

## Adviser Edge

# UK Tax Allowances and Reliefs

As at the 30th October 2024 (unless stated otherwise)



Personal allowance	2024/25	2025/26
Standard	£12,570	£12,570
Personal allowance is reduced by £1 for every £2 of adjusted net income over £100,000. As a result, there is no personal allowance if total income exceeds £125,140		

Income Tax is paid on the amount of '*taxable income*' remaining after the Personal Allowance has been deducted.

UK taxpayers (excluding Scottish taxpayers) – non-dividend, non-savings income (NSND)	2024/25	2025/26
0% personal allowance	Up to £12,570	Up to £12,570
20% basic rate	£12,571 to £50,270	£12,571 to £50,270
40% higher rate	£50,271 to £125,140	£50,271 to £125,140
45% additional rate	over £125,140	over £125,140

Scottish taxpayers – non-dividend, non-savings income (NSND)	2024/25	2025/26*
0% personal allowance	Up to £12,570	Up to £12,570
19% starter rate	£12,571 to £14,876	£12,571 to £15,397
20% basic rate	£14,877 to £26,561	£15,398 to £27,491
21% intermediate rate	£26,562 to £43,662	£27,492 to £43,662
42% higher rate	£43,663 to £75,000	£43,663 to £75,000
45% advanced rate	£75,001 to £125,140	£75,001 to £125,140
48% top rate	over £125,140	over £125,140

\* The Scottish Government presented its Budget for 2025/26 on the 4th December 2025.

All UK taxpayers		2024/25	2025/26
Starting rate at 0% on band of savings income up to*		£5,000	£5,000
Personal savings allowance (PSA) at 0%	Basic Rate	£1,000	£1,000
	Higher Rate	£500	£500
	Additional Rate	£0	£0
Dividend allowance at 0%	All individuals	£500	£500
Tax rates on dividend income	Basic Rate	8.75%	8.75%
	Higher Rate	33.75%	33.75%
	Additional Rate	39.35%	39.35%
Trusts	Income exemption**	£500	£500
	Standard rate band	£0	£0
Rate applicable to trusts	Dividends	39.35%	39.35%
	Other Income	45%	45%

\*Reduces to the extent that non-savings income exceeds the personal allowance, so that it is not available if taxable non-savings income exceeds the starting rate band

\*\*If income exceeds £500, income tax will be due on the full amount of income

For dividends and savings income, the 'rest of UK' (rUK) rates and bands set by HMRC apply.

Allowances and reliefs		2024/25	2025/26
Marriage/civil partners' transferable allowance		£1,260	£1,260
Married couple's/civil partners' allowance (if at least one born before 6 April 1935)*	– maximum	£11,080	£11,270
	– maximum	£4,280	£4,360
Blind person's allowance		£3,070	£3,130
Rent-a-room relief		£7,500	£7,500
Property allowance and trading allowance (each)		£1,000	£1,000

\* Married couple's/civil partners' allowance reduced by £1 for every £2 of adjusted net income over £37,700 (£37,000 for 2024/25) until minimum reached. One spouse/civil partner can transfer 50% of the minimum amount to the other. (Note that couples entitled to claim this allowance are not entitled to the transferable marriage/civil partners' allowance)

<b>Capital Gains Tax (CGT)</b>		<b>2024/25</b>	<b>2025/26</b>
Annual Exemption	Individuals, Estates, etc.	£3,000	£3,000
	Most Trusts	£1,500	£1,500
	Principle Private Residence exemption	No Limit	No Limit
	Chattels exemption	£6,000	£6,000
	Basic rate band – Tax rate	18%	18%
	Additional surcharge for residential property	0%*	0%
	Higher and additional rate bands – Tax rate	24%	24%
	Additional surcharge for residential property	0%*	0%
	Additional surcharge for carried interest	4%	8%**
	Trusts and Estates – Tax rate	24%	24%
	Additional surcharge for carried interest	4%	8%**
	Business Asset Disposal Relief (BADR)	10%	14%***
On lifetime limit of £1,000,000 for trading businesses and companies (minimum 5% participation) held for at least 2 years			

\*From 30th October 2024 removal of surcharge on Residential Property disposals

\*\*From April 2026, carried interest will be taxed fully within the income tax framework.

