



20 BUDGET 25

 **topfords**
Chartered Accountants
Auditors & Business Advisors
www.stopfords.co.uk

INTRODUCTION



Chancellor of the Exchequer Rachel Reeves set out tax-raising measures worth up to £26 billion in the Autumn Budget on 26 November 2025.

The increases will be achieved through a range of measures, including extending the freeze on Income Tax thresholds for a further three years.

Tax increases

In addition to maintaining Income Tax thresholds, taxes on property, dividend and saving income will be increased.

The Budget also announced employee and employer National Insurance contributions (NICs) on salary sacrifice pension contributions above £2,000 a year and introduced a tax on homes valued at £2 million or more.

That is my choice

On spending, Ms Reeves took action to cut energy bills, freeze rail fares and end the two-child benefit cap.

Ms Reeves said: ‘I can tell you today that, for every family we are keeping our promise to get energy bills down and cut the cost of living with £150 taken off the average household energy bill from April.

‘Money off bills, and in the pockets of working people. That is my choice.’

Contents	Page
Personal Tax	2 - 4
Employment	5 - 7
Business	8 - 9
Capital Taxes	10 - 11
Other Matters	12 - 13
Rates and Allowances	14 - 15

PERSONAL TAX



Tax bands and rates

The basic rate band remains at £37,700, with the higher rate threshold remaining at £50,270. The additional rate threshold remains at £125,140. The freeze of these thresholds will continue until April 2031. The NICs Primary Threshold and Lower Profits Limit remain at £12,570. The NICs Upper Earnings Limit and Upper Profits Limit will remain aligned to the higher rate threshold at £50,270 up to April 2031 as well. Other employer NICs relief thresholds aligned to the Upper Earnings Limit will also be maintained at this level.

The additional rate for non-savings and non-dividend income will apply to taxpayers in England, Wales and Northern Ireland. The additional rate for savings and dividend income will apply to the whole of the UK.

Scottish residents

The tax on income (other than savings and dividend income) is different for taxpayers who are resident in Scotland from that paid by taxpayers resident elsewhere in the UK. The Scottish Income Tax rates and bands apply to income such as employment income, self-employed trade profits and property income.

The rates and bands for 2026/27 will be announced in the Scottish Budget. Scottish taxpayers are entitled to the same personal allowance as individuals in the rest of the UK.

Welsh residents

Since April 2019 the Welsh Government has had the right to vary the rates of Income Tax payable by Welsh taxpayers (other than tax on savings and dividend income). For 2025/26 the tax payable by Welsh taxpayers is the same as that payable by English and Northern Irish taxpayers. This will continue for 2026/27.

The personal allowance

The Income Tax personal allowance is fixed at the current level of £12,570 and will remain frozen until April 2031.

There is a reduction in the personal allowance for those with 'adjusted net income' over £100,000. The reduction is £1 for every £2 of income above £100,000. This means that there is no personal allowance where adjusted net income exceeds £125,140.

The government will increase the married couple's allowance and blind person's allowance from 6 April 2026 by the CPI rate for September 2025 of 3.8%.

Tax on property income

Property income is any income from letting land and buildings.

Individuals have a Property Allowance. This exempts property income of £1,000 or less. Property income over £1,000 can be offset either by the £1,000 Property Allowance or by deducting relevant expenses.

The government is introducing the following separate tax rates for property income from 2027/28:

- 22% for basic rate taxpayers
- 42% for higher rate taxpayers
- 47% for additional rate taxpayers.

Tax on savings income

Savings income is income such as bank and building society interest.

The Savings Allowance applies to savings income and the available allowance in a tax year depends on the individual's marginal rate of Income Tax. Broadly, individuals taxed at up to the basic rate of tax have an allowance of £1,000. For higher rate taxpayers the allowance is £500. No allowance is due to additional rate taxpayers.



Savings income within the allowance still counts towards an individual's basic or higher rate band and so may affect the rate of tax paid on savings above the Savings Allowance.

Some individuals qualify for a 0% starting rate of tax on savings income up to £5,000. This will remain at £5,000 until 5 April 2031. However, the rate is not available if taxable non-savings income (broadly earnings, pensions, trading profits and property income, less allocated allowances and reliefs) exceeds £5,000.

