



PKF
Francis Clark

Tax card

2025/2026



Taxable income bands and tax rates		
	2025/26	2024/25
Savings starting rate limit	£5,000	£5,000
Savings starting rate	0%	0%
Basic rate band	£37,700	£37,700
Basic rate	20%	20%
Dividend ordinary rate	8.75%	8.75%
High rate band	£37,701-£125,140	£37,701-£125,140
Higher rate	40%	40%
Dividend upper rate	33.75%	33.75%
Additional rate band	over £125,140	over £125,140
Additional rate	45%	45%
Dividend additional rate	39.35%	39.35%

Allowances that reduce taxable income		
	2025/26	2024/25
Personal allowance	£12,570	£12,570
Blind person's allowance	£3,130	£3,070

The personal allowance is reduced by £1 for each £2 of adjusted net income from £100,000 to £125,140.

Additionally the main income tax rate bands and allowances are expected to remain static until at least 5 April 2026.

Other allowances		
	2025/26	2024/25
Personal savings allowance		
Basic rate taxpayers	£1,000	£1,000
Higher rate taxpayers	£500	£500
Additional rate taxpayers	Nil	Nil
Dividend allowance		
	£500	£500

Allowances that reduce tax		
	2025/26	2024/25
*Married couple's allowance	£11,270	£11,080
**Marriage allowance	up to £1,260	up to £1,260

*Where one spouse/civil partner is born before 6 April 1935. The allowance is reduced by £1 for each £2 of adjusted net income above £37,700 until a minimum of £4,360 for 2025/26 is reached. Relief is given at 10%.

**Where both spouses/civil partners are born on or after 6 April 1935. The marriage allowance allows an individual to transfer up to this amount of their personal allowance to their spouse or civil partner. Neither the transferor nor recipient can be liable to income tax at the higher or additional rate. Relief is given at 20%.

Inheritance tax		
	2025/26	2024/25
Nil rate band	£325,000	£325,000

The inheritance tax nil rate band was set at £325,000 from 6 April 2009 and is now likely to remain static until at least 5 April 2026.

A surviving spouse will receive a further nil rate band allowance based on the percentage of nil rate band not used by the predeceased spouse/civil partner. Subject to conditions, a residence nil rate band of £175,000 is available on transfers to direct descendants.

Tax rates		
	2025/26	2024/25
Main rate	40%	40%
Chargeable on lifetime transfers	20%	20%
Transfers on or within seven years of death	40%	40%
Reduced rate where 10% of net chargeable estate left to charity	36%	36%

Main exemptions

1. Most transfers between spouses and civil partners
2. First £3,000 of lifetime transfers in any tax year plus any unused from the previous year
3. Gifts up to £250 p.a. to any number of persons
4. Gifts made out of income that form part of normal expenditure and do not reduce the standard of living
5. Gifts in consideration of marriage/civil partnership up to £5,000 by a parent, £2,500 by grandparents, or £1,000 by anyone else
6. Gifts to charities, whether made during lifetime or on death

Pension contributions	2025/26	2024/25
Maximum tax relievable contributions - employees	Unlimited*	Unlimited
Maximum tax relievable contribution – individual (gross)	£3,600 or 100% of net relevant earnings**	£3,600 or 100% of net relevant earnings
Annual allowance	£60,000	£60,000
Money purchase annual allowance***	£10,000	£10,000
Maximum age for tax-relief on personal / employee contributions	74	74
Normal minimum age for accessing benefits	55****	55
Maximum tax-free lump sum	25%*****	25%
Lump sum allowance	£268,275	£268,275
Lump sum and death benefit allowance	£1,073,100	£1,073,100

* Employer pension contributions are unlimited provided they meet the ‘wholly and exclusively’ test but do count against the annual allowance.

** The maximum tax-relievable contribution is capped by the annual allowance. For higher earners, the annual allowance is reduced by £1 for every £2 of adjusted income that exceeds £260,000, up to a maximum reduction of £50,000 with those earning £360,000+ capped at the minimum £10,000pa. Unused annual allowance from the previous three years may be used to increase the maximum tax relievable contribution, subject to specific conditions.

*** The money purchase annual allowance applies where income benefits have been taken from a defined contribution scheme, subject to specific conditions.

**** Increasing to 57 from 6 April 2028.

***** Tax free cash is normally limited to 25% of the value of the pension fund to a maximum of the lump sum allowance.

National insurance

Class 1 – Employee

Weekly earnings 2025/26	Contribution rate
At or below £242	0%
£243-£967*	8%
Above £967	2%

Employees above state pension age do not have to pay NIC.

*An election can be made for reduced rate of 5.85% to be apply to married women who are employees with valid certificates.

