



**George Hay**  
Chartered Accountants

# **YOUR GUIDE TO TAX 2024/25**

**TABLES, RATES AND TIPS  
FOR PLANNING AHEAD**

**NOVEMBER 2024 BUDGET UPDATE**



# A balanced, value-led and complete accountancy and business advisory solution, for businesses and private clients.

## Our services include:

- Audit and assurance
- Outsourced payroll
- Bookkeeping
- Management accounting
- Cloud accounting
- Strategic business advisory
- Tax compliance and planning
- Company formations
- Acquisitions and disposals
- Probate and estates
- Bespoke will-writing



## Contents

<b>Introduction</b> .....	2
<b>Personal Tax</b> .....	3
Income Tax and Personal Allowance .....	3
High Income Child Benefit Charge.....	4
Dividend Income .....	4
Personal savings .....	5
Other reliefs and allowances .....	6
<b>Inheritance Tax</b> .....	7
Main Residence Nil Rate Band .....	7
Inheritance Tax reliefs and allowances .....	8
Other Inheritance Tax measures.....	10
<b>Capital Gains Tax</b> .....	11
Gifts to a spouse, or a charity.....	12
Business Asset Disposal Relief .....	12
Employee Ownership Trusts .....	13
<b>Business Taxation</b> .....	13
Corporation Tax.....	13
Self-employed and unincorporated businesses .....	14
Capital Allowances .....	14
VAT & MTD .....	15
Car, Van, and Fuel benefits .....	16
Residential Property Developer Tax .....	18
Research & Development .....	18
Other business measures .....	19
<b>Property Taxation</b> .....	20
Stamp Duty Land Tax .....	20
Annual Tax on Enveloped Dwellings.....	21
Furnished Holiday Lets .....	21
Capital Gains Tax on residential property.....	22
CGT and 60-day return.....	22
Other CGT under Real Time service .....	22
<b>Trust registration</b> .....	22
<b>National Insurance</b> .....	23
<b>Summary of rates and allowances</b> .....	25
<b>Tax Tables</b> .....	26

Tax legislation in the UK is always shifting; sometimes these adjustments are significant and surprising, and other times they are simply minor tweaks that were to be expected.

Fiscal events and changing Governments often lead to tinkering, which can make planning challenging.

That's why a proactive approach to tax planning (and not just at the end of the tax year, but throughout) is so important, whether to protect your own personal wealth, or the financial wellbeing of your business.

Planning should always involve a thorough review of your existing strategies, in the context of any changes in policy, as well as changes in your own circumstances, and should account for any reliefs and allowances available to you.

This latest tax guide will hopefully give you some food for thought when it comes to structuring your tax affairs going forward.

Do, however, keep in mind that not all tax planning ideas and strategies will be suitable for everyone, and professional advice should always be sought in respect of your own position.

To discuss anything covered in this guide, or for support with personal or business tax planning, get in touch with us.

These provisions are extant as of 31 January 2025.

## **Personal Tax**

### **Income Tax and Personal Allowance**

If you earn over the Personal Allowance in any given tax year, you will pay income tax. How much you pay depends on how much of your income is above the Personal Allowance, and how much falls within each tax band.

The Personal Allowance for 2024/25 and 2025/26 is £12,570 and is expected to remain frozen at this level until 2027/28.

	<b>2025/26 thresholds for income tax</b>	<b>2024/25 thresholds for income tax</b>
<b>Personal Allowance – 0%</b>	Up to £12,570	Up to £12,570
<b>Basic rate – 20%</b>	£12,571 - £50,270	£12,571 - £50,270
<b>Higher rate – 40%</b>	£50,271 - £125,140	£50,271 - £125,140
<b>Additional rate – 45%</b>	Over £125,140	Over £125,140

#### *£100,000 clawback*

Once your total income (less pension contributions, gift aid donations, trading losses etc.) exceeds £100,000, your Personal Allowance is tapered. For every £2 that your income exceeds £100,000, your Personal Allowance is reduced by £1.

The clawback creates an interesting scenario, and an effective rate of tax that is higher than the additional rate. This is because, between £100,000 and £125,140, the taxpayer is taxed at 40% on both the £2 exceeding the threshold, and the £1 reduction, resulting in an effective rate of tax at 60%. At £125,140, the Personal Allowance is reduced to nil.

#### ***Tax planning point***

In what has been described as a ‘stealth tax’, the freezing of thresholds coupled with rising wages will result in many taxpayers being dragged into higher tax brackets, without any real increase in spending power. It is possible to mitigate your tax liabilities with considered tax planning; for example, by topping up your pension to lower your adjusted net income, by combining your tax allowance with a spouse or civil partner, or by considering the distribution of income generating assets between you, and by making use of your annual ISA allowance.

## High Income Child Benefit Charge

A High-Income Child Benefit Charge (HICBC) was introduced on 7 January 2013 and for 11 years the £50,000 threshold, at which the benefit was incrementally clawed back, had remained unchanged.

From 6 April 2024, the claw back threshold was increased to £80,000. For a taxpayer with adjusted net income between £60,000 and £80,000, the charge is 1% of the Child Benefit received for every £200 of income that exceeds £60,000. If income exceeds £80,000, all the Child Benefit will have been repaid.

It makes no difference if you are caring for the child alone or with another individual, and indeed whether you are married or not. The higher earner, if exceeding the threshold, will be responsible for paying the charge.

The proposal to move the HICBC to a household income basis in 2025 has been scrapped but, from April 2025, an election can be made to pay the charge back via PAYE as opposed to registering for Self-Assessment.