The current tax rates on savings income will be maintained for 2026/27. From 6 April 2027, there will be a 2% increase in the applicable tax rates. The basic rate will increase to 22%, the higher rate will increase to 42% and the additional rate will increase to 47%.

Tax on dividends

Currently, the first £500 of dividends is chargeable to tax at 0% (the Dividend Allowance). This £500 is retained for 2026/27.

These rules apply to the whole of the UK.

From 6 April 2026, there will be a 2% increase in the ordinary and upper rates of Income Tax applicable to dividends. The additional rate will remain unchanged at 39.35%

Dividends received above the Dividend Allowance will be taxed at the following rates for 2026/27:

- 10.75% for basic rate taxpayers
- 35.75% for higher rate taxpayers
- 39.35% for additional rate taxpayers.

Dividends within the allowance still count towards an individual's basic or higher rate band and so may affect the rate of tax paid on dividends above the Dividend Allowance.

To determine which tax band dividends fall into, dividends are treated as the last type of income to be taxed.

Income Tax ordering rules

The Income Tax ordering rules will change from 6 April 2027. The personal allowance will be deducted from employment, trading or pension income first. Currently, individuals can choose which income the allowance is offset against.

Pension tax limits

For 2026/27:

- The Annual Allowance (AA) is £60,000.
- Individuals who have 'threshold income' for a tax year of greater than £200,000 have their AA for that tax year restricted. It is reduced by £1 for every £2 of 'adjusted income' over £260,000, to a minimum AA of £10,000.
- The Lump Sum Allowance, which relates to the general maximum that may be able to be taken as a tax-free lump sum, is £268,275.
- The Lump Sum and Death Benefit Allowance, which relates to the general maximum that may be able to be taken as a tax-free lump sum in certain circumstances, is £1,073,100.



Individual Savings Accounts

For 2026/27, the limits are as follows:

- Individual Savings Accounts (ISAs) £20,000
- Junior ISAs £9,000
- Lifetime ISAs £4,000 (excluding government bonus)
- Child Trust Funds £9,000.

These limits will remain frozen until 5 April 2031.

From 6 April 2027, the annual ISA cash limit will be set at £12,000. The remaining £8,000 will be designated for stocks and shares ISA investment. This restriction will not apply for those over the age of 65, where the cash ISA limit will remain at £20,000.

EMPLOYMENT



National Insurance contributions

Employees

For 2025/26 the rates of Class 1 employee NICs are 8% and 2%. The employer rate is 15%.

The Secondary Threshold is the point at which employers become liable to pay NICs on an individual employee's earnings and is currently set at £5,000 a year from 6 April 2025. The government announced that this will be maintained at this level until April 2031.

The Employment Allowance allows eligible businesses with employer NICs bills to deduct £10,500 from their employer NICs bill.

The self-employed

For 2025/26 the rates of Class 4 self-employed NICs are 6% and 2%. These rates remain the same for 2026/27.

For Class 2 NICs from 6 April 2025:

- Self-employed people with profits of £6,845 and above get access to contributory benefits, including the State Pension, through a National Insurance Credit, without paying Class 2 NICs.
- Those with profits under £6,845 who pay Class 2 NICs voluntarily to get access to contributory benefits, including the State Pension, will continue to be able to do so.

Changes for 2026/27

The government will increase the Lower Earnings Limit (LEL) and the Small Profits Threshold (SPT) from 2026/27. For those paying voluntarily, the government will also increase Class 2 and Class 3 NICs for 2026/27.

The LEL will be £6,708 per annum (£129 per week) and the SPT will be £7,105 per annum. The main Class 2 rate will be £3.65 per week and the Class 3 rate will be £18.40 per week.

Employer NICs relief for veterans

The government will extend the employer NICs relief for employers hiring qualifying veterans to April 2028.

This means that businesses continue to pay no employer NICs up to annual earnings of the Veterans Upper Secondary Threshold of £50,270 for the first year of a veteran's employment in a civilian role.

