

Tax Facts

2025-2026

Based on budget and other fiscal
announcements to 20 January 2026



Income tax rates

| | 2025–26 | Rate | 2024–25 | Rate | Note |
|--|-------------------------|------------|------------------|------|----------------------|
| Individuals – UK | | | | | |
| Starting rate | £1–£5,000 | 20% | £1–£5,000 | 20% | A, B, C, E, F |
| Basic rate | £5,001–£37,700 | 20% | £5,001–£37,700 | 20% | B, C D, E, F |
| Higher rate | £37,701–£125,140 | 40% | £37,701–£125,140 | 40% | B, C, E, F |
| Additional rate | Over £125,140 | 45% | Over £125,140 | 45% | B, C, E, F |
| Individuals – Scottish income tax | | | | | |
| Starter rate | £1–£2,827 | 19% | £1–£2,306 | 19% | E |
| Basic rate | £2,828–£14,921 | 20% | £2,307–£13,991 | 20% | D, E |
| Intermediate rate | £14,922–£31,092 | 21% | £13,992–£31,092 | 21% | E |
| Higher rate | £31,093–£62,430 | 42% | £31,093–£62,430 | 42% | E |
| Advanced rate | £62,431–£125,140 | 45% | £62,431–£125,140 | 45% | E |
| Top rate | Over £125,140 | 48% | Over £125,140 | 48% | E |
| Trusts | | | | | |
| Trust rate | N/A | 45% | N/A | 45% | C, G |

- A. Rate on non-dividend savings income up to £5,000 is 0% where taxable non savings income does not exceed £5,000.
- B. From 6 April 2027, non-dividend savings and property income will be taxed at 22% for starting and basic rate taxpayers, 42% for higher rate taxpayers and 47% for additional rate taxpayers.
- C. Dividends exceeding the dividend allowance are taxed at 8.75% for starting and basic rate taxpayers, 33.75% for higher rate taxpayers and 39.35% for additional and trust rate taxpayers. From 6 April 2026, these rates will increase to 10.75% for starting and basic rate taxpayers and 35.75% for higher rate taxpayers, whilst the rate will remain at 39.35% for additional and trust rate taxpayers. Specific rules apply regarding the rate of tax applicable to trustees.
- D. Basic rate band increased by gross gift aid donations and certain personal pension contributions.
- E. Scottish income tax rates and bands apply to earned, pensions and property income of Scottish taxpayers. UK income tax rates and bands apply for other income, including savings and dividend income of Scottish taxpayers.
- F. The Welsh Government has the right to set the Welsh rate of income tax that applies to earned, pension and property income of Welsh taxpayers in addition to the UK rates after reducing those rates by 10%. The Welsh government has set the Welsh rate of income tax at 10% for 2025–26 (2024–25: 10%), leaving the combined UK plus Welsh rates the same as those applying in England and Northern Ireland.
- G. Subject to related trusts rules, trusts with net income below £500 may be treated as receiving £nil income and therefore incur no charge to income tax.

Income tax allowances, reliefs and charges

| | 2025–26 | 2024–25 | Note |
|---|---------|---------|------|
| Personal allowance | £12,570 | £12,570 | A, B |
| Married couple's/civil partnership allowance | £11,270 | £11,080 | B, C |
| Minimum married couple's/civil partnership allowance | £4,360 | £4,280 | B, C |
| Income limit for married couple's/civil partnership allowance | £37,700 | £37,000 | B, C |
| Transferable marriage/civil partnership allowance | £1,260 | £1,260 | B, D |
| Blind person's allowance | £3,130 | £3,070 | B |
| Rent a room relief (maximum) | £7,500 | £7,500 | |
| Dividend allowance | £500 | £500 | |
| Savings allowance | £1,000 | £1,000 | E |
| Trading income allowance | £1,000 | £1,000 | F |
| Property income allowance | £1,000 | £1,000 | F |
| Qualifying care relief – annual fixed amount | £19,690 | £19,360 | G |

- A. Reduced by £1 for every £2 of income over £100,000.
- B. Non-residents may not be entitled to personal allowances in certain circumstances.
- C. Available to persons born before 6 April 1935. Relief limited to 10%. Reduced to minimum allowance by £1 for every £2 over income limit.
- D. Transferable marriage/civil partnership allowance applies to recipient taxpayers who are not liable to income tax at the higher or additional rate or Scottish income tax at the higher, advanced or top rate.
- E. £500 for higher rate and £nil for additional rate taxpayers.
- F. If gross income exceeds £1,000, a deduction of £1,000 instead of actual expenses is permitted.
- G. Additional weekly qualifying care relief amounts also apply and depend on the age of the person receiving care.