### ***Tax planning point***

With the recent increase in the threshold for clawing back Child Benefit set at £60,000, more higher rate taxpayers will benefit from entitlement to a proportion of the benefit. The news that those liable for the charge will be able to elect to repay it via their tax code is welcome, given the unnecessary administrative burden many high earners currently face as a result of the requirement to register for Self-Assessment in order to pay the charge. We await further details in due course.

## Dividend income

If you own shares in a company, you may receive dividend income. In each tax year, you can receive an amount free of tax, but amounts exceeding the dividend allowance (if not covered by your Personal Allowance) are taxable. The dividend allowance was halved from £1,000 to £500 for 2024/25, and will remain at this level for 2025/26.

<b>Dividend allowance</b>	<b>Tax year</b>
£1,000	2023/24
£500	2024/25
£500	2025/26

	<b>Tax rate on dividends 2025/26</b>	<b>Tax rate on dividends 2024/25</b>
<b>Dividend ordinary rate</b>	8.75%	8.75%
<b>Dividend upper rate</b>	33.75%	33.75%
<b>Dividend additional rate</b>	39.35%	39.35%

### ***Tax planning point***

The simultaneous increase of dividend tax rates and the reduction in dividend allowance will impact a lot of people who use dividends as part of their wider remuneration strategy. It would be wise to seek advice on the tax implications of these changes, the level of dividends you should take in any given tax year, and how your cash flow may be impacted. For the purposes of calculating the tax on dividends, this will depend upon whether it is a final or interim dividend. A final dividend is usually taxable by reference to the date the dividend is declared, whereas an interim dividend is taxable when actually paid.

## **Personal savings**

When reviewing your personal tax affairs, it's important not to neglect your savings. If you regularly earn interest from savings, there are allowances that can help you to mitigate any resulting tax liability – namely, the Personal Savings Allowance, and the starting rate for savings.

### ***Personal Savings Allowance***

Your Personal Savings Allowance depends on which tax band you are in. Basic rate taxpayers can earn up to £1,000 in interest on savings before needing to pay tax, whilst higher rate taxpayers can earn £500 tax free. Additional rate taxpayers do not get an allowance. Interest earned that exceeds your allowance is taxed at your usual rate of income tax.

### ***Starting rate for savings***

Some taxpayers may be eligible for the starting rate for savings, whereby they can earn up to £5,000 of interest and not pay any tax on it. However, the more non-savings, non-dividend income you earn, the less your starting rate will be. Every £1 of other income above your Personal Allowance reduces your starting rate by £1.

If your income from profits, salary, pensions or rent is £17,570 or more you are not eligible for the starting rate.

### ***Tax planning point***

Where the Personal Savings Allowance is concerned, this is not transferrable between spouses/civil partners and so you should consider how you are holding bank accounts to maximise your tax efficiency. Where you own a company, it would be wise to seek advice in respect of profit extraction.

### **Other reliefs and allowances**

Where income tax is concerned, there are several other important reliefs and allowances to know about.

#### ***Pensions contributions***

You can claim tax relief on pensions contributions totalling 100% of your annual earnings, up to a maximum of £60,000 (£40,000 prior to 6 April 2023) each year. This is known as your Pensions Annual Allowance. If your threshold income exceeds £200,000, or if your adjusted net income (which includes employer contributions) exceeds £260,000, your annual allowance is reduced by £1 for every £2 earned over this threshold, until you reach the lower £10,000 limit.

How you claim relief will depend upon the type of pension scheme you are paying into. If, in one tax year, contributions are either not paid or paid below the annual allowance they can be carried forward 3 years.

For taxpayers already in drawdown, the contribution limit is £10,000pa.

#### ***Marriage Allowance***

Married couples can transfer up to 10% of their unused personal allowance to their spouse, providing their spouse is not a higher rate taxpayer. The maximum benefit for 2025/26 is  $20\% \times £1,260 = £252$ .

#### ***Charitable donations***

Some employers allow charitable giving via 'Payroll Giving', and so you can make charitable donations out of your salary before it is taxed. As a result, you pay less tax on the lower salary you receive after the donation has been accounted for.

Where donations are made through Gift Aid, higher rate taxpayers can also claim back the difference – typically 20% – between the tax they paid on the donation, and the amount the charity got back.

## Expenses

If you are employed, you may be able to claim tax relief on certain expenses, where you have used your own money to purchase things that you must have for your job and that are solely used for work. You will get tax relief based on what you've spent and the rate at which you pay tax.

### ***Tax planning point***

Where you are unsure about what reliefs and allowances apply to you, in respect of income tax, always seek professional advice to prevent erroneous claims, or missed opportunities. In respect of charitable donations, timing of your donation can be extremely important and there is scope to elect to carry back gift aid donations for tax planning purposes. Good record-keeping is advised to ensure you can evidence your donations and/or purchases should HM Revenue & Customs (HMRC) ask.

## **Inheritance Tax (IHT)**

Inheritance tax (IHT) comes into play when somebody passes away if their estate – including some assets held in trust and certain gifts made within the seven years prior to death – is valued over the IHT Nil Rate Band (NRB).

<b>Tax rate on death</b>	<b>2025/26 (£)</b>	<b>2024/25 (£)</b>
<b>Nil</b>	0 – 325,000	0 – 325,000
<b>40%</b>	Over 325,000	Over 325,000

### Lifetime chargeable transfers

Lifetime chargeable transfers to most trusts above the nil rate band are taxed at 20%. All other lifetime transfers are Potentially Exempt Transfers and will not be chargeable assuming the donor survives for 7 years.

### Transferable allowances

The transferable allowances regime, where the unused nil rate band of the first deceased spouse can often be passed to the surviving spouse, gives an effective double nil rate band for most married couples/civil partners.