National Living Wage and National Minimum Wage

The government has announced increased rates of the National Living Wage (NLW) and National Minimum Wage (NMW) which will come into force from 1 April 2026. The rates which will apply are as follows:

	NLW	18-20	16-17	Apprentices
From 1 April 2026	£12.71	£10.85	£8.00	£8.00

The apprenticeship rate applies to apprentices under 19 or 19 and over in the first year of apprenticeship. The NLW applies to those aged 21 and over.

Taxable benefits for company cars

The rates of tax for company cars are amended for 2026/27:

- the charge for zero emission cars rises from 3% to 4%
- the charge for other cars with emissions below 75g/km increases by 1%
- the maximum benefit of 37% remains.

The government has confirmed increases to the benefit in kind rates for company cars for tax years up to and including 2029/30.



The government announced that it is introducing a temporary easement to mitigate the increasing benefit in kind tax liabilities of plug-in hybrid electric vehicle (PHEV) company cars due to new emission standards. The easement will apply retrospectively from 1 January 2025 to 5 April 2028. Transitional arrangements will apply to certain PHEVs until 5 April 2031.

Car fuel benefit charge

The government will increase the car fuel benefit charge from 6 April 2026.

Company vans

The government will increase the Van Benefit Charge and the Van Fuel Benefit Charges from 6 April 2026.

Mandating the reporting of benefits in kind via payroll software

The government confirms that the use of payroll software to report and pay tax on benefits in kind will become mandatory, in phases, from April 2027. This will apply to income tax and Class 1A NICs.

Tackling tax non-compliance in the umbrella company market

To tackle the significant levels of tax avoidance and fraud in the umbrella company market, the government will make recruitment agencies responsible for accounting for PAYE and Class 1 NICs on payments made to workers that are supplied via umbrella companies.

Legislation will be introduced to make employment agencies or end clients joint and severally liable for any amount required to be accounted for under the PAYE provisions, where an umbrella company forms part of a labour supply chain. Further legislation will be introduced which will impose an equivalent joint and several liability for NICs purposes.

This will allow HMRC to pursue an agency in the first instance for any payroll taxes that a non-compliant umbrella company fails to remit to HMRC on their behalf. The end client will be liable if contracting directly with an umbrella company.

Where there is no agency, the responsibility will fall to the end client business.

This will take effect from 6 April 2026. The measure will protect workers from large, unexpected tax bills caused by unscrupulous behaviour from non-compliant umbrella companies.

Ending contrived car ownership schemes

The government is amending the benefit in kind rules so that vehicles provided through employee car ownership arrangements will be deemed to be taxable benefits when made available on restricted terms.

Under these arrangements an employer or a third party sells a car to an employee, often via a loan with no repayment terms and negligible interest, then buys it back after a short period.

These arrangements mean those benefiting don't pay company car tax, which other employees pay, and so this measure will seek to level the playing field.

Arrangements existing prior to commencement will continue without a change in treatment until the earlier of the arrangement being varied, renewed, or 6 April 2032.

There will also be an exemption from the benefit in kind rules for vehicles provided on arm's length terms within the motor industry.

The government has confirmed its intention to delay the operative date to 6 April 2030.

Changes to salary sacrifice for pensions from April 2029

The government is changing how salary sacrifice for pension contributions works.

Salary sacrifice is when you agree to reduce your gross salary or sacrifice a bonus and, in return, your employer pays the same amount into your pension.

From April 2029, only the first £2,000 of employee pension contributions through salary sacrifice each year will be exempt from NICs. Contributions through salary sacrifice, like all pension contributions, will still be exempt from Income Tax (subject to the usual limits).



Employers and employees can still make contributions above £2,000 through salary sacrifice arrangements. However, employee contributions above this amount will be subject to employer and employee NICs like other employee workplace pension contributions.

Employers will need to report the total amount sacrificed through their existing payroll. All employer pension contributions will continue to be free of NICs.

Employees, as well as employers, will pay NICs on the amount above £2,000 for employee contributions through salary sacrifice.

Employees who choose to salary sacrifice to receive Tax Free Childcare or Child Benefit can keep doing so.

Expanding workplace benefits relief

This measure will introduce new legislative exemptions for the reimbursement of eye tests, flu vaccines and home working equipment.

Under current law, the exemption only applies where the employer provides the benefit directly. This change will ensure that reimbursements are treated in the same way.