Class 1 – employer

Weekly earnings 2025/26	Contribution rate
At or below £175*	0%
Above £175*	15%

The secondary threshold for employers is £96 per week for 2025/26. Employers become liable to pay secondary Class 1 NICs on earnings above this threshold.

An employment allowance of £10,500 per employer, per year, applies to all employers, as the £100,000 eligibility threshold has been removed.

*0% rate applies to all under 21s, apprentices under 25 years, eligible veterans for earnings up to £967 per week, and freeport and investment zone tax employees for earnings up to £481 per week.

Class 1A and 1B (employer)

On relevant benefits	15%
Class 2	
Self employed	£3.45* per week
Small profits threshold	£6,725 per annum
Class 3	
Voluntary	£17.45 per week
Class 4**	
Self employed on profits £12,570 - £50,270	6%
Over £50,270	2%

*Share fishermen pay £4.10 and volunteer development workers £6.15.

**Exemption applies if the state retirement age is reached by 6 April 2024.

High income child benefit charge		
	2025/26	2024/25
Threshold	£60,000	£60,000

The high income child benefit charge (HICBC) applies where the benefit claimant, or their partner, has annual adjusted net income of £60,000 or more. The income threshold remains at £60,000. The total annual child benefit entitlement is reduced by 1% for each £200 of income in excess of £60,000 of the individual or of the partner with the highest income. If the individual or partner with the highest income has an income in excess of £80,000 the whole of the child benefit is clawed back.

ISA and Junior ISA		
Annual investment limit	2025/26	2024/25
ISA	£20,000	£20,000
Junior ISA/ Child Trust Fund	£9,000	£9,000

Corporation tax		
Financial year from 1 April	2025/26	2024/25
Taxable profits over £250,000	25%	25%
Taxable profits between £50,001 and £249,999*	26.5%	26.5%
Taxable profits up to £50,000	19%	19%

The main corporation tax rate increased to 25% from 1 April 2023 on profits over £250,000. The rate for diverted profits tax increased to 31% from the same date. The rate for small profits under £50,000 remains at 19%.

*When a company's profits fall between £50,000 and £250,000, it will be able to claim an amount of marginal relief providing a gradual increase in the corporation tax rate. The effective marginal corporation tax rate for profits in this band is 26.5%. The lower and upper limits will be proportionately reduced for short accounting periods and where there are associated companies.

Following the Autumn Budget 2024, the current higher rates of CGT are 24% aside from carried interest (28%, rising to 32% from 6 April 2025).

Capital gains tax rates				
	Before the 2024 Budget	From 30 October 2024	From 6 April 2025	From 5 April 2026
Shares, non-residential property				
Basic rate	10%	18%	18%	18%
Main rate / estates	20%	24%	24%	24%
Residential property				
Basic rate	18%	18%	18%	18%
Main rate	24%	24%	24%	24%
Carried interest				
Basic rate	18%	18%	32%	
Main rate	28%	28%	32%	N/A
Investors relief**				
Rate of tax	10%	10%	14%	18%
Lifetime allowance	£10,000,000	£1,000,000	£1,000,000	£1,000,000
Business asset disposal relief				
Rate of tax	10%	10%	14%	18%
Lifetime allowance	£1,000,000	£1,000,000	£1,000,000	£1,000,000

*From 2026, it is proposed that carried interest will be brought within the remit of income tax with rates broadly similar to the current CGT rates

**Separate lifetime limit on gains for external investors. Applies to newly issued shares in unlisted trading companies which have been held for three years

Main capital allowances	
Corporation tax allowances and reliefs	2025/26
Plant and machinery: main rate expenditure	18%
Special rate expenditure: long-life assets, integral features of buildings, thermal insulation	6%
Structures and buildings allowances (SBA)	3%
Annual investment allowance (AIA)	£1m at 100%
Enhanced capital allowances in freeports (ECA+) or investment zone tax site*	100%
Enhanced structures and buildings allowance (SBA+)*	10%
Full expensing: main rate first year allowance**	100%
Special rate first year allowance**	50%
Land remediation relief	150%
R&D qualifying capital expenditure	100%
Enhanced R&D intensive support additional deduction	86%
Enhanced R&D intensive support credit	14.5%
Merged scheme R&D expenditure credit	20%
Patent box	10%
Film tax relief	34% / 39% / 53%
High-end TV tax relief	34% / 39%
Videogames tax relief	34%

*Available from the date the size is designed and where the building/structure is brought into qualifying use before 1 October 2031 for English freeports or, in the case of freeports in Scotland or Wales and all investment zones, 1 October 2034.