High income child benefit charge: 0.5% of the benefit per £100 of adjusted net income over £60,000; 100% of the benefit when adjusted net income is over £80,000.

Pension contributions

| | 2025–26 | 2024–25 | Note |
|--------------------------------------|------------|------------|------|
| Annual allowance | £60,000 | £60,000 | A |
| Lump sum allowance | £268,275 | £268,275 | |
| Lump sum and death benefit allowance | £1,073,100 | £1,073,100 | |
| Overseas transfer allowance | £1,073,100 | £1,073,100 | |

A. Up to the lower of 100% of earnings or the maximum contribution. Maximum contribution is the annual allowance plus unutilised allowances from the three previous tax years. Up to £3,600 may be contributed irrespective of earnings. Annual allowance reduced: by £1 for every £2 income over £260,000 to a minimum of £10,000; and, to £10,000 maximum if certain pension drawings made.

Capital gains tax

| | 2025–26 | 2024–25 | Note |
|--|---------|---------|------|
| Annual exemption | | | |
| Individuals | £3,000 | £3,000 | |
| Trusts | £1,500 | £1,500 | A |
| Business asset disposal relief lifetime allowance | £1m | £1m | |
| Investors' relief lifetime allowance | £1m | £1m | E |
| Individuals and trusts | | | |
| Starting and basic rate taxpayers | 18% | 18% | B, D |
| Higher and additional rate taxpayers | 24% | 24% | C, D |
| Trusts and personal representatives | 24% | 24% | C, D |
| Rate where business asset disposal/investors' relief applies | 14% | 10% | F |

A. Exempt amount subject to related trusts rules.
 B. 10% until 29 October 2024. Gains on chargeable residential property attracted an 8% surcharge until 29 October 2024.
 C. 20% until 29 October 2024. Gains on chargeable residential property attracted a 4% surcharge until 29 October 2024.
 D. Gains on carried interest attracted an 8% surcharge until 29 October 2024. Between 30 October 2024 and 5 April 2025, the capital gains tax rate for gains on carried interest is 28% for higher and additional rate taxpayers, trusts and personal representatives. The capital gains tax rate for gains on carried interest is 32% in 2025–26 for all taxpayers. From 6 April 2026, the tax regime for carried interest will be brought entirely within the income tax framework.
 E. £10m until 29 October 2024.
 F. Increasing to 18% from 6 April 2026.

Non-UK residents subject to capital gains tax (or corporation tax for companies) on sale of UK property and certain disposals of interests in UK property rich entities.

Certain disposals of UK land and buildings by non-UK residents and disposals of residential property by UK residents must be reported and the tax paid to HMRC within 60 days of sale.

Inheritance tax

| | 2025–26 | 2024–25 | Note |
|------------------------------------|---------|------------------------------|--------|
| Nil rate band (NRB) £1 to £325,000 | 0% | 0% | A |
| Over £325,000 | 40% | 40% | B, C |
| Main reliefs | | | |
| Business property relief (BPR) | 50/100% | 50/100% | D, E |
| Agricultural property relief (APR) | 50/100% | 50/100% | D |
| Main exemptions | | | |
| Annual gifts per donor | £3,000 | Parent | £5,000 |
| Small gifts per recipient | £250 | Grandparent/remoter ancestor | £2,500 |
| Normal expenditure out of income | Exempt | Other | £1,000 |

- A. Additional residence nil rate band (RNRB) of £175,000 for transfers of a main residence to direct descendants. NRB and RNRB for estate of surviving spouse are increased by unutilised percentage of NRB and RNRB of predeceased spouse. RNRB tapers away for estates over £2m.
- B. Some lifetime gifts are taxed at 20%.
- C. Tax rate reduced to 36% where 10% or more of net chargeable estate is left to charity.
- D. From 6 April 2026, a combined allowance of £2.5m applies, giving BPR and APR at 100% on qualifying assets. Relief at 50% will be available on the excess value of qualifying assets over £2.5m. Any unused allowance for the 100% rate of relief will be transferable between spouses and civil partners. If the first death was before 6 April 2026, it will be assumed the entirety of that individual's allowance will be available for transfer to the surviving spouse or civil partner. Anti-forestalling measures may apply to transfers made from 30 October 2024.
- E. Applies to: unincorporated trading businesses; unquoted shares in trading companies; shares listed on the alternative investment market (AIM) and other markets designated as "unquoted" for these purposes; controlling holdings in quoted companies; and, land, buildings, machinery and plant used in the qualifying business of a company or partnership. Assets must generally be held for a two-year period to qualify for relief. From 6 April 2026, the rate of BPR available on shares listed on AIM and other markets designated as "unquoted" for these purposes will be reduced to 50%.

