Guide from

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Your Local Business Specialist

Autumn Budget 2024: tax rates and allowances

Income tax rates: England, Wales & Northern Ireland (non-dividend income) (note 1)	**2025/26**	**2024/25**
0% starting rate for savings only	Up to £5,000	Up to £5,000
0% on personal allowance (subject to any clawback of PA)	£0 - £12,570	£0 - £12,570
20% basic rate tax	£12,571 - £50,270	£12,571 - £50,270
40% higher rate tax	£50,271 - £125,140	£50,271 - £125,140
45% additional rate tax	Above £125,140	Above £125,140
Note 1: The Welsh Government has made a commitment not to raise Welsh rates of income tax. Therefore, Welsh taxpayers will continue to pay the same rates as their English and Northern Irish counterparts. *The income tax bands will remain frozen until tax year 2027-28. From April 2028, personal tax thresholds will be uprated in line with inflation.*		
Scottish rates of income tax (non-dividend income) (note 2)		
0% on personal allowance (subject to any clawback of PA)	£0 - £12,570	£0 - £12,570
19% starting rate	£12,571 - £14,876	£12,571 - £14,876
20% basic rate tax	£14,877 - £26,561	£14,877 - £26,561
21% intermediate rate tax	£26,562 - £43,662	£26,562 - £43,662
42% higher rate tax	£43,663 - £75,000	£43,663 - £75,000

45% advanced rate	£75,001 - £125,140	£75,001 - £125,140
48% top rate (47% for 2023-24)	Above £125,140	Above £125,140

Note 2: Scottish taxpayers pay the same tax as the rest of the UK on dividends and savings interest. The Scottish Government has announced that its 2024 Budget will be held on Wednesday 4 December 2024, and subject to final approval in February 2025.

Income tax rates (dividend income)	**2025/26**	**2024/25**
Dividend allowance	£500	£500
Dividend ordinary rate (for dividends within basic rate band)	8.75%	8.75%
Dividend upper rate (for dividends within higher rate band)	33.75%	33.75%
Dividend additional rate (for dividends above higher rate band)	39.35%	39.35%
Child benefit/guardian's allowance rates (notes 3 and 4)		
Higher rate (eldest or only child) (per week)	£26.05	£25.60
Other children	£17.25	£16.95
Guardian's allowance per week	£22.10	£21.75

Note 3: from April 2024, the threshold for High Income Child Benefit Charge (HICBC) is increased to £60,000 (from £50,000) with the taper band extended to £80,000. Therefore, the charge reduces the financial benefit of receiving child benefit for those with 'adjusted net income' between £60,000 and £80,000. The benefit is removed completely for taxpayers with income above £80,000.

Note 4: from January 2021, child benefit payments may be available in respect of children living overseas in certain countries only.

Personal allowances	**2025/26**	**2024/25**
Personal allowance	£12,570	£12,570
Dividend allowance (no allowance for trustees)	£500	£500
Maximum married couple's allowance for those born before 6 April 1935 (note 5)	£11,270	£11,080
Married couple's allowance – minimum amount	£4,360	£4,280
Micro entrepreneur's allowance (property or trading income)	£1,000 each	£1,000 each
Income limit for personal allowance (note 6)	£100,000	£100,000
Income limit for married couple's allowance: born before 6 April 1935	£37,700	£37,000
Blind person's allowance	£3,130	£3,070
Rent-a-room relief	£7,500	£7,500