**From 1 April 2023, companies investing in qualifying new plant and machinery assets will be able to claim a 100% first year allowance on qualifying main rate plant and machinery investment and a 50% first year allowance for qualifying special rate assets

***The Audio-Visual Expenditure Credit (AVEC) for film is 34% (39% for animated film). Independent British films with a budget of less than £15m will receive a credit of 53% on qualifying expenditure. The AVEC for high-end TV Programmes is 34% (39% for animated and children's film).

Capital allowances - cars	2025/26
First year allowance (FYA) for new and unused electric cars or zero emission	100%
Writing down allowance (WDA) if CO2 emissions are 50g/km or lower (not zero)	18%
New or second hand, CO2 emissions are over 50g/km	6%

For expenditure incurred before 1 April 2025 for corporation tax and 6 April 2025 for income tax, a double cab pick-up with a payload of a tonne or more is not to be treated as a car.

For expenditure incurred on or after 1 April 2025 (corporation tax) and 6 April 2025 (income tax), new rules mean that double cab pick-ups, which are equally suited to convey passengers or goods, will be classified as cars. Transitional rules are in place for double cab pick-ups ordered before the rule change.

Investment reliefs		
	Limit	Relief rate
Enterprise investment scheme	£1m*	30%
Venture capital trust	£200,000	30%
Seed enterprise investment scheme	£200,000	50%
Social investment tax relief	£1m	30%

*£2m if at least £1m of that is invested in 'knowledge-intensive companies'

Mileage allowance payments		
Vehicle type	First 10,000 business miles p/a	Thereafter
Cars and vans	45p	25p
Motorcycles	24p	24p
Bicycles	20p	20p
Business passenger	5p	5p

Fuel only allowance for company cars				
From 1 March 2025	Electric	Petrol	Diesel	LPG
Up to 1400c*	7p	13p	12p	11p
1401**-2000cc	7p	15p	14p	13p
Over 2000cc	7p	24p	19p	21p

These rates change on 1 March, 1 June, 1 September and 1 December each year.

*1600cc for diesel.

**1601cc for diesel.

Hybrid cars are treated as either petrol or diesel cars.

Vehicle and fuel benefits in kind (BIK)		
CO2 emissions figure	Electric range	2023/24
0	n/a	3%*
1-50	130 or more	3%
	70-129	6%
	40-69	9%
	30-39	13%
	Less than 30	15%
51-54		16%
55 or over		Add 1% for every 5g/km
160 and over		37% max
Diesel supplement		4%

The list price is on the day before first registration, including most accessories, and is reduced by any employee's capital contribution (max £5,000) when the car is first made available. Where the cost of all fuel for private use is borne by the employee, the fuel benefit is nil.

A nil rate of tax will apply to zero-emission vans within the van benefit charge. Cars that meet the Real Driving Emissions Step 2 (RDE2) standard are exempt from the diesel supplement.

Changes from the previous year

- The BIK rate for zero-emission cars has increased from 2% to 3%
- The BIK rates for cars with CO2 emissions between 1-50 g/km have increased by 1% across all electric ranges
- The fuel benefit charge has increased from £27,800 to £28,200
- The van benefit charge has increased from £3,960 to £4,020, and the private fuel benefit has increased from £757 to £769

Value added tax	
From 1 April 2025 - 31 March 2026	
Standard rate	20%
VAT friction	1/6
Taxable turnover limits	
Registration (last 12 months or next 30 days over)	£90,000
Deregistration (next year under)	£88,000
Annual accounting scheme	£1.35m
Cash accounting scheme	£1.35m
Flat rate scheme*	£150,000

*If goods cost less than 2% of turnover or £1,000p.a. you will be classified as a 'limited cost business' and pay a rate of 16.5% irrespective of business type.

Stamp taxes		
SDLT on the transfer of residential property*	Main residence	Second home or additional property
Up to £125,000	0%	5%
£125,001 to £250,000	2%	7%
£250,001 to £925,000	5%	10%
£925,001 to £1.5m	10%	15%
Above £1.5m	12%	17%

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

*17% for purchases by companies on value over £500,000 subject to exemptions.

*Subject to conditions, first-time buyers pay 0% on up to £300,000 (previously £425,000 to 31 March 2025) and 5% between £300,000 and £500,000 (previously £425,000 and £625,000 to 31 March 2025). No relief available if purchase > £500,000 (previously £625,000 to 31 March 2025).

*The rates are different in Wales and Scotland.

*Additional rate of 5% applies for second homes and those buying additional residential property where not replacing their own home, but it is excluded if purchase < £40,000.

SDLT on the transfer of non-residential or mixed use property	
On the first £150,000	0%
On the next £100,000	2%
Balance above £250,000	5%



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