### **Main Residence Nil Rate Band (RNRB)**

The main Residence Nil Rate Band enables individuals to pass property, that was at some time their main residence, to a lineal descendant (child, grandchild etc.) free of tax.

	<b>2025/26</b>	<b>2024/25</b>
<b>Main Residence Nil Rate Band (RNRB)</b>	£175,000	£175,000

As with the Nil Rate Band, if the RNRB is not used by the first deceased spouse, the surviving spouse of a marriage can have a double RNRB, therefore giving a married couple the ability to pass down tax-free assets of:-

$$£650,000 \text{ (double NRB)} + £350,000 \text{ (double RNRB)} = £1,000,000$$

If the value of the deceased's estate is above £2m, then the RNRB will be tapered at a rate of £1 for every £2 above the £2m limit. Downsizing relief can apply if a taxpayer disposes of a private residence after 8 July 2015 and buys a smaller property, or no property at all.

### **Tax planning point**

The IHT Nil Rate Band has been frozen at £325,000 until at least 6 April 2030. A substantial increase in house prices has brought many more estates into charge and, although the RNRB has helped, it only applies to taxpayers with children. It is hardly surprising that IHT receipts hit a record high at last reporting, which emphasises the importance of thorough and proactive IHT planning.

### **IHT reliefs and allowances**

As with other taxes, there are IHT reliefs and allowances that can help you to mitigate your liability to the charge.

#### **IHT annual exemption**

Anyone can make gifts of up to £3,000 every year, free of IHT, and up to £6,000 in one tax year if the previous year's allowance is carried forward. This is only relevant if the donor dies within 7 years of making the gift.

#### **Gifts out of income, small gifts and gifts on marriage**

**Gifts out of income** do not count as lifetime gifts if:-

- The gift is regular or capable of being regular
- The payments can be made from surplus income i.e., without disturbing capital

Common examples would be regular gifts i.e., on birthdays and at Christmas, or life assurance premiums where the policy benefits others who are not the deceased or their estate.

The amount of the gift can vary if income varies. It can be, for example, all surplus income. It can also be linked to an income source, such as 50% of dividend income. Note that any gift out of income is out of net income i.e., after income tax is paid.

**Small gifts** of up to £250, to any one person, in a tax year do not count at all in the 'lifetime clock'.

A grandparent, parent or other individual can make a **gift upon marriage** that is exempt of IHT. The exemption is £5,000 for a parent, £2,500 for a grandparent, and £1,000 for anybody else.

The practical effect is the same as the annual exemption, so to have an IHT benefit you would need to die within 7 years of the wedding.

*Business Property Relief / Agricultural Property Relief*

These are valuable reliefs as follows:

<b>BPR</b>	
100%	Sole trade business
100%	Interest in Partnership
100%	Unquoted trading company
50%	Assets owned personally used by your Partnership
50%	Assets owned personally used by a company you control

<b>APR</b>	
100%	On land you farm
100%	On land let under a Farm Business Tenancy after 1 September 1995
50%	Other land

For BPR, assets have to be held for 2 years, and for APR they must be held for 7 years (for non-working farmers).

From 6 April 2026, the 100% relief for both APR and BPR is being restricted to £1m. This limit will also apply to any failed potentially exempt transfers made after 30 October 2024. Any unused £1m relief is not available for spousal transfer.

***Tax planning point***

We have been used to 100% BPR/APR reliefs for many years. This is an unwelcome change. As an example, £1m is only 100 acres of prime agricultural land. The current provision allowing you to settle Inheritance Tax on agricultural property over 10 years will now also extend to business property.

## Other IHT measures

### IHT on pension funds

The government is also removing the opportunity for individuals to use pensions as a vehicle for IHT planning by bringing unspent pots into the scope of IHT from April 2027.

The details of how these will be taxed have not yet been published, but it is expected that the IHT due will be paid over by the pension fund.

### ***Tax planning point***

Where IHT and estate planning is concerned, our two key pieces of advice would be to ensure that you have a valid Will in place that reflects your wishes accurately, and to regularly review any tax planning you may have already done to ensure that it keeps up with changing tax policy and your own priorities.

As well as being able to advise on the complete range of taxes, our suite of private client services includes Will-writing (via GH Wills Ltd), and probate and estate administration (via GH Probate Ltd). For existing clients, this offers peace of mind that their private affairs can be dealt with by people that already understand their business and finances, whilst new clients can approach us in the knowledge that all their needs can be catered for in one place, by trusted professionals.

### Non-Domiciles

New rules impacting non-domiciles will be introduced from 6 April 2025. Effectively domicile is being scrapped and the concept of long-term residence is being introduced; broadly, somebody who has been UK income tax resident for 10 out of the last 20 years.

Additionally, offshore trusts set up whilst the individual was non-UK tax resident will be brought within the UK Inheritance Tax regime.

Changes will also see someone who is long-term resident pay IHT on their worldwide assets, where presently a non-UK domicile only pays IHT on their UK situs assets.

### ***Tax planning point***

The non-dom regime has always been a controversial part of the tax system. These changes are broadly in line with expectation, but with a short implementation date of 6 April 2025 there is not much time for planning.

## **Capital Gains Tax (CGT)**

CGT is a tax on the profit, not the total amount, you make when disposing (i.e., selling, gifting, swapping, or receiving compensation for) of an asset that has appreciated.

*What is a taxable asset?*

Chargeable assets encompass most personal possessions valued at £6,000 or more (except your vehicle), any property that is not your main home as well as your main home if it has been let, used for business or is very large. Shares held outside of a 'tax-free wrapper', business assets, and cryptoassets may also be subject to CGT.

