



2-4 York Buildings, Cornhill, Bridgwater, Somerset TA6 3BS



## Tax Guide 2025-26

### Tax on residential property purchase

Stamp Duty Land Tax (SDLT) in England and Northern Ireland;  
Land and Buildings Transaction Tax (LBTT) in Scotland; Land  
Transaction Tax (LTT) in Wales.

Residential property (first property only):

SDLT - England & Northern Ireland	Rate
Up to £125,000	Nil
£125,001 – £250,000	2%
£250,001 – £925,000	5%
£925,001 – £1,500,000	10%
Over £1,500,000	12%

- SDLT rates changed from 1 April 2025, when temporary increases to thresholds came to an end
- From 1 April 2025 first-time buyers will pay no SDLT up to £300,000 and 5% SDLT on the portion from £300,001 to £500,000. If the price is over £500,000, you cannot claim the relief
- A 2% supplement applies where a property is purchased by an overseas non-resident buyer
- A 17% flat rate SDLT applies to 'non-natural persons' purchasing residential properties (enveloped properties) valued above £500,000 unless relief is available
- Higher rates for additional properties – a supplement is payable on top of the SDLT rates if buying a new residential property means you'll own more than one
- A flat 17% rate of SDLT applies to companies purchasing residential property with a value over £500,000.

### Personal Allowances

	2025-26
Personal Allowance	£12,570
Personal Savings Allowance (basic rate taxpayer)	£1,000
Personal Savings Allowance (higher rate taxpayer)	£500
Rent-a-room tax-free income	£7,500
Dividend Allowance	£500

- The Personal Allowance for those with adjusted net income over £100,000 reduces by £1 for every £2 of income
- Interest on savings is tax-free to a threshold of £1,000 for basic rate taxpayers and £500 for those who pay higher rate tax; the Personal Savings Allowance is not available to additional rate taxpayers

- Married Couple's Allowance is given at 10%, claimants must be born before 6 April 1935; the full allowance is £11,080
- Marriage Allowance: spouses or civil partners are able to transfer £1,260 of their unused Personal Allowance to their partner; this is available provided neither partner pays tax at the higher rate and is not available if the couple are in receipt of Married Couple's Allowance.

### Capital Gains Tax (CGT)

- The annual CGT exemption for 2025-26 is £3,000
- For individuals, the flat rate of CGT that applies to gains in excess of the annual exemption is 18% up to the higher rate Income Tax threshold
- Chargeable gains in excess of the higher rate Income Tax threshold: 24%
- £1,500 CGT exemption for trusts, 24% rate applies thereafter
- The higher rate of CGT on residential property is 24%, the lower rate is 18%
- Lifetime Allowance on gains eligible for Business Asset Disposal Relief is £1m
- 60 days to pay CGT in respect of residential property (buy-to-let) disposals.

### Income Tax rates

**The following allowances and rates apply in 2025-26 for the UK (excluding Scotland)**

Rate of tax		2025-26
Starting rate (savings income only)	0%	£0–£5,000*
Basic rate	20%	£0–£37,700
Higher rate	40%	£37,701–£125,140
Additional rate	45%	£125,140+
Basic rate on dividends	8.75%	
Higher rate on dividends	33.75%	Over the £500 Dividend Allowance
Additional rate on dividends	39.35%	

- Income Tax is paid on the amount of taxable income remaining after allowances have been deducted
- \*Not available if non-savings/non dividend income exceeds this limit
- From 6 April 2025, the remittance basis of taxation for non-UK domiciled individuals will be abolished and replaced with a residence-based regime.

## National Insurance Contributions

Class 1	2025-26	
	Employee	Employer
NICs rate	8%	15%
No NICs for employees generally on the first	£242 pw	£96 pw
No NICs for younger employees* on the first	£242 pw	£967 pw
NICs rate charged up to	£967 pw	No limit
2% NICs on earnings over	£967 pw	N/A

\*No employer NICs on the first £967 pw for employees generally under 21 years, apprentices under 25 years and veterans in first 12 months of civilian employment. No employer NICs on the first £481 pw for employees at freeports and investment zones in Great Britain in the first 36 months of employment.

<b>Employment Allowance</b>	Per business – not available if sole employee is a director	£10,500
<b>Class 1A Employer</b>	On most employees' and directors' taxable benefits	15%
<b>Class 2 Self-employed</b>	Flat rate per week (voluntary)	£3.50 (£182.00 pa)
	Small profits threshold	£6,845
<b>Class 4 Self-employed</b>	On annual profits of	£12,570 to £50,270 - 6%
		Over £50,270 - 2%
<b>Class 3</b>	Voluntary flat rate per week	£17.75 (£923.00 pa)

## Pension Allowances

- The Annual Allowance (AA) threshold is £60,000
- The Money Purchase Annual Allowance (MPAA) and the minimum Tapered Annual Allowance (TAA) are £10,000
- The adjusted income threshold for the TAA is £260,000
- The Lifetime Allowance and charge have been abolished, replaced by the Lump Sum and Death Benefit Allowance (LSDBA) of £1,073,100 and the Lump Sum Allowance (LSA) of £268,275.