Non-domiciled remittance basis users

| | 2025–26 | 2024–25 |
|--|---------|---------|
| Personal allowance | N/A | Nil |
| Capital gains tax annual exemption | N/A | Nil |
| Remittance basis charge | | |
| Unremitted income and gains less than £2,000 | N/A | Nil |
| Resident in at least 7 of the previous 9 tax years | N/A | £30,000 |
| Resident in at least 12 of the previous 14 tax years | N/A | £60,000 |

Certain returning former UK domiciled individuals, and non-domiciled individuals resident in the UK in at least 15 of the previous 20 tax years, treated as if UK domiciled for income tax, capital gains tax and inheritance tax purposes.

From 6 April 2025, the remittance basis for non-domiciled individuals is abolished and replaced by residence-based regime whereby individuals resident in the UK for more than four tax years are taxable on foreign income and gains as they arise. Foreign income and gains of individuals not resident in the UK for more than four tax years may qualify for exemption from UK tax. Transitional provisions may apply to existing, non-UK domiciled residents at this date. Individuals qualifying for the foreign income and gains exemption regime may claim relief on their overseas workdays up to the lower of 30% of their qualifying foreign employment income or £300,000 per year.

A temporary repatriation facility applying to previously unremitted income and gains is available for the first three tax years of the new regime for individuals who have previously claimed the remittance basis. The temporary repatriation facility rate is 12% for 2025-26 and 2026-27 and 15% in 2027-28.

National Insurance contributions

Class 1

| Employer | Employee | | |
|--|---------------------------------|-------------------|--------------|
| Earnings per week | Rate payable | Earnings per week | Rate payable |
| £0.01–£96.00 | Nil | £0.01–£242.00 | Nil |
| Over £96.00 | 15% | £242.01–£967.00 | 8% |
| | | Over £967.00 | 2% |
| Class 1A and 1B (employers only) | 15% | | |
| Class 2 (self-employed – voluntary) | £3.50 per week | | |
| Class 3 (voluntary) | £17.75 per week | | |
| Class 4 (self-employed) | Profits up to £12,570 | | Nil |
| | Profits from £12,571 to £50,270 | | 6% |
| | Profits above £50,270 per annum | | 2% |

The first £10,500 of employer's liability is relieved by the employment allowance for eligible employers. Prior to 6 April 2025, the first £5,000 of employer's liability was relieved by the employment allowance for eligible employers with a National Insurance contributions bill of less than £100,000.

No employer National Insurance contributions (NICs) for employees aged under 21, apprentices up to age 25 and veterans on earnings up to £967 per week (the upper earnings limit), or for the first three years of employment for certain employees in freeport tax sites and investment zones on earnings up to £481 per week (the freeport and investment zone upper secondary thresholds).

Apprenticeship levy at 0.5% is payable on annual pay bills in excess of £3m, net of £15,000 annual allowance.

Voluntary Class 2 NICs may be paid on annual profits below £6,845. Special class 2 NIC rates apply for share fishermen and volunteer development workers.

Individual savings accounts

| Maximum annual investment | 2025–26 | 2024–25 |
|--------------------------------|----------------|---------|
| Cash and shares combined limit | £20,000 | £20,000 |
| Lifetime ISA | £4,000 | £4,000 |
| Junior ISA | £9,000 | £9,000 |

Help to buy ISA scheme closed to new accounts from 30 November 2019. Deposits of up to £200 per month eligible for existing accounts.

The lifetime ISA allowance counts towards the maximum cash and shares combined ISA limit.

From 6 April 2027 the annual ISA cash limit will be set at £12,000 for the under-65s, within the overall annual ISA limit of £20,000.

Tax efficient savings and investments

| Maximum annual investment | 2025–26 | 2024–25 | Note |
|--|-----------------|----------|----------------|
| Seed enterprise investment scheme (SEIS) | £200,000 | £200,000 | A, F |
| Venture capital trusts (VCTs) | £200,000 | £200,000 | C |
| Enterprise investment scheme (EIS) | £1m | £1m | B, D, E |

- A. Income tax relief at 50%.
- B. Income tax relief at 30%.
- C. Income tax relief at 30%. From 6 April 2026, income tax relief at 20%.
- D. Up to £2m for 'knowledge-intensive' companies.
- E. Capital gains tax deferral on gains reinvested in EIS qualifying investments.
- F. Capital gains tax exemption on 50% of gains reinvested in SEIS qualifying investments.