\*\*\* From April 2026, Business Asset Disposal Relief will increase to 18%.

<b>Tax incentivised investments</b>		<b>2024/25</b>	<b>2025/26</b>
Total Individual Savings Account (ISA) limit, excluding Junior ISAs (JISA)		£20,000	£20,000
Lifetime ISA		£4,000	£4,000
JISA/Child Trust Fund		£9,000	£9,000
Venture Capital Trust (VCT) (30% income tax relief)		£200,000	£200,000
Enterprise Investment Scheme (EIS) (30% income tax relief)*		£2,000,000	£2,000,000
EIS eligible for CGT deferral relief		No limit	No limit
Seed EIS (SEIS) (50% income tax relief)		£200,000	£200,000
SEIS CGT reinvestment relief		50%	50%

\*Above £1,000,000 investment must be in knowledge-intensive companies

State Pensions	2024/25	2025/26
New state pension	£221.20	£230.25
Basic state pension – single person*	£169.50	£176.45

\*State pension age reached before 6 April 2016

Pensions	2024/25	2025/26
Maximum lump sum allowance	£268,275	£268,275
Annual allowance	£60,000	£60,000
Annual allowance taper:*		
- Threshold income limit	£200,000	£200,000
- Adjusted income limit	£260,000	£260,000
- Minimum annual allowance	£10,000	£10,000
Money purchase annual allowance	£10,000	£10,000
Annual allowance charge	20% – 45% of excess	20% – 45% of excess
Maximum relievable personal contribution	100% relevant UK earning or £3,600 gross if greater	

\* 50% taper down to the minimum allowance based on excess over adjusted income limit if threshold income limit is also exceeded.

National Insurance Contributions (NICs)	2024/25		2025/26	
Class 1	Employee	Employer	Employee	Employer
NICs rate	£8%	13.8%	£8%	15%
No NICs for employees generally on the first	£242 pw	£175 pw	£242 pw	£96 pw
No NICs for younger employees* on the first	£242 pw	£967 pw	£242 pw	£967 pw
NICs rate charged up to	£967 pw	No Limit	£967 pw	No Limit
Additional 2% NICs on earnings over	£967 pw	n/a	£967 pw	n/a

pw = per week

\*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

Employment Allowance	2024/25	2025/26
Per business – not available if sole employee is a director or employer's NICs for 2024/25 are £100,000 or more	£5,000	£10,500

<b>Self-employed and non-employed National Insurance Contributions (NICs)</b>	<b>2024/25</b>	<b>2025/26</b>
Class 2 – Self-employed		
- Flat rate per week*	£3.45 pw	£3.50 pw
- Small profits threshold	£6,725 pa	£6,845 pa
Class 4 – Self-employed (Unless over state Pension Age on 6th April)		
- On annual profits of £12,570 to £50,270	6%	6%
- On annual profits over £50,270	2%	2%
Class 3 – Voluntary	£17.45	£17.75

\*Self-employed people with profits above £12,570 are no longer required to pay Class 2 NICs, but will continue to receive access to contributory benefits, including the State Pension. Those with profits between the small profits threshold and £12,570 get access to those benefits through a NICs credit, without paying NICs. Those with profits under £6,725 and others who pay Class 2 NICs voluntarily to get access to those benefits, can continue to do so

<b>High Income Child Benefit charge (HICBC)</b>	<b>2024/25</b>	<b>2025/26</b>
Loss of 1% of benefit per	£200	£200
of adjusted net income between	£60,000 to £80,000	£60,000 to £80,000