Transferable/shareable tax allowance for married couples and civil partners (note 7)	£1,260	£1,260
Personal savings allowance for basic rate taxpayers	£1,000	£1,000
Personal allowances	**2025/26**	**2024/25**
Personal savings allowance for higher rate taxpayers	£500	£500
Personal savings allowance for additional rate taxpayers	£0	£0
Note 5: this allowance is reduced by £1 for every £2 of income in excess of the income limit, but married couple's allowance will not reduce below £4,360 for 2025/26 and £4,280 for 2024/25.		
Note 6: personal allowances are subject to the £100,000 income limit, which applies regardless of the individual's date of birth. The individual's personal allowance is reduced where their income is above this limit. The allowance is reduced by £1 for every £2 above the limit, down to zero.		
Note 7: this allowance is available to married couples and civil partners who are not in receipt of married couple's allowance. A spouse or civil partner who is not liable to income tax, or not liable at the higher or additional rates, can transfer this amount of their unused personal allowance to their spouse or civil partner. The recipient must not be liable to income tax at the higher or additional rates. *If the couple marry or register a civil partnership, they will get the allowance on a pro-rata basis for the rest of that tax year. If one of them dies or there is a divorce or separation, the allowance continues until the end of the tax year.*		
National insurance	**2025/26**	**2024/25**
Lower earnings limit, primary class 1 (per week)	£125	£123
Upper earnings limit, primary class 1 (per week)	£967	£967
Apprentice upper secondary threshold (AUST) for under 21s/25s	£967	£967
Primary threshold (per week)	£242	£242
Secondary threshold (per week)	£96	£175
Employment allowance (per year/employer)	£10,500	£5,000
Employee's primary class 1 rate between primary threshold and upper earnings limit	8%	8%
Employee's primary class 1 rate above upper earnings limit	2%	2%
Married woman's reduced rate between primary threshold and upper earnings limit	1.85%	1.85%
Married woman's rate above upper earnings limit	2%	2%

Employer's secondary class 1 rate above secondary threshold	15%	13.8%
Class 2 small profits threshold (per year)	£6,845	£6,725
Class 2 lower profits threshold (per year)	£12,570	£12,570
Class 2 (where profits are below small profit threshold (voluntary per week))	£3.50	£3.45
Class 2 rate (per week where profits are above small profits threshold)	£0	£0
Class 3 voluntary rate (per week)	£17.75	£17.45
Class 4 lower profits limit	£12,570	£12,570
National insurance	**2025/26**	**2024/25**
Class 4 upper profits limit	£50,270	£50,270
Class 4 rate between lower profits limit and upper profits limit	6%	6%
Class 4 rate above upper profits limit	2%	2%
Class 1A/1B NIC	15%	13.8%
Pensions	**2025/26**	**2024/25**
Annual allowance (note 8)	£60,000	£60,000
Money purchase annual allowance	£10,000	£10,000
Lump sum allowance	£268,275	£268,275
Lump sum and death benefit allowance	£1,073,100	£1,073,100
Overseas transfer allowance	£1,073,100	£1,073,100
Note 8: individuals with a high income have had a tapered annual allowance, where for every £2 of adjusted income over a threshold, an individual's annual allowance is reduced by £1. From April 2023, the annual allowance is £10,000 for individuals with total adjusted income (including pension accrual) over £260,000.		
Reliefs and incentives	**2025/26**	**2024/25**
Enterprise Investment Scheme (EIS) – maximum (note 9)	£1,000,000	£1,000,000
Venture Capital Trust (VCT) – maximum	£200,000	£200,000
Seed Enterprise Investment Scheme (SEIS) – maximum (note 10)	£200,000	£200,000
Enterprise Management Incentive Scheme (EMI) – employee limit up to the value of £250,000 in a three-year period	£250,000	£250,000
Income tax relief on EIS schemes	30%	30%
Income tax relief on VCT schemes	30%	30%
Income tax relief on SEIS schemes	50%	50%

Note 9: from 6 April 2018, the annual limit is doubled to £2m, provided that any amount over £1m is invested in one or more knowledge-intensive companies.

Note 10: capital gains tax reinvestment relief may also be available for investments made up to 50% of the amount invested.

Individual Savings Account (ISA)	**2025/26**	**2024/25**
ISA (NISA) annual limit (note 11)	£20,000	£20,000
Junior ISA investment annual limit – under 18, living in the UK	£9,000	£9,000
Child Trust Fund annual limit	£9,000	£9,000
Lifetime ISA annual limit (note 12)	£4,000	£4,000
Individual Savings Account (ISA)	**2025/26**	**2024/25**

Note 11: all ISA limits are frozen until 5 April 2030.