Stamp duty on shares and securities/stamp duty reserve tax

| | Rate |
|--|------|
| Consideration on shares and certain marketable options to acquire shares over £1,000 | 0.5% |

From 27 November 2025, an exemption from stamp duty reserve tax applies where shares of a company are newly listed on a UK regulated market. The exemption applies for three years from the date of listing.

Property stamp taxes

| Residential acquisitions | England and Northern Ireland | Scotland | Wales |
|--------------------------|------------------------------|----------|-------|
| Price/premium payable | SDLT | LBTT | LTT |
| £1–£125,000 | Nil | Nil | Nil |
| £125,001–£145,000 | 2% | Nil | Nil |
| £145,001–£225,000 | 2% | 2% | Nil |
| £225,001–£250,000 | 2% | 2% | 6% |
| £250,001–£325,000 | 5% | 5% | 6% |
| £325,001–£400,000 | 5% | 10% | 6% |
| £400,001–£750,000 | 5% | 10% | 7.5% |
| £750,001–£925,000 | 5% | 12% | 10% |
| £925,001–£1.5m | 10% | 12% | 10% |
| Over £1.5m | 12% | 12% | 12% |

First-time buyers are exempt from stamp duty land tax (SDLT) on the first £300,000 of purchases up to £500,000. First-time buyers are exempt from land and buildings transaction tax (LBTT) on the first £175,000 of all purchases.

5% (SDLT) and 8% (LBTT) supplements apply to the above rates for second residential properties purchased by individuals and all purchases by corporates, discretionary and certain other trustees with chargeable consideration of £40,000 or more. Separate enhanced land transaction tax (LTT) rates and bands apply for such second residential property purchases, as follows. Up to £180,000 – 5%; £180,001 to £250,000 – 8.5%; £250,001 to £400,000 – 10%; £400,001 to £750,000 – 12.5%; £750,001 to £1.5m – 15%; and above £1.5m – 17%.

A 2% SDLT surcharge applies on residential properties acquired by non-UK residents.

A 17% flat rate of SDLT applies to non-natural persons purchasing residential properties (enveloped properties) for more than £500,000 unless relief is available.

Residential lease rentals

England and Northern Ireland – 1% on present value of rents above £125,000, generally exempt in Scotland and nil in Wales.

A 2% SDLT surcharge applies on the chargeable net present value of residential lease rentals payable by non-UK residents.

| Non-residential/mixed use acquisitions | England and Northern Ireland | Scotland | Wales |
|--|------------------------------|----------|-------|
| Price/premium payable | SDLT | LBTT | LTT |
| £0–£150,000 | Nil | Nil | Nil |
| £150,001–£225,000 | 2% | 1% | Nil |
| £225,001–£250,000 | 2% | 1% | 1% |
| £250,001–£1m | 5% | 5% | 5% |
| Over £1m | 5% | 5% | 6% |

Qualifying purchases in freeport tax sites are eligible for full relief from SDLT.

Non-residential/mixed leases

England and Northern Ireland – 1% on present value of rents £150,001 to £5m, 2% above £5m.

Scotland – 1% on present value of rents £150,001 to £2m, 2% above £2m. No nil rate band in respect of lease premium if rent exceeds £1,000 per month.

Wales – 1% on present value of rents £225,001 to £2m, 2% above £2m. No nil rate band in respect of lease premium if rent exceeds £13,500 per year.

Rates and bands for Scotland and Wales

The Scottish Government sets the tax rates and bands for land and buildings transaction tax. Following the Scottish Budget on 13 January 2026 the rates remain unchanged.

The Welsh Government sets the tax rates and bands for land transaction tax. Following the Welsh Budget on 20 January 2026 the rates remain unchanged.

Annual tax on enveloped dwellings

| Residential property value | 2025–26 | 2024–25 |
|----------------------------|----------|----------|
| £500,001–£1m | £4,450 | £4,400 |
| £1m–£2m | £9,150 | £9,000 |
| £2m–£5m | £31,050 | £30,550 |
| £5m–£10m | £72,700 | £71,500 |
| £10m–£20m | £145,950 | £143,550 |
| Over £20m | £292,350 | £287,500 |

Valuation date is 1 April 2022, with the valuation date replaced by the date of acquisition or material part-disposal, if later.