As for jointly owned assets, each owner must pay CGT on their share of the gain.

*Capital Gains Tax – Rate for Individuals & Trusts*

As anticipated, the rates of CGT have increased from 29 October 2024, as follows:

	<b>06.04.2024-29.10.2024</b>		<b>30.10.2024 onwards</b>	
	<b>Residential properties</b>	<b>All other assets</b>	<b>Residential properties</b>	<b>All other assets</b>
<b>Gains which, if added to taxable income, would be within the basic rate band</b>	18%	10%	18%	18%
<b>Gains which, if added to taxable income, would exceed the basic rate band</b>	24%	20%	24%	24%

### **Tax planning point**

If you have gains from residential property and other assets, you can offset your allowance against whichever gains attract the highest rate of tax. However it is worth noting that the CGT rate for carried interest will increase to 32% from 6 April 2025 (currently 28%). The rates of increase in CGT are lower than had been trailed before the November 2024 Budget, but it will be interesting to see if these increases have the intended outcome for the Government. There is certainly evidence that higher rates of CGT can lead to lower tax yield.

### **CGT annual allowance**

Each individual has an annual exemption for CGT purposes, as follows:

	<b>2025/26</b>	<b>2024/25</b>
<b>CGT annual exemption</b>	£3,000	£3,000

### Capital Gains Tax – Payment

CGT must be paid by 31 January following the tax year in which the disposal took place. Different rules apply to residential property disposed of by a UK resident taxpayer, which we cover later in this guide.

### **Gifts to a spouse, or a charity**

Gifts to a spouse or a charity are governed by slightly different rules, where CGT is concerned.

#### Gifts to a spouse

Gifts to a spouse are on a no gain/no loss basis, unless you separated more than three tax years ago, and the disposal is not part of a formal separation arrangement. The recipient spouse takes over the base cost of the transferer.

#### Gifts to a charity

Gifts to charities are also exempt from CGT. If you sell an asset to a charity for more than you originally paid for it, but less than market value, then CGT may be due.

### **Tax planning point**

The drastic reduction in the CGT annual exemption will leave some individuals facing enlarged tax bills. Bear in mind, this is a ‘use it or lose it’ exemption, so unused allowances cannot be carried forward. It will also reduce the opportunity for Inheritance Tax and other planning by a taxpayer gifting, say, shares in an investment company to their children each year to use the annual exemption (a gift is a sale for CGT purposes).

### **Business Asset Disposal Relief (BADR)**

Qualifying disposals for BADR are:

- a) Shares in a trading company where an individual owns at least 5% of the shares and is an employee or an officer of the company
- b) Sale of an unincorporated business
- c) Sale of personal assets used for the business alongside “a” or “b” on cessation.

To qualify for BADR, qualifying assets or shares need to have been held for two years or disposed of within three years of cessation of the business (providing the business had been carried on for two years prior to cessation).

From 11 March 2020, the individual BADR limit was reduced from £10m to £1m. The excess attracts CGT at the normal 24% rate (20% up to 29 October 2024).

The rate of BADR on the first £1m of gains is as follows:

<b>06.04.2024 – 05.04.2025</b>	10%
<b>06.04.2025 – 05.04.2026</b>	14%
<b>06.04.2026 – onwards</b>	18%

There are anti-forestalling rules to be introduced relating to disposals before these dates.

### **Tax planning point**

It is welcome that BADR is being kept, although the rate is increasing to 18%. The maximum amount this relief will save from April 2026 will be 6% of £1m = £60,000. This is an important relief and should be given consideration in all planning.

## **Employee Ownership Trusts (EOTs)**

There are CGT advantages where an individual disposes of their shares to a trust owned by employees. Broadly, the disposal can be tax free.

As a result of consultation relating to the use of these trusts, changes are to be made with immediate effect as follows:

- To restrict former owners from remaining in control of companies post sale
- The trustees of the EOT must be UK resident
- To enable bonuses to be awarded to employees, excluding directors
- Ensuring connected persons cannot benefit from the EOT for all time

## **Business Taxation**

### **Corporation Tax**

The main rate of Corporation Tax is maintained at 25% from 1 April 2024 for profits over £250,000 whilst a Small Profits Rate of 19% for profits under £50,000 still applies. This will mean a marginal rate of Corporation Tax as follows:

	<b>From 1 April 2024</b>
<b>Profits up to £50,000</b>	19%
<b>£50,001-£250,000</b>	26.5%*
<b>£250,001 upwards</b>	25%

The above bands need to be divided by number of associated companies for tax purposes.

*\*Companies receiving dividends from non-group companies will pay higher than 26.5% if their profits fall between £50,000 and £250,000.*

## **Self-employed and Unincorporated businesses**

### ***Basis Period Reform***

The basis period reform represents a major change in how the trading profits of unincorporated businesses (such as sole traders, self-employed and trading partnerships) are calculated for income tax purposes.

From 6 April 2024, a new 'tax year basis' of assessment applies to the trading profits of unincorporated businesses. Under the tax year basis, such businesses will be taxed on the profits arising in each tax year (6 April to the following 5 April), regardless of their accounting period end date.

All sole traders and partners must report their business profits on a tax year basis, beginning with the Self-Assessment return due by 31 January 2026 (covering the tax year 2024 to 2025). The tax year 2023 to 2024 was a transitional year.

### **Capital Allowances**

#### ***Annual Investment Allowance (AIA)***

From 1 January 2019 the AIA limit increased to £1,000,000 temporarily for four years, due to revert to £200,000 from 1 April 2023. However, the £1,000,000 limit has now been made permanent. The AIA allows you to deduct the full value of a qualifying item from your profits before tax.