This will have effect on or after 6 April 2026.

Removal of tax relief on non-reimbursed homeworking expenses

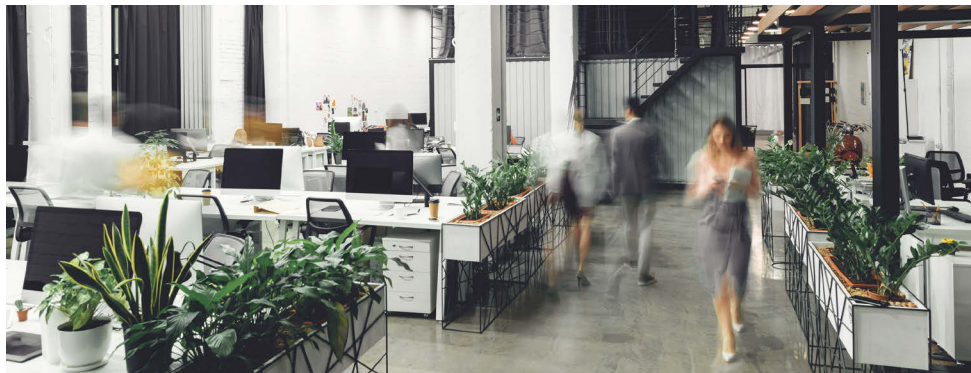
This measure will remove the tax relief available to employees who have incurred additional household costs if they are required to work from home. These costs include increased household utility costs and business telephone calls.

It will only apply to those employees who have not had these costs reimbursed by their employer.

This will not impact the existing ability for employers that reimburse employees for costs relating to homeworking where eligible without deducting Income Tax and NICs.

This will take effect from 6 April 2026.

BUSINESS



Corporation Tax

The government has confirmed that the rates of Corporation Tax will remain unchanged, which means that, from April 2026, the rate will stay at 25% for companies with profits over £250,000. The 19% small profits rate will be payable by companies with profits of £50,000 or less. Companies with profits between £50,001 and £250,000 will pay tax at the main rate reduced by a marginal relief, providing a gradual increase in the effective Corporation Tax rate.

Comment

The government has committed to capping the main rate of Corporation Tax at 25% for the duration of the Parliament.

The penalty for taxpayers submitting a Corporation Tax return late will double for returns for which the filing date is on or after 1 April 2026.

Capital allowances

The Full Expensing rules for companies allow a 100% write-off on qualifying expenditure on most plant and machinery (excluding cars) as long as it is new and unused. Similar rules apply to integral features and long-life assets at a rate of 50%.

The government will reduce the main rate Writing Down Allowance (WDA) from 18% to 14% per year from 1 April 2026 for Corporation Tax purposes and 6 April 2026 for Income Tax purposes. For businesses with chargeable periods which span 1 April (Corporation Tax) or 6 April (Income Tax), a hybrid rate will apply. The WDA on the special rate pool remains at 6% per year.

For expenditure incurred on or after 1 January 2026, the government will introduce a new first year allowance (FYA) of 40% for all businesses on main rate assets, including most expenditure on assets for leasing. Cars, second-hand assets and assets for leasing overseas will not be eligible.

The Annual Investment Allowance is available to both incorporated and unincorporated businesses. It gives a 100% write-off on certain types of plant and machinery up to certain financial limits per 12-month period. The limit remains at £1 million.

The 100% FYA for qualifying expenditure on zero-emission cars and the 100% FYA for qualifying expenditure on plant or machinery for electric vehicle chargepoints have been extended to 31 March 2027 for Corporation Tax purposes and 5 April 2027 for Income Tax purposes.

Targeted Research and Development Advance Assurance Service

The government will pilot a targeted advance assurance service from spring 2026. This will enable small and medium-sized enterprises to gain clarity on key aspects of their Research and Development (R&D) tax relief claims before submission to HMRC. A summary of responses to the advance clearance consultation will also be published.

Advance Tax Certainty Service

A new Advance Tax Certainty Service will be launched in July 2026. This will provide major investment projects in the UK with certainty on the application of tax law to their specific circumstances. Qualifying project expenditure must be at least £1 billion. Subject to full initial disclosure of all material facts, a clearance will bind HMRC for five years, and may be renewed for a further five years.