Corporation tax and diverted profits tax

| | 2025–26 | 2024–25 | Note |
|---|------------|------------|---------|
| Corporation tax | | | |
| Main rate | 25% | 25% | A, C |
| Small profits rate | 19% | 19% | B, C |
| Loans to participators | 33.75% | 33.75% | |
| Corporation tax on restitution interest payments | 45% | 45% | D |
| Diverted profits tax | 31% | 31% | E |
| Profits qualifying for patent box | 10% | 10% | |
| Ring fence corporation tax | | | |
| Main rate | 30% | 30% | A, C, F |
| Small profits rate | 19% | 19% | B, C, F |
| Supplementary charge | 10% | 10% | F |
| Special rate for unit trusts and open-ended investment companies | 20% | 20% | |

- A. Applies to companies with taxable profits exceeding £250,000 (reduced proportionately for the number of associated companies) and taxable profits of certain investment companies beneath £250,000.
- B. Applies to companies with taxable profits beneath £50,000 (reduced proportionately for the number of associated companies) except taxable profits of certain investment companies.
- C. Marginal relief applies for profits between £50,000 and £250,000, with thresholds reduced proportionately for the number of associated companies.
- D. Withheld at source.
- E. Applies for accounting periods beginning before 1 January 2026 to profits of large entities diverted from the UK as a result of an avoided permanent establishment or transactions that lack economic substance (55% for such profits of entities subject to ring fence corporation tax and 33% for banking surcharge profits). For accounting periods beginning on or after 1 January 2026 diverted profits tax will be repealed and replaced with an additional corporation tax charge of 6% for unassessed transfer pricing profits.
- F. Applies to adjusted taxable 'ring fence' profits arising from UK oil extraction activities or activities relating to the acquisition, enjoyment or exploitation of UK oil rights.

Residential property developer tax

| | Rate |
|-------------------|------|
| Profits over £25m | 4% |

Applies to relevant company profits derived from UK residential property development.

Energy profits levy and electricity generator levy

| | 2025–26 | 2024–25 | Note |
|----------------------------|---------|---------|------|
| Energy profits levy | 38% | 38% | A |
| Electricity generator levy | 45% | 45% | B |

- A. Applies from 26 May 2022 to 31 March 2030 on relevant UK profits (after an investment allowance) of oil and gas production and exploration companies (before 1 November 2024: 35%).
- B. Applies from 1 January 2023 to 31 March 2028 on relevant UK profits exceeding £10m of certain electricity generation companies.

Bank corporation tax surcharge

| | 2025–26 | 2024–25 |
|---------------------|---------|---------|
| Rate | 3% | 3% |
| Surcharge allowance | £100m | £100m |

Applies to relevant profits of banking companies and building societies above the surcharge allowance.

Bank levy

| | 2025–26 | 2024–25 |
|---|---------|---------|
| Chargeable UK-based equity and long-term chargeable liabilities | 0.05% | 0.05% |
| Short-term UK-based chargeable liabilities | 0.1% | 0.1% |

Applies to nominated entities of banking and building society groups (including single company groups). The levy is not charged on the first £20bn of chargeable UK based equity and liabilities.

Global minimum tax – multinational and domestic top-up tax

For accounting periods beginning on or after 31 December 2023, groups of companies and other entities (including single entity groups) with worldwide turnover of €750m or more are required to pay a top-up tax to achieve an effective tax rate of at least 15% in respect of relevant taxable profits generated in each territory in which they operate. UK domestic top-up tax is payable where the effective tax rate on UK operations is below 15%, and multinational top-up tax applies where top-up tax is not collected by another relevant jurisdiction for subsidiaries or non-UK permanent establishments of UK entities.

Research and development tax relief

| | 2025–26 | 2024–25 | Note |
|--|---------|---------|------|
| R&D intensive loss-making SME enhanced deduction | 86% | 86% | A |
| R&D intensive loss-making SME payable cash credit for R&D losses surrendered | 14.5% | 14.5% | A |
| R&D expenditure credit | 20% | 20% | B |

- A. R&D intensive companies are defined as those with R&D expenditure of at least 30% of total tax-deductible expenditure.
- B. Taxable credit available on qualifying R&D expenditure. Not available to companies that claim relief under the scheme for R&D intensive loss-making companies.