#### ***Writing Down Allowances (WDA's)***

The rate of WDA's for new and unrelieved expenditure on plant and machinery remains at 18% for expenditure allocated to the main pool. The rate for expenditure allocated to the special rate pool remains at 6% for businesses subject to either Income Tax or Corporation Tax.

#### ***Structures and Buildings Allowance (SBA)***

The tax relief of 3% is available on structures, buildings and eligible construction costs incurred by businesses but excludes the cost of land although the claimant must have an interest in the land and be using the assets in a trade, profession, vocation or if the property is let.

There are special rules for when an asset ceases to be used in a qualifying activity. If an asset is sold, the new owner will be able to claim the annual relief over the remaining period. Where a business acquires a ready built asset, the qualifying expenditure is the price paid less any amount relating to land.

### 100% First year allowances for business

- New zero-emission goods vehicles (until April 2025).
- New cars which either emit 0g/km of CO<sub>2</sub> or are electric (until April 2025).
- Electric vehicle charging points (until April 2025).
- Capital expenditure incurred by a person on research and development.

Business cars with CO<sub>2</sub> emissions not exceeding 50g/km are eligible for WDA at the main rate (18%). The new 50g/km threshold will also be used for determining the lease rental restriction.

### Full Expensing and 50% FYA

From 1 April 2023, 100% “Full Expensing” relief for companies acquiring new and unused plant and machinery and the 50% FYA for special rate expenditure have been made permanent. Companies can write off the full cost of the investment in one go.

## **VAT & MTD**

### VAT registration

The annual VAT registration threshold was increased to £90,000 from 1 April 2024. You must register if:

- Turnover of £90,000 is expected within the next thirty days, or;
- at the end of any month turnover for the twelve months prior exceeds £90,000.

For those considering cancellation of their registration, the turnover limit within the last twelve remains at £88,000.

### MTD for VAT

All VAT-registered businesses, regardless of turnover, should now be compliant with the reporting and record-keeping obligations under Making Tax Digital for VAT.

### MTD for Income Tax Self-Assessment (ITSA)

As planned, MTD for Income Tax Self-Assessment (ITSA) will be phased in from 6 April 2026. Self-employed individuals and landlords with income from trade and/or property, which exceeds the following thresholds, will be required to use a digitally compliant software to submit quarterly returns.

- Income exceeding £50,000 – from 6 April 2026
- Income exceeding £30,000 – from 6 April 2027\*

*\*General partnerships will also be brought within scope of the rules by April 2027.*

The Government also confirmed plans to extend the scope of the ITSA phase to include those with incomes over £20,000 by the end of this Parliament. The timeline for this is yet to be announced.

### MTD for Corporation Tax

MTD for Corporation Tax is not expected to be rolled out until April 2028.

#### **Tax planning point**

Digitisation can be beneficial for your business, beyond compliance with MTD, delivering time and cost savings, and enabling us to advise you proactively. With this in mind, it can be helpful to review your options in respect of adopting software and digital tools before it becomes compulsory for you to do so.

### **Car, Van, and Fuel benefits**

#### Company cars

Where a car is made available for an employee's private use, a taxable benefit arises.

Company car benefit is calculated by applying the Relevant Scale Percentage to the list price of the car. The percentage is primarily based on the CO<sub>2</sub> emissions of the car ranging from 3% to 37% in 2025/26, and 4% to 37% in 2026/27. The car benefit tables for 2024/25, 2025/26 and 2026/27 are set out on pages 27 and 28.

#### Car Fuel Benefit

Car Fuel Benefit arises where an employee's private fuel is provided by the employer. The benefit is calculated by multiplying the Relevant Scale Percentage as used for calculating the car benefit above by £28,200 for 2025/26.

The fuel benefit does not apply if the employee makes good all the cost of fuel used for private use. Journeys between home and place of work are usually regarded as private motoring. The fuel benefit is proportionately reduced if provision of private fuel starts or ceases part way through a year.

### Company car fuel rates

Where an employee with a company car pays for all of their own fuel, an employer can reimburse at the following rates for business mileage.

Applicable from 1 December 2024:

<b>Engine Size</b>	<b>Petrol</b>	<b>Diesel</b>	<b>LPG</b>	<b>Electric</b>
1400cc or less	12p		11p	7p
1600cc or less		11p		7p
1401cc to 2000cc	14p		13p	7p
1601cc to 2000cc		13p		7p
Over 2000cc	23p	17p	21p	7p

*\*Note that Hybrid cars are treated as either petrol or diesel for these purposes. The company car fuel rates are reviewed quarterly by HMRC, and any rate changes apply from 1 March, 1 June, 1 September, and 1 December.*

### **Tax planning point**

There will be no taxable benefit and no Class 1A NIC to pay if the mileage rate paid is no higher than the advisory fuel rates for the engine size and fuel type of the company car. However it is important to note that if the rates paid are higher than the advisory rates and you cannot show that the fuel cost per mile is higher, there will be no fuel benefit charge if the mileage payments are only for business travel. Instead, any excess is treated as earnings for Class 1 NIC purposes.

### Authorised mileage rates

Authorised mileage rates are the amount an employer can pay if the employee uses their own car for business purposes.

Business Mileage:

	<b>2024/25</b>	<b>2023/24</b>
<b>First 10,000 miles</b>	45p per mile	45p per mile
<b>Excess over 10,000 miles*</b>	25p per mile	25p per mile

*\*For National Insurance purposes 45p per mile applies to all business mileage*

Rates for other modes of transport:

	<b>2024/25</b>	<b>2023/24</b>
<b>Motorcycles</b>	24p per mile	24p per mile
<b>Bicycles</b>	20p per mile	20p per mile

If an employer pays at a rate in excess of the authorised mileage rate, the excess will be liable to tax and National Insurance.

