

## TAX RATES AND ALLOWANCES 2026/27

Income Tax Bands		
England & Northern Ireland	2026-27	2025-26
Savings starting rate - 0%*	£1 - £5,000	£1 - £5,000
Basic rate 20%	£1 - £37,700	£1 - £37,700
Higher rate 40%	£37,701 - £125,140	£37,701 - £125,140
Additional rate 45%	over £125,140	over £125,140

\* The savings starting rate does not apply if non-savings income exceeds £5,000.

Dividend rates	2025-26	2024-25
Dividend allowance	£500	£1,000
Dividend ordinary rate	10.75%	8.75%
Dividend upper rate	35.75%	33.75%
Dividend additional rate	39.35%	39.35%
Personal savings allowance		
– basic rate taxpayers	£1,000	£1,000
– higher rate taxpayers	£500	£500
Personal allowance and reliefs	2026-27	2025-26
Personal allowance The personal allowance is gradually withdrawn by £1 for every £2 of income over £100,000.	£12,570	£12,570
Marriage allowance A taxpayer can transfer up to £1,260 of their unused personal allowance to a spouse or civil partner who is not a higher rate taxpayer.	£1,260	£1,260
Registered blind person's allowance	£3,250	£3,130
Income limit for personal allowance	£100,000	£100,000

\* There is a cap on certain Income Tax reliefs of the greater of £50,000 or 25% of income.

<b>National Insurance</b>	<b>2026-27</b>	<b>2025-26</b>
Lower weekly earnings limit, primary Class 1	£129	£125
Upper weekly earnings limit, primary Class 1	£967	£967
Primary weekly earnings threshold	£242	£242
Secondary weekly earnings threshold	£96	£96
Employees' primary Class 1 rate between primary earnings threshold and upper earnings limit	8%	8%
Employees' primary Class 1 rate above upper earnings limit	2%	2%
Married women's reduced rate between primary earnings threshold and upper earnings limit	1.85%	1.85%
Married women's rate above upper earnings limit	2%	2%
Employers' secondary Class 1 rate above secondary earnings threshold	15%	15%
Class 2 weekly rate (voluntary)	£3.65	£3.50
Special Class 2 weekly rate for share fishermen	£4.30	£4.15
Special Class 2 weekly rate for volunteer development workers	£6.45	£6.25
Class 3 weekly rate (voluntary)	£18.40	£17.75
Class 4 lower profits limit	£12,570	£12,570
Class 4 upper profits limit	£50,270 per year	£50,270 per year
Class 4 rate between lower profits limit and upper profits limit	6%	6%
Class 4 rate above upper profits limit	2%	2%

- \* A National Insurance tax free allowance of £5,000 (2023-24: £5,000) is available to offset against employers' Class 1 secondary NICs subject to certain restrictions.

Capital Gains Tax	2026-27	2025-26
<b>Annual exempt amount</b>		
Individuals	£3,000	£6,000
Trusts	£1,500	£3,000
<b>Rates</b>		
Standard rate taxpayers*	18%	18%
Higher rate taxpayers / Trustees*	24%	24%
Business Asset Disposal Relief lifetime limit	£1,000,000	£1,000,000
Business Asset Disposal Relief rate	18%	14%
Investors' relief lifetime limit	£10,000,000	£10,000,000
Investors' relief rate	18%	14%

\* [The standard rate and higher rate of CGT were increased with effect from the Autumn 2024 budget date of 30 October 2024, bringing the rates into line with those applying to residential property gains].

National Living Wage - hourly rate	2026-27	2025-26
Aged 21 and over	£12.71	£12.21

National Minimum Wage - hourly rate	2026-27	2025-26
Aged 21 to 22	£12.71	£12.21
Aged 18 to 20	£10.85	£10.00
Aged 16 and 17	£8.00	£7.55
Apprentice rate	£8.00	£7.55

Capital Allowances	2026-27	2025-26
<b>Plant and machinery</b>		
Annual Investment Allowance (AIA) (subject to £1,000,000 limit)	100%	100%
Main writing down allowance	14%	18%
Long life assets, integral fixtures	6%	6%
First Year Allowance (FYA)	40%	40% from 1 Jan 2026
Full Expensing (companies)	100%	100%
Structures and buildings allowance	3%	3%

Corporation Tax	FY 2026	FY 2025
Main rate (profits over £250,000)	25%	25%
Small profits rate (profits below £50,000)	19%	19%
Marginal relief fraction	3/200	3/200

There are currently two rates of Corporation Tax. Taxable profits up to £50,000 are taxed at 19% under the small profits rate. Taxable profits in excess of £250,000 are taxed at 25%. Profits between £50,000 and £250,000 are subject to a marginal tapering relief which provides for a gradual increase in the Corporation Tax rate. The bands are reduced for associated companies and short accounting periods.

VAT	
Standard rate	20%
Reduced rate	5%
Zero rate	0%
Annual registration limit (from 1 April 2025)	£90,000
Annual deregistration limit (from 1 April 2025)	£88,000
VAT Cash accounting scheme threshold	£1,350,000
VAT Annual accounting scheme threshold	£1,350,000

\* The annual allowance is tapered for taxpayers whose income exceeds £260,000 (2025-26: £260,000). The allowance will reduce by £1 for every £2 that an individual's income exceeds £260,000 down to a minimum of £10,000 (2025-26: £10,000).

Pension contributions	2026-27	2025-26
Lifetime allowance	Abolished	No charge
Maximum annual allowance*	£60,000	£60,000
Tax on excess	Marginal rate	Marginal rate
Normal minimum pension age for private pensions	55	55
Old state pension - per week (pre 6 April 2016)	2026-27	2025-26
Single person	£184.90	£176.45
Addition for wife if non-contributor	£110.75	£105.70
New state pension - per week	2026-27	2025-26
Single person	£241.30	£230.25

Tax Favoured Investments	2026-27	2025-26
ISA limit	£20,000	£20,000
Lifetime ISA	£4,000	£4,000
Junior ISA	£9,000	£9,000
<b>Venture Capital Trusts</b> Income Tax relief of up to 30% on investments up to £200,000.		
<b>Enterprise Investment Scheme</b> Income Tax relief of up to 30% on qualifying share subscriptions up to £1,000,000. (Up to £2,000,000 for qualifying investments in knowledge-intensive industries).		
<b>Seed Enterprise Investment Scheme</b> Income Tax relief of 50% on maximum investment of £200,000 with rollover of chargeable gains.		



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