Land remediation tax relief

| | 2025–26 | 2024–25 |
|---|---------|---------|
| Additional tax deduction | 50% | 50% |
| Payable cash credit for land remediation loss surrendered | 16% | 16% |

Creative sector tax reliefs

| Payable credit rates on up to 80% of qualifying expenditure | 2025–26 | 2024–25 | Note |
|---|------------|---------|-------------|
| Film tax relief | 25% | 25% | A, F |
| High-end TV, children's TV and animation tax relief | 25% | 25% | A, F |
| Video games tax relief | 25% | 25% | A, F |
| Audio-visual expenditure credit – film and high-end TV | 34% | 34% | B, C |
| Audio-visual expenditure credit – children's TV and animation | 39% | 39% | B |
| Audio-visual expenditure credit – independent film | 53% | 53% | D |
| Video games expenditure credit | 34% | 34% | B |
| Theatre tax relief | 45% | 50% | A, E |
| Orchestra tax relief | 45% | 50% | A |
| Museums and galleries exhibition tax relief | 45% | 50% | A, E |

- A. Eligible expenditure qualifies for enhanced deductions. Rates quoted refer to payable tax credits for any resulting losses surrendered.
- B. Tax credit available on eligible expenditure instead of enhanced deductions.
- C. From 1 April 2025, qualifying visual effects expenditure is eligible for a tax credit of 39% and is no longer subject to the 80% restriction on qualifying expenditure that applies to the other creative sector reliefs.
- D. Applies to qualifying expenditure on qualifying films with a budget of up to £15m.
- E. Payable credits reduced by 5% for non-touring productions.
- F. No longer available for new productions from 1 April 2025 and withdrawn altogether from 1 April 2027.

Capital allowances

| | 2026–27 | 2025–26 | Note |
|--|-----------------|---------|----------|
| Plant and machinery | | | |
| Annual investment allowance | £1m | £1m | A |
| Long life assets and integral features – first year allowances | 50% | 50% | B |
| Long life assets and integral features – writing down allowances | 6% | 6% | C |
| Other plant and machinery – first year allowances | 100%/40% | 100% | D |
| Other plant and machinery – writing down allowances | 18% | 18% | C |
| Other first year allowances | 100% | 100% | E |
| Cars: CO₂ emissions (g/km) | | | |
| 0 | 100% | 100% | F |
| 1 to 50 | 18% | 18% | C |
| Over 50 | 6% | 6% | C |
| Structures and buildings | | | |
| Structures and buildings allowance | 3% | 3% | G |
| Enhanced structures and buildings allowance | 10% | 10% | H |

- A. 100% annual investment allowance on plant and machinery expenditure of up to £1m per year, shared with connected entities in certain circumstances.
- B. Corporation tax only, applies to most new plant and machinery that ordinarily qualifies for special rate writing down allowances.
- C. Reducing balance basis. From 2026-27 the writing down allowance for other plant and machinery will reduce to 14%.
- D. For corporation tax only, a 100% 'full expensing' first year allowance on cost of most new plant and machinery that ordinarily qualifies for 'main pool' writing down allowances. From 1 January 2026 a 40% first year allowance on cost of most new plant and machinery that ordinarily qualifies for 'main pool' writing down allowances applies and is relevant mainly for income tax purposes, but also to companies that acquire plant and machinery for leasing and are unable to claim full expensing.
- E. Available for: research and development (no time limit); zero-emission cars until 31 March 2027/5 April 2027; electric vehicle charge points until 31 March 2027/5 April 2027; and, qualifying assets in freeport and investment zone sites brought into use on or after the site becomes a designated freeport/investment zone and before the applicable sunset date (companies only).
- F. New and unused cars only. Allowances for second hand cars are 18% reducing balance (reducing to 14% from 2026-27).
- G. Expenditure on non-residential structures and buildings.
- H. Available for structures and buildings in freeport and investment zone sites for contracts entered into on or after the site becomes a designated freeport/investment zone and before the applicable sunset date.

Digital services tax

The UK related revenue exceeding £25m per year of activities comprising search engines, social media platforms and online marketplaces is chargeable at 2% on certain digital businesses with global in scope annual revenues exceeding £500m.

Economic crime (anti-money laundering) levy

| UK revenue | 2025–26 | 2024–25 |
|--------------|----------|----------|
| Under £10.2m | £nil | £nil |
| £10.2m–£36m | £10,000 | £10,000 |
| £36m–£1bn | £36,000 | £36,000 |
| Over £1bn | £500,000 | £500,000 |

Applies to entities supervised under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017.

Authorised mileage rates

| | Per mile |
|-----------------------|------------------------------------|
| Private cars and vans | First 10,000 miles in the tax year |
| | Additional miles |
| | Each qualifying passenger |
| Motorcycles | 24p |
| Cycles | 20p |

The authorised mileage rates for private cars and vans above are for income tax purposes only. The authorised rate for National Insurance contributions purposes is 45p per mile regardless of annual mileage.

