



UK Finance Act 2025

Tax Card

(Tax year April 1st, 2025 - March 31st, 2026)

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Income Tax

Allowances

Allowances	2025/26	2024/25
Personal Allowance (PA)	£12,570	£12,570
Marriage Allowance	£1,260	£1,260
Blind Person's Allowance	£3,130	£3,070
Rent-a-room relief*	£7,500	£7,500
Trading income allowance*	£1,000	£1,000
Property income allowance*	£1,000	£1,000

- **Personal Allowance** is withdrawn at £1 for every £2 by which 'adjusted income' exceeds £100,000. There is no allowance given above £125,140.
- **Marriage Allowance** The part of the PA that is transferable to a spouse or civil partner who is not a higher or additional rate taxpayer.

* If gross income exceeds this, the limit may be deducted instead of actual expenses.

Rate Bands

Rate bands	2025/26	2024/25
Basic Rate Band (BRB)	£1 - £37,700	£1 - £37,700
Higher Rate Band (HRB)	£37,701 - £125,140	£37,701 - £125,140
Additional rate	over £125,140	over £125,140

Personal Savings Allowance (PSA):

- Basic rate taxpayer	£1,000	£1,000
- Higher rate taxpayer	£500	£500
Dividend Allowance (DA)	£500	£1,000

BRB and additional rate threshold are increased by personal pension contributions (up to permitted limit) and Gift Aid donations.

Tax Rates

Rates differ for General/Savings/Dividend income

	2025/26		
	General Income	Savings Income	Dividends Income
<i>Basic rate %</i>	20%	20%	8.75%
<i>Higher rate %</i>	40%	40%	33.75%
<i>Additional rate %</i>	45%	45%	39.35%

General income (salary, pensions, business profits, rent) usually uses personal allowance, basic rate and higher rate bands before **savings income** (mainly interest).

Where savings income falls in the first £5,000 of the BRB, it is taxed at nil rather than 20%.

The PSA taxes interest at nil, where it would otherwise be taxable at 20% or 40%.

Dividends are normally taxed as the 'top slice' of income. The DA taxes the first £500 of dividend income at nil, rather than the rate that would otherwise apply.

High Income Child Benefit Charge (HICBC)

1% of child benefit for each £200 of adjusted net income between £60,000 and £80,000.

Corporation Tax

<i>Year to</i>	31.3.2026	31.3.2025
<i>Main rate (profits above £250,000)</i>	25%	25%
<i>Small profits rate (profits up to £50,000)</i>	19%	19%
<i>Marginal relief band (MRB)</i>	£50k - £250k	£50k - £250k
<i>Fraction in MRB (effective marginal rate)</i>	3/200 (26.5%)	3/200 (26.5%)

Capital Gains Tax

<i>Lower rate</i>	18%
<i>Higher rate</i>	24%
<i>Annual exempt amount</i>	£3,000
<i>Business asset disposal relief</i>	
<i>Lifetime limit</i>	£1,000,000
<i>Rate of tax</i>	14%

National Insurance Contributions

<i>Class 1 Employee</i>	£1 - £12,570 per year	Nil
	£12,571 - £50,270 per year	8%
	£50,271 and above per year	2%
<i>Class 1 Employer</i>	£1 - £5,000 per year	Nil
	£5,001 and above per year	15%
	Employment allowance	£10,500
<i>Class 1A</i>		15%
<i>Class 4</i>	£1 - £12,570 per year	Nil
	£12,571 - £50,270 per year	6%
	£50,271 and above per year	2%

Where weekly or monthly calculations are required, the Class 1 limits shown above should be divided by 52 (weekly) or 12 (monthly) as applicable.