Inheritance Tax (IHT)		2024/25	2025/26
Nil-rate band*		£325,000	£325,000
Residence nil-rate band**		£175,000	£175,000
Rate of tax on excess over Nil-rate band		40%	40%
Rate if at least 10% of net estate left to charity		36%	36%
Annual exemption	per donor	£3,000	£3,000
Annual small gift exemption	Per donor	£250	£250
Wedding/civil partnership gifts by:			
	Parent	£5,000	£5,000
	Grandparent/Bride or Groom	£2,500	£2,500
	Other Person	£1,000	£1,000
Lifetime transfers to and from certain trusts		20%	20%
Overseas domiciled spouse/civil partner exemption		£325,000	£325,000
Tapered tax charge on lifetime gifts between 3 and 7 years of death. Years 0–3 full 40% rate, then 8% less for each year until 0% at 7 or more years.			

\*Up to 100% of the unused proportion of a deceased spouse’s/civil partner’s nil-rate band and/or residence nil-rate band can be claimed on the survivor’s death

\*\*Estates over £2,000,000: the value of the residence nil-rate band is reduced by 50% of the excess over £2,000,000.

<b>Corporation Tax</b> Year ending 31 March	<b>2025</b>	<b>2026</b>
Small profits rate – £0–£50,000	19%	19%
Marginal profit rate – £50,000 – £250,000*	26.5%	26.5%
Main rate – over £250,000	25%	25%
Main rate (except ring fence profit) £250,00 and above	25%	25%
Marginal relief lower limit	£50,000	£50,000
Marginal relief upper limit	£250,000	£250,000
Standard fraction	3/200	3/200
Special rate for unit trusts and open-ended investment companies (OEICs)**	20%	20%

\*The 19% rate applies to the first £50,000 of profits and a marginal rate of 26.5% applies to any excess up to £250,000 (£50,000 @ 19% + £200,000 @ 26.5% = £62,500 = £250,000 @ 25%).

The 19% rate does not apply to close investment-holding companies. For close investment-holding companies, the rate of corporation tax is 25%. (The 19% rate can apply to a property letting company with profits of up to £50,000).

\*\*A special rate of 20% applies for unit trusts and OEICs. It is based on the basic rate of income tax, which remains at 20% from 1 April 2025

<b>Value Added Tax (VAT)</b>			
Standard Rate	20%	Domestic Fuel	5%
Installation of energy saving materials (except Northern Ireland)			0%
Registration level	£90,000	Deregistration	£88,000
Flat rate scheme turnover limit			£150,000
Cash and annual accounting schemes turnover limit			£1,350,000

<b>Stamp Duties and Property Transaction Taxes</b>	
Stamp Duty and SDRT: Stocks and marketable securities	0.5%
No stamp duty charge unless the duty exceeds £5	



England & N Ireland – Stamp Duty Land Tax (SDLT) on slices of value to 31/3/2025			
Residential property	%	Commercial property	%
Up to £250,000	0	Up to £150,000	0
£250,001–£925,000	5	£150,001–£250,000	2
£925,001–£1,500,000	10	Over £250,000	5
Over £1,500,000	12		

England & N Ireland – Stamp Duty Land Tax (SDLT) on slices of value to 31/3/2026			
Residential property	%	Commercial property	%
Up to £125,000	0	Up to £150,000	0
£125,001 – £250,000	2	£150,001–£250,000	2
£250,001–£925,000	5	Over £250,000	5
£925,001–£1,500,000	10		
Over £1,500,000	12		

- 15% for purchases over £500,000 by certain non-natural persons; 17% for transactions with an effective date (usually the date of completion) on or after 31 October 2024.
- First-time buyers: from 23 September 2022 to 31 March 2025, first £425,000 slice of value at 0% if property consideration is not more than £625,000, 5% on £425,001 to £625,000; from 1 April 2025, first £300,000 slice of value at 0% if property consideration is not more than £500,000, 5% on £300,001 to £500,000.
- All rates increased by 4% for purchase of additional residential property if value is £40,000 or more, for transactions with an effective date (usually the date of completion) on or after 31 October 2024 (3% before that). Where contracts are exchanged prior to 31 October 2024 but complete or are substantially performed on or after that date, transitional rules may apply.
- All rates increased by 2% for purchase of residential property by non-UK resident if value is £40,000.