Car and fuel scale benefits

| | Percentage (see below) of list price | | | Note |
|---|--------------------------------------|-----------------------------------|------------|------|
| Car benefit | | | | |
| Fuel benefit – cars | | Percentage (see below) of £28,200 | | |
| Van benefit | | | £4,020 | |
| Fuel benefit – vans | | | £769 | |
| CO ₂ emissions (g/km): | Electric range (miles) | Diesel | Other fuel | |
| Nil | | | 3% | A |
| 1–50 | 130 or more | 7% | 3% | A |
| 1–50 | 70–129 | 10% | 6% | A |
| 1–50 | 40–69 | 13% | 9% | A |
| 1–50 | 30–39 | 17% | 13% | A |
| 1–50 | Less than 30 | 19% | 15% | A |
| 51–54 | | 20% | 16% | A |
| Each additional 5 | | Further 1% | Further 1% | A |
| Diesel 135 and over/Other fuel 155 and over | | 37% | 37% | |

A. On 6 April 2026 and 6 April 2027, benefit charge percentages for most cars with CO₂ emissions below 70g/km will be increased by 1%, subject to a maximum of 5% for fully electric cars with zero CO₂ emissions, and 21% for cars with CO₂ emissions below 80g/km. Benefit charge percentages for most cars with CO₂ emissions at or above 70g/km will be frozen in 2026–27 and 2027–28.

Diesel vehicles meeting the RDE2 standard are exempt from diesel supplement and the above other fuel rates apply for such vehicles.

Plug-in hybrid electric vehicles – the CO₂ emission figure will be deemed to be 1g/km where:

- The vehicle was first registered on or after 1 January 2025
- The vehicle's CO₂ emissions figure is 51 or more
- The vehicle was registered under any emission standard other than Euro 6d-ISC-FCM or Euro 6e
- The car's electric range figure is 1 or more.

Value added tax

| | 2025–26 | 2024–25 | Note |
|--|-------------------|------------|----------|
| Standard rate | 20% | 20% | |
| Reduced rate | 5% | 5% | |
| Annual turnover threshold for registration | £90,000 | £90,000 | A |
| Annual turnover limit for deregistration | £88,000 | £88,000 | B |
| Annual cash accounting upper limit | £1,350,000 | £1,350,000 | C |
| EC sales list reporting threshold | Nil | Nil | D |
| Intrastat reporting | | | |
| Arrivals threshold | £500,000 | £500,000 | E |
| Dispatches threshold | £250,000 | £250,000 | E |

- A. Taxable turnover is measured by reference to the last 12 months or next 30 days.
- B. Taxable turnover is measured by reference to the next 12 months.
- C. This limit applies to businesses joining the scheme. Those already in the scheme can remain in the scheme until their turnover reaches £1.6m.
- D. EC sales lists are required for goods supplied from Northern Ireland to EU VAT registered customers. Simplified annual EC sales lists can be used where: annual taxable turnover does not exceed £115,500; goods supplied annually from Northern Ireland to EU VAT registered customers do not exceed £11,000; and sales do not include new means of transport.
- E. Intrastat declarations are only required for goods moving between Northern Ireland and the EU and not for goods moving between Great Britain and the EU or Northern Ireland.

Climate change levy

| Main rates | 2025–26 | 2024–25 | Note |
|--|----------------|---------|----------|
| Electricity (£ per kilowatt hour) | 0.00775 | 0.00775 | A |
| Gas supplied by a gas utility or any gas supplied in a gaseous state that is of a kind supplied by a gas utility (£ per kilowatt hour) | 0.00775 | 0.00775 | A |
| Any petroleum gas, or other gaseous hydrocarbon, supplied in a liquid state (£ per kilogram) | 0.02175 | 0.02175 | |
| Any other taxable commodity (£ per kilogram) | 0.06064 | 0.06064 | B |

The climate change levy applies to energy delivered to most types of non-domestic users.

- A. 0.00801 from 1 April 2026
- B. 0.06264 from 1 April 2026.

Reduced rates of climate change levy

| Percentage of main rates | 2025–26 | 2024–25 |
|--|------------|---------|
| Electricity | 8% | 8% |
| Gas supplied by a gas utility or any gas supplied in a gaseous state that is of a kind supplied by a gas utility | 11% | 11% |
| Any petroleum gas, or other gaseous hydrocarbon, supplied in a liquid state | 23% | 23% |
| Any other taxable commodity | 11% | 11% |

Applies to holders of a climate change agreement.