Main Capital Allowances

<i>Plant and machinery allowances</i>	Year to 31.3.26	Year to 31.3.25
<i>Plant and Machinery</i>		
- Main Pool	18%	18%
- Special Rate Pool	6%	6%
<i>Annual Investment Allowance (AIA)</i>		
- expenditure up to £1m	100%	100%
<i>Enhanced capital allowances for companies</i>		
Main Pool first year allowance	100%	100%
Special Rate Pool first year allowance	50%	50%
<i>Motor cars purchased</i>	CO2 (g/km)	Allowance
New cars only	Nil	100%
In general pool	up to 50	18%
In special rate pool	above 50	6%

Structures And Buildings Allowance

<i>Fixed deduction per annum</i>	3%
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Vehicle Benefits

Cars

Taxable benefit: List price of car multiplied by chargeable percentage.

	CO2 g/km	Electric Range miles	2025/26	2024/25
0	N/A		3	2
1-50	>130		3	2
1-50	70 - 129		6	5
1-50	40 - 69		9	8
1-50	30 - 39		13	12
1-50	<30		15	14
51-54	N/A		16	15

Then a further 1% for each 5g/km CO2 emissions, up to a maximum of 37%.

Diesel cars that are not RDE2 standard suffer a 4% supplement on the above figures but are still capped at 37%.

Vans

Chargeable value of £4,020 (2024/25: £3,960) if private use is more than home-to-work. Zero-emission vans charged at £Nil (2024/25: £Nil).

Fuel

Employer provides fuel for private motoring in an employer-owned:

Car: CO2-based percentage from above table multiplied by £28,200 (2024/25: £27,800).

Van: £769 (2024/25: £757).

Tax-Free Mileage Allowances

<i>Employee's own transport</i>	<i>per business mile</i>
<i>Cars first 10,000 miles</i>	45p
<i>Cars over 10,000 miles</i>	25p
<i>Business passengers</i>	5p
<i>Motorcycles</i>	24p
<i>Bicycles</i>	20p

Value Added Tax

<i>Standard rate (1/6 of VAT-inclusive price)</i>	20%	
	From 1.4.2024	Pre 1.4.2024
<i>Registration level - Taxable turnover</i>	£90,000	£85,000
<i>Deregistration level - Taxable turnover</i>	£88,000	£83,000

Flat Rate Scheme (FRS)

<i>Annual taxable turnover to enter scheme</i>	Up to £150,000
<i>Must leave scheme if annual gross turnover</i>	Exceeds £230,000

If using FRS, the VAT paid by the business is a fixed percentage (based on business category) of 'FRS turnover' rather than the net of output tax over input tax. Input tax is usually not recoverable.

Inheritance Tax

	2025/26	2024/25
<i>Nil rate band (NRB)</i>	£325,000	£325,000
<i>NRB Residential enhancement (RNRB)</i>	175,000	175,000
<i>Tax rate on death</i>	40%	40%
<i>Tax rate on lifetime transfers to most trusts</i>	20%	20%

100% Business Property Relief (BPR) for all shareholdings in qualifying unquoted trading companies, qualifying unincorporated trading businesses and certain farmland/buildings.

Reduced Tax Charge on Gifts Within 7 Years Before Death

<i>Years before death</i>	0-3	3-4	4-5	5-6	6-7
<i>% of full death tax charge payable</i>	100	80	60	40	20

Annual exemptions for lifetime gifts include £3,000 per donor and £250 per recipient.

Key Dates and Deadlines

Payment dates - Self assessment

		2025/26	2024/25
<i>1st payment on account (online)</i>	31 January	2026	2025
<i>2nd payment on account</i>	31 July	2026	2025
<i>Balancing payment</i>	31 January	2027	2026
<i>Capital Gains Tax*</i>	31 January	2026	2025

Other payment dates

<i>Class 1A NIC</i>	19 July	2026	2025
<i>Issuing annual P60s to employees</i>	31 May	2027	2026
<i>Self Assessment return deadline (paper/postal)</i>	31 Oct	2025	2024

Corporation tax is due 9 months and 1 day from the end of the accounting period, unless a 'large' company paying by quarterly instalments.

* For 24/25 tax year, taxpayers must report and pay and CGT within the 60 days of the completion date of the disposal.