Passenger payments - 5p per passenger per business mile on work journeys.

### Van benefit

	<b>2025/26</b>	<b>2024/25</b>
<b>Company vans used for private use</b>	£4,020	£3,960
<b>Fuel in vans for private use*</b>	£769	£757

*\*Different rates apply for zero emissions vans*

For the purpose of the van benefit (but not for cars) travel from home to work does not usually count as private use.

### **Residential Property Developer Tax (RPDT)**

RDPT tax charge of 4% applies to companies or groups of companies who undertake residential properties development in the UK and have annual profits exceeding £25 million during an accounting period ending on or after 1 April 2022.

### **Research & Development**

*SME R&D Tax Relief Scheme and Research and Development Expenditure Credit Scheme (RDEC)*

The R&D schemes for SME's and large businesses have now been merged, affecting accounting periods beginning on or after 1 April 2024. This singular provision will run alongside the SME R&D intensive scheme, which started on 1 April 2023. For most companies carrying out R&D, the default method of giving relief for qualifying R&D expenditure, for accounting periods commencing after 1 April 2024, will be by way of a taxable expenditure credit (similar to the previous RDEC scheme).

	<b>Merged Scheme</b>	<b>Enhanced R&amp;D Intensive scheme*</b>
<b>Company type</b>	<i>From 1 April 2024</i>	<i>From 1 April 2024</i>
<b>Loss-making SME</b>	16.2%	
<b>Profitable SME</b>	Up to 16.2%	
<b>R&amp;D intensive loss-making SME</b>		Up to 27%
<b>Large company</b>	Up to 16.2%	

*\*To claim under this scheme, you will need to be loss-making and meet the intensity condition. This requires you to be claiming for an accounting period beginning on or after 1 April 2024, and to have relevant R&D expenditure making up at least 30% of total expenditure (including that of any connected companies).*

### ***Tax planning point***

Recent changes to the R&D tax relief system are geared towards creating a fairer system, tackling abuse of the relief, and ensuring it remains fit for purpose. If you are undertaking work that you think could qualify for R&D relief, we can advise you on the complex rules associated with the schemes, assist you with making a successful claim and ensure that R&D is built into your wider business plan.

## **Other business measures**

### ***Business Rates***

The Government has announced their intention to reform Business Rates from 2026-27. They plan to lower multipliers from April 2026-27 for retail, hospitality and leisure with a rateable value under £500,000 and increase multipliers for properties with a rateable value over £500,000. This is effectively taxing large distribution warehouses used by prominent online retailers.

As an interim measure they will introduce a 40% relief for retail, hospitality and leisure businesses in 2025-26 up to a cash cap of £110,000. Small business multipliers will be frozen for 2025-26 helping over a million properties from inflationary increases.

### ***Double-cab pick-ups***

As announced at Autumn Budget 2024 and following a Court of Appeal decision, the Government will not introduce legislation to maintain the treatment of double cab pick-up vehicles with a payload of one tonne or more as goods vehicles.

HMRC is updating guidance to clarify the position in respect of such vehicles which will be treated as cars for capital allowances, for benefits in kind and for some deductions from business profits. Transitional arrangements will also apply.

### ***Tax planning point***

Many business owners, especially in the construction sector, use double cab pick-ups as their primary vehicles and so avoid the company car tax regime. Once detailed rules are published and transitional provisions known, planning will need to be undertaken to avoid the high benefit charge.

### National Living Wage (NLW)

Measures in the Autumn Budget 2024 increased the NLW by 6.7% from £11.44 to £12.21, effective 6 April 2025. The increase is worth approximately £1,400 for a full-time eligible worker.

For 18 to 20-year-olds the rise will be 16.3% from £8.60 to £10.00 an hour. This is the first step to align this to the general National Living Wage.

The minimum hourly wage for an apprentice is also increased, with an 18-year-old apprentice seeing their minimum hourly pay increase by 18.0%, a pay rise from £6.40 to £7.55 an hour.

## **Property Taxation**

Property tax can be complex and is often vulnerable to change; something we have seen often in recent years, and particularly where residential landlords are concerned.

### **Stamp Duty Land Tax**

Stamp Duty Land Tax is payable on the purchase of land or property in the UK, over a certain value, and the percentage charge depends on the proportion of the purchase price that falls within any of the prescribed bands.

For any transaction with an effective date on or after 31 October 2024, there is an additional SDLT charge of 5% on the purchase of any residential property where, at the end of the day of the transaction, an individual owns two or more residential properties and has not replaced their main residence (or where there is a major interest in any other property).

Purchasers who sell their old home within three years of buying a new home will have to pay the additional 5% up front but can reclaim this once the old home is sold.

There is also an increase for companies purchasing residential properties worth more than £500,000 from 15% to 17%, unless specific reliefs apply.

Non-UK resident purchasers of residential property have been subject to an additional 2% (i.e., 5%) surcharge in SDLT since 1 April 2021.

SDLT rates for residential and commercial property are outlined on page 31 and 32.

## **Annual Tax on Enveloped Dwellings (ATED)**

ATED is a tax payable annually by companies and other corporate bodies (both UK-resident and non-UK resident) owning residential property in the UK with property value exceeding £500,000. Tax payable depends on what 'band' your property falls into in respect of its valuation.

## **Furnished Holiday Lets (FHLs)**

The Government is pressing ahead with the abolishment of the FHLs tax regime, removing the tax advantage for landlords who let out short-term furnished holiday properties over those who let out residential properties to longer-term tenants.