Enterprise Investment Scheme and Venture Capital Trusts investment limit increase and restructure

The government has announced significant changes to the limits applying to the Enterprise Investment Scheme (EIS) and Venture Capital Trusts (VCTs) from 6 April 2026. The gross assets requirement that a company must not exceed for EIS and VCTs will increase from £15 million to £30 million immediately before the issue of the shares, and from £16 million to £35 million immediately after the issue. The annual investment limit that companies can raise will increase from £5 million to £10 million. For Knowledge-Intensive Companies (KICs), the annual investment limit will increase from £10 million to £20 million. The company's lifetime investment limit will increase to £24 million and for KICs to £40 million. The Income Tax relief that can be claimed by an individual investing in VCTs will decrease from 30% to 20%.

Expanding the eligibility limits of the Enterprise Management Incentives scheme

The government is also increasing certain limits relating to the Enterprise Management Incentives (EMI) scheme. For EMI contracts granted on or after 6 April 2026, the employee limit will increase from 250 employees to 500 employees, the gross assets test will be increased from £30 million to £120 million, and the company share option limit will be increased from £3 million to £6 million. The limit on the exercise period will increase to 15 years, and will also apply retrospectively to existing EMI contracts which have not already expired or been exercised.



UK Listing Relief

The government has announced an exemption from the 0.5% Stamp Duty Reserve Tax (SDRT) charge on agreements to transfer securities of a company whose shares are newly listed on a UK regulated market. This measure will have effect for agreements to transfer made on or after 27 November 2025. The exemption will apply for a three-year period from the listing of the company's shares. The exemption will not apply to the 1.5% SDRT charge, or where the transfer forms part of a merger or takeover where there is a change of control.

CAPITAL TAXES



Capital Gains Tax

Capital Gains Tax rates

The Capital Gains Tax rates remain unchanged for 2026/27.

Capital Gains Tax annual exemption

The annual exempt amount will remain at £3,000 for 2026/27.

Employee Ownership Trusts

The current relief available for qualifying disposals by business owners selling their shares to Employee Ownership Trusts (EOTs) is a 100% exemption of any gain. From 26 November 2025, the relief will only exempt 50% of the gain. Business Asset Disposal Relief and Investors' Relief will not be available where the 50% exemption has been claimed. The remaining 50% of the gain on disposal will not form part of the disposer's chargeable gain. Instead, 50% of the gain will be held over and deducted from the trustees' acquisition cost. This will mean that it will come into charge on any subsequent disposal or deemed disposal of the shares by the trustees of the EOT.

Incorporation Relief

The government will introduce a requirement for taxpayers to actively claim incorporation relief for transfers of a business to a company on or after 6 April 2026. The relief previously applied automatically.

Business Asset Disposal Relief

The rate applying for individuals claiming Business Asset Disposal Relief and Investors' Relief will increase to 18% for disposals made on or after 6 April 2026.

Carried interest rates and reform

From April 2026, all carried interest will be taxed within the income tax framework. A multiplier of 72.5% will be applied to any qualifying interest brought within the charge.

Inheritance Tax

Inheritance Tax nil rate bands

The nil rate band has been frozen at £325,000 since 2009 and will continue to be frozen until 5 April 2031. An additional nil rate band, called the 'residence nil rate band' is also frozen until 5 April 2031 at the current £175,000 level, as is the residence nil rate band taper starting at £2 million.

Unused pension funds and death benefits

The government will bring unused pension funds and death benefits payable from a pension into a person's estate for Inheritance Tax (IHT) purposes from 6 April 2027.

All death in service benefits payable from registered pension schemes will be excluded from the value of an individual's estate for IHT purposes.

The personal representatives will be responsible for paying any IHT due on unused pension funds and death benefits in a person's estate. However, pension beneficiaries of registered pension schemes will be able to request the pension scheme administrator pay their IHT liability directly to HMRC in specific circumstances. They may also direct scheme administrators to withhold 50% of taxable benefits for up to 15 months.

Comment

The rules may potentially have significant effects for those with pension funds.

