



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- **Personal Allowance** is withdrawn at £1 for every £2 by which 'adjusted income' exceeds £100,000.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

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

Structures And Buildings Allowance

| | |
|----------------------------------|----|
| <i>Fixed deduction per annum</i> | 3% |
|----------------------------------|----|

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% |
| <i>Registration level - Taxable turnover</i> | From 1.4.2024 |
| <i>Deregistration level - Taxable turnover</i> | Pre 1.4.2024 |
| | £90,000 |
| | £85,000 |
| | £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 |
| <i>2nd payment on account</i> | 31 July | 2026 |
| <i>Balancing payment</i> | 31 January | 2027 |
| <i>Capital Gains Tax*</i> | 31 January | 2026 |

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.