As announced during the Autumn Budget 2024, from 6 April 2027 most unused pension funds and death benefits will be included within the value of a person's estate for IHT purposes. After an initial consultation, the government will publish a response document and carry out a technical consultation on draft legislation.

## Tax-free savings for individuals

- Overall ISA limit £20,000
- Junior ISA allowance £9,000
- Lifetime ISA £4,000.

## Some tax relief options for individuals

### Venture Capital Trusts (VCTs)

- Relief on investments in certain quoted companies up to £200,000 per annum
- Income Tax relief at 30%, provided shares held at least five years
- Capital Gains Tax exemption on disposal (only if Income Tax relief received)
- Dividends received from VCTs may be exempt from Income Tax.

### Enterprise Investment Schemes (EIS)

- Relief on investments in certain unquoted trading companies up to £1m per annum (or £2m as long as at least £1m of this is invested in knowledge-intensive companies)
- Income Tax relief at 30%, provided shares held for at least three years
- Capital Gains Tax exemption on disposal, provided shares held for at least three years
- Can be left to beneficiaries free of IHT, provided held for at least 2 years at time of death
- Unlimited amounts of capital gains from the disposal of other assets may be deferred by making an EIS investment.

## Corporation Tax

- Corporation Tax for company profits up to £50,000 is 19%
- An effective rate of 26.5% is applied to profits between £50,001 and £250,000
- A Corporation Tax rate of 25% applies for companies with over £250,000 in profits.

## Inheritance Tax (IHT)

- The nil-rate IHT band is £325,000, with 40% IHT normally payable above this threshold
- A lower rate of IHT (36%) applies if you leave 10% of your net assets to charity
- Main residence nil-rate band of up to £175,000 where a residence is passed on death to a direct descendant.

The proportion of the threshold 'unused' on the first death of husband or wife (or civil partners) is effectively transferable to the surviving partner and serves to increase his or her threshold by a corresponding percentage.

Chargeable lifetime transfers and potentially exempt transfers attract taper relief on tax payable on the gift, if made up to seven years before death, on the amount of gift over the nil-rate band.

### Certain gifts are IHT-free however soon death occurs, including:

- Gifts between UK domiciled husband and wife or between civil partners
- Total gifts up to £3,000 in a year (can be carried forward one year)
- Small gifts to other recipients (up to £250 per recipient in year)
- Gifts in consideration of marriage or civil partnership ranging from £5,000 from each parent of the couple, to £1,000 from anyone else.

## State Pension entitlement

- A flat rate, single tier State Pension of £230.25 per week is payable from 6 April 2025 (35 qualifying years of National Insurance contributions needed for full rate), available to those reaching state pension age (SPA) on or after 6 April 2016
- For those who reached SPA before 6 April 2016, the basic State Pension of £176.45 applies (30 qualifying years needed for full rate), plus any additional state pension.

## Principal state benefits

Weekly benefits	2025-26
Statutory Sick Pay	£118.75
Statutory Maternity Pay – first 6 weeks	90% of weekly earnings
Statutory Maternity Pay – next 33 weeks	£187.18*
Ordinary Statutory Paternity Pay – 2 weeks	£187.18*
Additional Statutory Paternity Pay – variable period	£187.18*

\* or 90% of earnings, if lower

## Self Assessment dates

<b>31 Jul 2025</b>	Second payment on account for 2024-25 due to HMRC
<b>05 Oct 2025</b>	Deadline to notify chargeability and advise HMRC of need to register for Self Assessment
<b>31 Oct 2025</b>	Deadline for submitting paper Self Assessment returns to HMRC
<b>30 Dec 2025</b>	Deadline for filing online return with HMRC if tax is to be collected through PAYE
<b>31 Jan 2026</b>	Deadline for filing 2024-25 returns, balancing payment due for 2024-25, first payment due for 2025-26.

**NOTE:** The information contained in this leaflet is based on our understanding of the Autumn Budget 2024, which is subject to change. No action should be taken without further advice being sought. We can accept no responsibility for any errors or omissions. Information is based on our current understanding of taxation legislation and regulations. Any levels and bases of, and reliefs from taxation, are subject to change. Tax treatment is based on individual circumstances and may be subject to change in the future. Different tax rates may apply in different areas of the UK. Compiled and supplied by The Outsourced Marketing Department.