For example, John made contributions to his private pension scheme. At the date of his death, aged 90, the pension fund is valued at £400,000. The remainder of his estate is valued at £1,000,000. Currently, the IHT bill is £270,000. This will rise to £430,000 under the new rules.

Agricultural Property Relief & Business Property Relief

From 6 April 2026, agricultural and business property will continue to benefit from the 100% IHT relief up to a limit of £1 million. The limit is a combined limit for both agricultural and business property. Such property in excess of the limit will benefit from a 50% relief.

The £1 million limit applies per person and is refreshed every seven years. From 6 April 2026, this allowance will be transferable between married couples or civil partners. This will include where the first death was before 6 April 2026.

There may be a further £1 million allowance for trusts in certain situations but the rules are complex.

The £1 million limits for both individuals and trusts will be frozen until 6 April 2031.

Comment

There has been a great deal of press reflecting the unhappiness of farmers with these changes. However, the changes are much broader and potentially affect the owners of many SMEs in the UK. Early IHT planning becomes critical under the new rules.

The transferability of the allowance between spouses/civil partners seems to be recognition of taxpayer concerns.

Cap for excluded property in trusts

With effect from 6 April 2025, the government has retrospectively put in place a cap of £5 million for excluded property held in trust as at 30 October 2024. This cap applies to settled property which was excluded property situated outside the UK at the time of the relevant charge. The £5 million cap applies to each ten-year cycle.



OTHER MATTERS



The VAT registration threshold

From 1 April 2026 the VAT registration threshold remains at £90,000 and the deregistration threshold at £88,000.

Making Tax Digital for Income Tax Self Assessment

The government is committed to delivering Making Tax Digital for Income Tax Self Assessment, which starts in April 2026 for those with qualifying income over £50,000. The government will expand the rollout of the programme to those with incomes over £30,000 in April 2027 and £20,000 in April 2028. However, the government will not proceed with Making Tax Digital for Corporation Tax.

Enforcement and tax collection

The government has announced a variety of compliance initiatives, which include the following:

- investing further in HMRC's debt management work and publishing a new tax debt strategy which outlines plans to deliver year-on-year reductions to the overall tax debt balance as a percentage of tax receipts
- requiring Income Tax Self Assessment taxpayers with Pay As You Earn (PAYE) income to pay more of their Self Assessment liabilities in-year via PAYE from April 2029

- investing in HMRC to modernise the tax system and help taxpayers get their taxes right first time through greater digitalisation. This investment will improve how HMRC uses information from third parties, and to build new technology to increase the use of data-driven prompts to help taxpayers avoid errors when submitting tax returns
- investing £64 million over the next five years in HMRC's existing partnerships with private sector debt collection agencies to collect more tax debt.

In addition, from April 2029 businesses will be required to issue all VAT invoices as e-invoices, with a roadmap on implementation to be published next year.

Comment

The government is attempting to close the tax gap by pursuing those who try to bend or break the rules, collecting more unpaid taxes and modernising the tax system. This is designed to take the total additional revenue raised by closing the tax gap this Parliament to £10 billion in 2029/30.

High Value Council Tax Surcharge

- The current Council Tax system uses property values from 1991. From April 2028, properties valued at £2 million or more will be liable to a new High Value Council Tax Surcharge (HVCTS).

- The HVCTS will be staggered depending on the value of the property. For property over £2 million, the annual charge will be £2,500. For property valued between £2.5 - £3.5 million, the annual charge will be £3,500 and for those properties valued between £3.5 - £5 million, the annual charge will be £5,000. Properties valued in excess of £5 million will have an annual charge of £7,500.
- The surcharge will be collected alongside the existing Council Tax due for the property.



Employment

- The government is working to extend right to work checks to cover businesses hiring gig economy and zero-hours workers. This will restrict the ability of employers to take advantage of illegal workers and ensure that legitimate businesses acting lawfully will not be undercut on labour costs by those who exploit the system.
- The government will set up a dedicated 'hidden economy' team within the new Fair Work Agency from April 2026 to take action in sectors known to have breaches of employment rights legislation alongside illegal working and tax issues. The team will initially target hand car washes but will then move onto other high-risk areas.