The measure will have effect on or after 6 April 2025 for Income Tax and CGT, and from 1 April 2025 for Corporation Tax and for Corporation Tax on chargeable gains.

For a rental property to be considered a FHL, it must meet certain conditions as prescribed by HMRC.

FHLs will be treated same as other residential property lets from 2025/26.

The tax benefits to be lost are:

- Full finance costs – loan interest will be restricted to basic rate for Income Tax
- Relevant earnings for pension relief – this income will no longer be included when calculating maximum pension relief
- Capital Allowances on furniture, TV etc. against taxable profits – capital allowances rules applicable to new expenditure will be removed
- Income split – currently income from FHL's does not have to match ownership, unlike normal lets, but this will no longer be the case
- CGT business reliefs (Business Asset Disposal Relief (BADR), gift relief, rollover relief) – except in a very small number of cases, eligibility for these reliefs will cease

### ***Tax planning point***

With the abolishment of FHLs tax advantages impending, it is no doubt a lot of landlords will be faced with an increased tax bill than previously. Careful consideration must be given to pension contributions as the FHLs rentals will no longer be qualifying relevant earnings from 2025/26 tax year. This does not affect hotels, B&B's, or guest houses.

## **Capital Gains Tax on residential property**

You may be liable to pay CGT if you make a gain when disposing of property that is not your main home, including rental, inherited, land, or business premises. If you are gifting property to a spouse, civil partner, or charity, you do not usually need to pay tax. The amount of CGT payable will depend on the gain, the income tax band you fall within, and circumstances preceding and at the time of the disposal.

### **CGT and 60-day returns**

UK-resident individuals and trustees must report and pay any CGT due on UK residential property disposals within 60 days of selling the property. Reporting of the disposal is done by filing a standalone online return with HMRC.

### **Other CGT under Real-Time service**

If your capital gain is not from a UK residential property i.e. shares or personal possession worth more than £6,000 sold after 6 April 2020, you can report your gain either by Self-Assessment tax return or using the 'real time' Capital Gains Tax service.

This service is only available to UK residents, and it cannot be used to report on behalf of someone else, for example a client, trust, or an estate. Neither can it be used to report the gains on UK residential property nor chargeable event gains for life insurance.

#### ***Tax planning point***

CGT often involves large sums of money so careful planning is essential if you are to minimise the tax that you pay. To meet the 60-day deadline, you will need to be organised and should notify your accountant of intent to dispose of property at the earliest opportunity.

## **Trust Registration**

Changes to the rules relating to the Trust Registration Service (TRS), introduced on 6 October 2020, mean that many more trusts need to be registered with HMRC. Failure to register a Trust can result in a significant financial penalty.

### **Taxable trusts**

The deadline for registration of taxable trusts will be decided by the date the trust was created, and when the first tax liability arises.

If the Trust was established before 6 April 2021, regardless of when the first relevant tax liability arises, there are a couple of deadlines to be aware of.

- 5 October – following the end of the tax year in which the first relevant tax liability arises, and this liability is to income tax or Capital Gains Tax (CGT).

- 31 January – following the end of the tax year in which the first relevant tax liability arises, in all other cases.

Where the Trust was established after 5 April 2021 and the first tax liability arises before 4 June 2022, the Trust must have been registered on or before 1 September 2022.

Where the same is true for the creation date, but the tax liability arises after 3 June 2022, the registration deadline is within 90 days of the first relevant tax liability arising.

### Non-taxable trusts

If a trust has no tax liability, but meets the conditions for being registerable, registration must have been completed on or before 1 September 2022 if the trust was created on or before 6 October 2020.

For non-taxable trusts created after this date, registration must be completed within 90 days of being established or 1 September 2022 (whichever is later).

### ***Tax planning point***

The Trust registration service was introduced to make beneficial ownership of assets held in trust more transparent. The remit of the service has expanded significantly, and now encompasses many more trusts, including those established many years ago which may have been forgotten about or left dormant, but which remain extant. Our professional tax advisers can help you to determine whether your trust should be registered and support you to ensure registration is completed in line with the rules.

## **National Insurance (NIC)**

As announced at Spring Budget 2024, the main rate of primary Class 1 NIC was reduced by 2% from 10% to 8% from 6 April 2024.

For self-employed the main rate for Class 4 NIC was reduced from 9% to 6% from 6 April 2024.

The 2024 Autumn Budget did not bring about any further changes to Employee NIC's, but did deliver two significant changes to Employer NIC's.

From April 2025 the rate that employers pay will increase by 1.2% from 13.8% to 15%, whilst the threshold for when employers start paying NIC will reduce from £9,100 to £5,000. For employers, this represents an additional cost of £615 per employee.

The mandatory payment of Class 2 NIC's for the self-employed was abolished effective from 6 April 2024.

## Employment allowance

The Employment Allowance will be increased from £5,000 to £10,500 from 2025-26 and the restriction where employers who incur more than £100,000 of employer's national insurance were unable to claim the allowance will be removed.

### **Tax planning point**

These two changes increase the costs of employing people significantly. The Chancellor said that the changes in the budget would not affect working people but if businesses are trying to maintain profit margins there will obviously be knock on effects to employees. It is worth bearing in mind that the change to the Employment Allowance means many employers will reduce their national insurance cost and may mean some small employers pay no Employer's NI at all. This does not apply to one director payrolls. National Insurance liabilities are an important consideration and should form part of any tax planning you undertake.