The devolved administrations in Scotland and Wales set their own rates of tax on Land and Buildings Transaction Tax (LBTT) and Land Transaction Tax (LTT).

Scotland – Land and Buildings Transaction Tax (LBTT) on slices of value			
Residential property <sup>†</sup>	%	Commercial property	%
Up to £145,000*	0	Up to £150,000	0
£145,001–£250,000	2	£150,001–£250,000	1
£250,001–£325,000	5	Over £250,000	5
£325,001–£750,000	10		
Over £750,000	12		

<sup>†</sup> All rates increased by 8% (for transactions on or after 5th December 2024) for purchase of additional residential property if value is £40,000 or more.

\* £175,000 for first-time buyers.

Wales – Land Transaction Tax (LTT) on slices of value			
Residential property <sup>†</sup>	%	Commercial property	%
Up to £225,000	0	Up to £225,000	0
£225,001–£400,000	6	£225,001–£250,000	1
£400,001–£750,000	7.5	£250,000 – £1,000,000	5
£750,001–£1,500,000	10	Over £1,000,000	6
Over £1,500,000	12		

<sup>†</sup> All rates increased for purchase of additional residential property. For purchases over £40,000 (for transactions with an effective date on or after 22 December 2020, LTT is charged at 4% on the full purchase price up to £180,000, 7.5% on the portion between £180,000 and £250,000, 9% between £250,000 and £400,000, 11.5% between £400,000 and £750,000, 14% within the next band up to £1.5 million and 16% over that.

<b>Car Benefits</b>		
Taxable amount based on original list price and CO2 emissions in g/km		
	<b>2024/25</b>	<b>2025/26</b>
Zero emission cars	2%	3%

<b>Petrol or diesel hybrids with CO2 emissions 1–50g/km</b>				
	<b>2024/25</b>		<b>2025/26</b>	
<b>Range – electric-only miles</b>	<b>NEDC*: Registered before 6/4/2020</b>	<b>WLTP*: Registered after 5/4/2020</b>	<b>NEDC: Registered before 6/4/2020</b>	<b>WLTP: Registered after 5/4/2020</b>
Less than 30	14%	14%	15%	15%
30 – 39	12%	12%	13%	13%
40 – 69	8%	8%	9%	9%
70 – 129	5%	5%	6%	6%
130 or more	2%	2%	3%	3%

\*NEDC : New European Driving Cycle; WLTP : Worldwide harmonised Light Vehicle Test Procedure

<b>Petrol and RDE2* diesel cars with approved CO2 emissions of more than 50g/km</b>				
	<b>2024/25</b>		<b>2025/26</b>	
<b>Emissions</b>	<b>NEDC: Registered before 6/4/2020</b>	<b>WLTP: Registered after 5/4/2020</b>	<b>NEDC: Registered before 6/4/2020</b>	<b>WLTP: Registered after 5/4/2020</b>
51 – 54	15%	15%	16%	16%
55 and above	16%** – 37%	16%** – 37%	17%** – 37%	17%** – 37%

RDE2 : Real Driving Emissions step 2

\* For diesels not meeting RDE2 emission standards (which became mandatory for registrations from 1 January 2021), add 4%, maximum 37%.

\*\* Calculated as 1% above 51-54g/km scale percentage for each extra 5g/km above 50g/km, subject to a maximum of 37%.

Fuel benefit – taxable amount for private use	2024/25	2025/26
CO2 % charge used for car benefit multiplied by	£27,800	£28,200
Vans – For private use		
Zero emission: chargeable amount	Nil	Nil
Other vans: chargeable amount	£3,960	£3,960
Fuel: chargeable amount	£757	£757

Tax-free business mileage allowance – Own vehicle		
Cars and vans first 10,000 miles	45p per mile	then 25p per mile
Qualifying passenger	5p per mile	
Motorcycles	24p per mile	
Bicycles	20p per mile	

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