Carbon price support rates of climate change levy and fuel duty

| | Rate |
|---|---------|
| Carbon price equivalent (£ per tonne of carbon dioxide) | £18 |
| Supplies of commodity used in electricity generation | |
| Natural gas (£ per kilowatt hour) | 0.00331 |
| Liquified petroleum gas (£ per kilogram) | 0.05280 |
| Coal and other taxable solid fossil fuels (£ per gross gigajoule) | 1.54790 |
| Gas oil, rebated bio-blend and kerosene (£ per litre) | 0.04916 |
| Fuel oil other heavy oil and rebated light oil (£ per litre) | 0.05711 |

Carbon price support rates of the climate change levy apply to supplies of solid fossil fuels, gas and liquefied petroleum gas used in most forms of electricity generation.

Aggregates levy

| Per tonne | 2025–26 | 2024–25 |
|--|---------|---------|
| Commercially exploited taxable aggregate | £2.08 | £2.03 |

Levy on sand, gravel and rock extracted in the UK (including its territorial waters) or imported.

The Scottish Government will be responsible for taxing aggregates extracted in Scotland from 1 April 2026.

Landfill tax

| Per tonne | 2025–26 | 2024–25 |
|-------------------------------------|---------|---------|
| England and Northern Ireland | | |
| Standard rated | £126.15 | £103.70 |
| Lower rated | £4.05 | £3.30 |
| Scotland | | |
| Standard rated | £126.15 | £103.70 |
| Lower rated | £4.05 | £3.30 |
| Wales | | |
| Standard rated | £126.15 | £103.70 |
| Lower rated | £6.30 | £3.30 |

Rates and bands for Scotland and Wales

The Scottish Government sets the tax rates and bands for Scottish landfill tax.

The Welsh Government sets the tax rates and bands for landfill disposals tax in Wales. Unauthorised disposals are chargeable at £189.25 (2024-25: £155.55) per tonne.

Insurance premium tax

| | 2025–26 | 2024–25 |
|---------------|---------|---------|
| Standard rate | 12% | 12% |
| Higher rate | 20% | 20% |

Higher rate is for travel insurance, mechanical or electrical appliances insurance and some vehicle insurance.

Soft drinks industry levy

| | 2025–26 | 2024–25 |
|---------------|---------------------|---------------|
| Standard rate | £1.94 per 10 litres | 18p per litre |
| Higher rate | £2.59 per 10 litres | 24p per litre |

The standard rate applies to added sugar drinks with a total sugar content of 5 grams or more per 100 millilitres. The higher rate applies to added sugar drinks with a total sugar content of 8 grams or more per 100 millilitres.

Plastic packaging tax

| Per tonne | 2025–26 | 2024–25 |
|---|---------|---------|
| Plastic packaging with less than 30% recycled content | £223.69 | £217.85 |

Registration for plastic packaging tax is required within 30 days if taxpayer:

- Expects to import into the UK or manufacture in the UK 10 tonnes or more of finished plastic packaging components in the next 30 days.
- Has imported into the UK or manufactured in the UK 10 tonnes or more of finished plastic packaging components in the last 12 months.

The 10 tonnes of plastic packaging components can be a combination of manufactured and imported packaging.

Air passenger duty

| Bands (approximate distance in miles from the UK) | 2025–26 | 2024–25 |
|--|---------|---------|
| Standard rate (other than the lowest class of travel) | | |
| Domestic (flights within the UK) | £14 | £14 |
| Band A (0 to 2,000 miles) | £28 | £26 |
| Band B (2,001 to 5,500 miles) | £216 | £194 |
| Band C (over 5,500 miles) | £224 | £202 |

Reduced rate (lowest class of travel)

| | | |
|----------------------------------|-----|-----|
| Domestic (flights within the UK) | £7 | £7 |
| Band A (0 to 2,000 miles) | £13 | £13 |
| Band B (2,001 to 5,500 miles) | £90 | £88 |
| Band C (over 5,500 miles) | £94 | £92 |

Higher rate

| | | |
|----------------------------------|------|------|
| Domestic (flights within the UK) | £84 | £78 |
| Band A (0 to 2,000 miles) | £84 | £78 |
| Band B (2,001 to 5,500 miles) | £647 | £581 |
| Band C (over 5,500 miles) | £673 | £607 |

Air passenger duty applies to flights aboard aircraft that weigh 5.7 tonnes and above.

Rates for direct long-haul flights from Northern Ireland are devolved and set at £0. Direct long-haul journeys are those where the first leg of the journey is to a destination outside Band A.

Where a class of travel provides a seat pitch in excess of 1.016 metres (40 inches), the standard rate is the minimum rate that applies.

The higher rate applies to flights on aircraft of 20 tonnes and above, with fewer than 19 seats.

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