Electric Vehicle Excise Duty

- The government is introducing Electric Vehicle Excise Duty (eVED), a new mileage charge for electric and plug-in hybrid cars, which will come into effect from April 2028. Drivers will pay for their mileage alongside their existing VED.
- The government will work closely with industry and motoring representative groups on the delivery of the new tax.
- The tax paid by EV drivers will be around half the fuel duty rate paid by the average petrol/diesel driver, with a reduced rate for plug-in hybrid drivers. When eVED takes effect in April 2028, an average EV driver will pay around £240 per year or £20 per month.
- Other vehicle types, such as vans, buses, motorcycles, coaches and HGVs, will be out of scope of eVED when it is introduced, with the transition to electric power for these vehicle types being currently less advanced than for cars.

Other points

Other announcements made by the government include:

- the £35,000 threshold for Winter Fuel Payments will be maintained for this Parliament
- the government is seeking views on the effectiveness of existing tax incentives, and the wider tax system, for business founders and scaling firms, and how the UK can better support these companies to start, scale and stay in the UK.

Income Tax

Rates and bands (other than savings and dividend income)

2026/27		2025/26	
Band £	Rate %	Band £	Rate %
0 - 37,700	20	0 - 37,700	20
37,701 - 125,140	40	37,701 - 125,140	40
Over 125,140	45	Over 125,140	45

Income tax rates in Scotland and Wales on income other than savings and dividend income have been devolved.

Savings income

2026/27 and 2025/26

Savings allowance basic rate	£1,000
Savings allowance higher rate	£500

A starting rate of 0% may be available unless taxable non-savings income exceeds £5,000.

Dividend income

2026/27

2025/26

Dividend allowance	£500	£500
Dividend ordinary rate	10.75%	8.75%
Dividend upper rate	35.75%	33.75%
Dividend additional rate	39.35%	39.35%

Income Tax Allowances

	2026/27	2025/26
Personal allowance	£12,570	£12,570
Personal allowance income limit	£100,000	£100,000
Marriage allowance	£1,260	£1,260
Married couple's allowance	£tbc	£11,270
- minimum amount	£tbc	£4,360
- income limit	£tbc	£37,700
Blind person's allowance	£tbc	£3,130

Pensions

	2026/27	2025/26
Lump sum allowance	£268,275	£268,275
Lump sum and death benefit allowance	£1,073,100	£1,073,100
Annual allowance	£60,000	£60,000
Money purchase annual allowance	£10,000	£10,000

Corporation Tax

Years to 31.3.26 and 31.3.27	Profits band £	Rate %
Small profits rate	0 - 50,000	19
Marginal rate	50,001 - 250,000	26.5
Main rate	Over 250,000	25
Marginal relief fraction	3/200	

Profits limits are reduced for a company with associated companies. Different rates apply for ring-fenced (broadly oil industry) profit.

Inheritance Tax

Death rate

Lifetime rate

Chargeable transfers

2026/27 and 2025/26

Nil

Nil

0 - £325,000 (nil rate band)

40%

20%

Over £325,000

A further nil rate band of £175,000 may be available in relation to current or former residences.

Devolved Income Tax

Scotland rates and bands

2026/27		2025/26	
Band £	Rate %	Band £	Rate %
tbc	tbc	0 - 2,827	19
tbc	tbc	2,828 - 14,921	20
tbc	tbc	14,922 - 31,092	21
tbc	tbc	31,093 - 62,430	42
tbc	tbc	62,431 - 125,140	45
tbc	tbc	Over 125,140	48

Wales rates and bands

2026/27		2025/26	
Band £	Rate %	Band £	Rate %
0 - 37,700	20	0 - 37,700	20
37,701 - 125,140	40	37,701 - 125,140	40
Over 125,140	45	Over 125,140	45

National Insurance

2026/27 Class 1 (employed) rates

Employee

Employer

Earnings per week	%	Earnings per week	%
Up to £242	Nil	Up to £96	Nil
£242.01 - £967	8	Over £96	15
Over £967	2		

Entitlement to contribution-based benefits for employees retained for earnings between £129 and £242 per week. The employer rate is 0% for certain military veterans, employees under 21 and apprentices under 25 on earnings up to £967 per week.