Note 12: to open a Lifetime ISA, you must be 18 or over but under 40. Contributions can be made until the age of 50. The government will add a 25% bonus to the savings, up to a maximum of £1,000 per year. The lifetime ISA limit of £4,000 counts towards the annual ISA limit.

Capital gains tax	**2025/26**	**2024/25**
Basic rate individual tax payer (other than residential property and carried interest) From 6 April 2024 to 29 October 2024 From 30 October 2024 to 5 April 2025	18%	 10% 18%
Higher rate taxpayer / Main rate for trustees and personal representatives (other than residential property and carried interest) From 6 April 2024 to 29 October 2024 From 30 October 2024 to 5 April 2025	24%	 20% 24%
Rate on sale of residential property – basic rate taxpayer	18%	18%
Rate on sale of residential property – higher rate taxpayer, trustees and personal representatives	24%	24%
Rate on gains on carried interest – basic rate taxpayer	18%	18%
Rate on gains on carried interest – higher rate taxpayer, trustees and personal representatives	32%	28%
Annual exemption – individuals, personal representatives and trusts for disabled persons	£3,000	£3,000
Annual exemption – other trusts	£1,500	£1,500
Business Assets Disposal Relief lifetime limit	£1,000,000	£1,000,000

Investors' Relief lifetime limit From 6 April 2024 to 29 October 2024 From 30 October 2024 to 5 April 2025	£1,000,000	 £10,000,000 £1,000,000
Business Assets Disposal Relief / Investors' rate (note 13)	14%	10%
Chattels exemption	£6,000	£6,000

Note 13: the business asset disposal relief and investors' relief will rise to 14% from 6 April 2025 and will match the main lower rate of 18% from 6 April 2026.

Inheritance tax	**2025/26**	**2024/25**
Single person's nil-rate band (note 14)	£325,000	£325,000
Single person's 40% band	over £325,000	over £325,000
Residence nil-rate band (RNRB) – maximum (note 15)	£175,000	£175,000
Reduced rate (note 16)	36%	36%
IHT rate (for chargeable lifetime transfers)	20%	20%
Married couples or civil partnerships allowance nil-rate band	£650,000	£650,000
Gifts to charities	Exempt	Exempt
Small gifts to same person	£250	£250
General gifts – annual exemption	£3,000	£3,000
Wedding gifts to children	£5,000	£5,000
Wedding gifts to grandchildren	£2,500	£2,500
Wedding gifts to any other person	£1,000	£1,000

Note 14: all unspent pension pots will be brought into the scope of inheritance tax from April 2027.

Note 15: the RNRB is available in respect of a main residence given away to children (including adopted, foster or stepchildren). Any unused nil-rate band transfers to the deceased's spouse or civil partner, even where death predates the availability of the additional threshold. It applies in addition to the existing nil-rate band (NRB) or threshold (currently £325,000) if the individual and estate meet the qualifying conditions. Inheritance tax nil-rate band and residence nil-rate band – thresholds are maintained at the current level until April 2028.

Note 16: the estate can pay inheritance tax at a reduced rate of 36% on some assets if you leave 10% or more of the net value to charity in your will.

Business property relief	**2025/26**	**2024/25**
Business or interest in a business and transfers of unquoted shareholdings (note 17)	100%	100%

Note 17: from April 2026, agricultural property relief and business property relief are proposed to be restricted 100% for the first £1 million combined value and it will be 50% thereafter.		
Taxation of trusts	**2025/26**	**2024/25**
Accumulation or discretionary trusts:		
Trust income up to £1,000 – dividend type income	8.75%	8.75%
Trust income up to £1,000 – all other income	20%	20%
Trust income over £1,000 – dividend type income	39.35%	39.35%
Trust income over £1,000 – all other income	45%	45%
Taxation of trusts	**2025/26**	**2024/25**
Interest in possession trusts:		
Dividend-type income	8.75%	8.75%
All other income	20%	20%
Corporation tax	**2025/26**	**2024/25**
All profits and gains (excluding determination agreements and diverted profits) Small profits rate (companies with profits under £50,000) Main rate of corporation tax (companies with profits over £250,000)	 19% 25%	 19% 25%
Limits for marginal relief	£50,000 - £250,000	£50,000 - £250,000
Standard fraction for marginal relief	3/200	3/200
S.455 tax on loans made by close companies to participators	33.75%	33.75%
Capital allowances	**2025/26**	**2024/25**
Main writing-down allowance (reducing balance)	18%	18%
Special rate writing-down allowance (reducing balance)	6%	6%
Structures and buildings allowance (SBA)	3%	3%
Full expensing (main rate plant and machinery) (note 18)	100%	100%
Full expensing (special rate plant and machinery) (note 18)	50%	50%
Motor cars if CO2 > 1/km but does not exceed 50g/km)	18%	18%
Motor cars if CO2 > 50g/km	6%	6%

