90
	Guardian's Allowance	£22.95
Basic State Pension	Category A & B full rate	£184.90
	Category B (lower) full rate	£110.75
New State Pension	Full rate	£241.30
Pension Credit	Standard minimum guarantee - single	£238.00
	Standard minimum guarantee - couple	£363.25
Bereavement Support Payment	Higher rate - lump sum	£3,500
	Higher rate - monthly payment	£350
	Standard rate – lump sum	£2,500
	Standard rate – monthly payment	£100