Class 1A (employers)

15% on employee taxable benefits

Class 1B (employers)

15% on PAYE Settlement Agreements

Class 2 (self-employed)

nil (£3.65 per week where those with profits below £7,105 wish to make a voluntary contribution)

Class 3 (voluntary)

flat rate per week £18.40

Class 4 (self-employed)

6% on profits between £12,570 and £50,270 plus 2% on profits over £50,270

Car, Van and Fuel Benefits

2026/27		
CO ₂ emissions g/km		% of list price taxed
0		4
1 - 50		
Electric range	130 or more	4
	70 - 129	7
	40 - 69	10
	30 - 39	14
	under 30	16
51 - 54		17
For every extra 5 (other than the 75-79 bracket)		+1
155 and above		37

For fully diesel cars generally add a 4% supplement (unless the car is registered on or after 1 September 2017 and meets the Euro 6d emissions standard) but the maximum is still 37%. For emissions of 75g/km or more if the CO₂ figure does not end in a 5 or 0 round down to the nearest 5 or 0.

2026/27	
Car fuel benefit	£tbc
Van benefit	£tbc
Van fuel benefit	£tbc

Capital Allowances

First Year Allowance (FYA) on certain plant, machinery and cars of 0g/km (for cars purchased before 1 April 2027 (6 April 2027 for income tax)) **100%**

Corporation tax FYA ('full expensing') on certain new, unused plant and machinery **100%**

Corporation tax FYA on new, unused long-life assets, integral features of buildings, etc. **50%**

FYA for all businesses on certain new, unused plant and machinery for expenditure incurred from 1 January 2026 **40%**

Annual Investment Allowance £1,000,000 excluding cars

Writing Down Allowance

Long-life assets, integral features of buildings, cars over 50g/km **6%**

Other plant and machinery **18%/14%***

Structures and Buildings Allowance **3%**

* The 14% rate will apply from 1 April 2026 (6 April 2026 for income tax), subject to transitional rules for chargeable periods which straddle those dates.

Value Added Tax

	From 1.4.26	From 1.4.25
Standard rate	20%	20%
Reduced rate	5%	5%
Annual Registration Limit	£90,000	£90,000
Annual Deregistration Limit	£88,000	£88,000

Capital Gains Tax

Individuals	2026/27	2025/26
Exemption	£3,000	£3,000
Standard rate	18%	18%
Higher/additional rate	24%	24%
Trusts		
Exemption	£1,500	£1,500
Rate	24%	24%

Business Asset Disposal Relief

The first £1m of qualifying gains are charged at 14% for 2025/26 and 18% for 2026/27.

Property Taxes

Across the whole of the UK, residential rates may be increased by 5% (8% in Scotland and up to 8.5% in Wales) where further residential properties are acquired.

Stamp Duty Land Tax

Land and buildings in England and N. Ireland

Residential Band £	Rate %	Non-residential Band £	Rate %
0 - 125,000	0	0 - 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 Buyer relief may apply to residential purchases up to £500,000.

Land and Buildings Transaction Tax

Land and buildings in Scotland

Residential Band £	Rate %	Non-residential Band £	Rate %
0 - 145,000	0	0 - 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 Buyer relief may apply on the first £175,000 of residential purchases.

Land Transaction Tax

Land and buildings in Wales

Residential Band £	Rate %	Non-residential Band £	Rate %
0 - 225,000	0	0 - 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		

Disclaimer: Rates are for guidance only. Certain figures were not available at the time of writing. Whilst we take care to ensure the accuracy of this document, no responsibility for loss occasioned by any person acting or refraining from action as a result of this information can be accepted by the authors or firm.



**Chartered Accountants
Auditors & Business Advisors**

www.stopfords.co.uk



Synergy House
7 Acorn Business Park
Commercial Gate
Mansfield
Notts NG18 1EX

Tel: 01623 420269

Email: theteam@stopfords.co.uk

www.stopfords.co.uk

'Creating Business Synergy'



**ICAEW
CHARTERED
ACCOUNTANTS**

Stopfords is registered to carry on audit work and regulated for a range of investment business activities by the Institute of Chartered Accountants in England and Wales.

Stopfords is the trading name of Stopfords (Mansfield) Limited.