First-year allowances (FYA) – New and unused motor cars if CO2 emissions are 0 g/km or car is electric (note 19)	100%	100%
Small pool write-off where written-down value (WDV) is £1,000 or less	100%	100%
FYA for electric charge points (note 19)	100%	100%
Annual investment allowance (AIA)	£1,000,000	£1,000,000
AIA rate	100%	100%

Note 18: Full expensing allows the deduction of 100%/50% of the cost of certain plant and machinery from the profits before tax. This measure is effective from 1 April 2023 to 31 March 2026.

Note 19: From April 2021, the thresholds for FYA will be reduced from 50g/km to 0g/km. Main rate of 18% capital allowance will be applicable for business cars with CO2 emissions not exceeding 50g/km. Business cars with CO2 emissions exceeding 50g/km will be eligible for writing-down allowance at the special rate of 6%. First year allowance on electric cars and electric charge points is extended to 31 March 2026.

Research and development tax credit rates	**2025/26**	**2024/25**
R&D merged scheme (note 20)	20%	20%
R&D Intensive SME deduction rate	186%	186%
R&D Intensive SME payable credit	14.5%	14.5%
R&D Intensive SME intensity ratio (note 21)	30%	30%

Note 20: From April 2024, both R&D tax credits and RDEC schemes are merged, and relief is available at a flat rate of 20%. SME R&D payable credit is only available to R&D intensive companies.

Note 21: Loss-making SMEs whose R&D expenditure constitutes at least 30% (for accounting periods beginning on or after 1 April 2024) of total expenditure are referred to as 'R&D intensive SMEs'.

Patent box	**2025/26**	**2024/25**
Patent box	10%	10%

VAT	**2025/26**	**2024/25**
Standard rate	20%	20%
Reduced rate	5%	5%
Zero rate	0%	0%
Flat rate of VAT on gross turnover (for limited cost trader)	16.5%	16.5%
Normal scheme registration threshold	£90,000	£90,000
Deregistration threshold	£88,000	£88,000
Cash and annual accounting scheme – maximum to join	£1,350,000	£1,350,000
Cash and annual accounting scheme – exit threshold	£1,600,000	£1,600,000

Flat-rate scheme – maximum allowed to join	£150,000	£150,000
Flat-rate scheme exit threshold	£230,000	£230,000
Annual tax on enveloped dwellings (ATED)	**2025/26**	**2024/25**
More than £0.5m but not more than £1m	£4,450	£4,400
More than £1m but not more than £2m	£9,150	£9,000
More than £2m but not more than £5m	£31,050	£30,550
More than £5m but not more than £10m	£72,700	£71,500
More than £10m but not more than £20m	£145,950	£143,550
Annual tax on enveloped dwellings (ATED)	**2025/26**	**2024/25**
More than £20m	£292,350	£287,500
Economic crime (anti-money laundering) levy (note 23)	**2025/26**	**2024/25**
Small entity (less than £10.2m UK revenue)	n/a	n/a
Medium entity (UK revenue £10.2m - £36m)	£10,000	£10,000
Large entity (UK revenue £36m - £1bn)	£36,000	£36,000
Very large entity (UK revenue more than £1bn)	£500,000	£500,000
Note 23: The Economic Crime Levy (ECL) is an annual charge that will affect entities (organisations) who are supervised under the Money Laundering Regulations (MLR) and whose UK revenue exceeds £10.2 million per year. This is subject to the proposed changes in definition of companies' size thresholds.		

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