Rates and thresholds are set out below:

### **2025/26**

<b>Class 1</b>	Weekly £	Monthly £	Yearly £
Lower Earnings Limit (LEL)	125	542	6,500
Primary Threshold (PT) <i>Employee</i>	242	1,048	12,570
Secondary Threshold (ST) <i>Employer</i>	96	417	5,000
Upper Secondary Threshold (UST) (under 21) and Apprentice Upper Secondary Threshold (under 25) (AUST)	967	4,189	50,270
Upper Earnings Limit (UEL)	967	4,189	50,270
<b>Contribution rates</b>	<b>Employees' contributions</b>		
Earnings between PT and UEL	8%		
Earnings above UEL	2%		
	<b>Employers' contributions</b>		
Earnings above ST	15%		
*There are no Employers NI contributions on earnings below the ST, the UST paid to those aged under 21 or on earnings below the AUST for apprentices ages under 25.			
<b>Class 1A (Employer) on Benefits in Kind</b>	15%		
<b>Employment Allowance (Employer)</b>	£10,000		
<b>Class 2 (Self-Employed) Flat Rate</b>	£3.55 per week (voluntary)		
Small profits threshold (SPT) exception	£6,725		
No contributions due where profits above SPT	NIL		
<b>Class 3 (Voluntary)</b>	£17.75 per week		
<b>Class 4 (Self-Employed)</b>			
Lower Annual Profits Limit (LPL)	£12,570		
Upper Annual Profits Limit (UPL)	50,270		
Profits between LPL and UPL	6%		
Profits above UPL	2%		

## **Summary of rates and allowances**

	2025/26	2024/25
<b>INCOME TAX</b>		
- Personal Allowance	£12,570	£12,570
- Basic Rate of Income Tax	20%	20%
- Higher rate of Income Tax	40%	40%
- Additional rate of Income Tax	45%	45%
- Basic rate band	£0-£37,700	£0-£37,700
- Higher rate band	£37,701-£125,140	£37,701- £125,140
- Additional rate applies	Over £125,140	Over £125,140
<b>CAPITAL GAINS TAX</b>		
	<b>From 30/1/2024</b>	<b>To 29/10/2024</b>
- Residential property		
o Up to basic rate income tax band	18%	18%
o Higher rate	24%	24%
- Any other gains		
o Up to basic rate income tax band	14%	10%
o Higher rate	24%	20%
	<b>From April 2025</b>	<b>To April 2025</b>
- Business Asset Disposal Relief	14%	10%
- Annual Exemption	£3,000	£3,000
<b>CORPORATION TAX</b>		
- Main rate	25%	25%
<b>INHERITANCE TAX</b>		
- Nil Rate Band	£325,000	£325,000
<b>VALUE ADDED TAX</b>		
- Registration Limit	£90,000	£90,000
<b>PENSIONS</b>		
- Annual Contribution Allowance	£60,000	£60,000
Lower allowance may apply if adjusted income exceeds £240,000		
- Lifetime Allowance	-	-
<b>INDIVIDUAL SAVINGS ACCOUNTS</b>		
- Annual Investment Limit	£20,000	£20,000
- Junior ISA Child Trust Fund Limit	£9,000	£9,000

## Tax tables

### VAT Fuel Scale Charges

CO <sub>2</sub> emissions in grams per kilometre	VAT FUEL SCALE CHARGES For 3 month periods		
	Return periods commencing on or after 1 May 2024 to 30 April 2025		
	VAT fuel scale charge £	VAT £	VAT exclusive £
120 or less	174.00	29.00	145.00
125	263.00	43.83	219.17
130	279.00	46.50	232.50
135	297.00	49.50	247.50
140	315.00	52.50	262.50
145	332.00	55.33	276.67
150	350.00	58.33	291.67
155	368.00	61.33	306.67
160	385.00	64.17	320.83
165	403.00	67.17	335.83
170	420.00	70.00	350.00
175	437.00	72.83	364.17
180	455.00	75.83	379.17
185	473.00	78.83	394.17
190	490.00	81.67	408.33
195	508.00	84.67	423.33
200	526.00	87.67	438.33
205	544.00	90.67	453.33
210	560.00	93.33	466.67
215	578.00	96.33	481.67
220	596.00	99.33	496.67
225 or more	613.00	102.17	510.83

- The CO<sub>2</sub> emission figure is rounded down to the nearest 5 grams.
- For Bi-fuel vehicles, which have two CO<sub>2</sub> emissions figures, the lower of the two figures is used for VAT purposes
- For cars which are too old to have a CO<sub>2</sub> emissions figure the CO<sub>2</sub> band is based on engine size as follows:
  - If its cylinder capacity is 1,400cc or less use CO<sub>2</sub> band 140
  - If its cylinder capacity exceeds 1,400cc but does not exceed 2,000cc use CO<sub>2</sub> band 175
  - If its cylinder capacity exceeds 2,000cc, use CO<sub>2</sub> band 225 or above
- Rates for monthly returns or other non-regular VAT periods are adjusted pro-rata.

## Car Benefits

*Cars registered before 6 April 2020*

CO <sub>2</sub> emissions g/km	Electric range (miles)	CAR BENEFIT SCALE Percentage of car's list price taxed		
		2024/25	2025/26	2026/27
0 (Purely Electric)	N/A	2%	3%	4%
1-50	>130	2%	3%	4%
1-50	70- 129	5%	6%	7%
1-50	40-69	8%	9%	10%
1-50	30-39	12%	13%	14%
1-50	<30	14%	15%	16%
51	N/A	15%	16%	17%
55	N/A	16%	17%	18%
60	N/A	17%	18%	19%
65	N/A	18%	19%	20%
70	N/A	19%	20%	21%
75	N/A	20%	21%	21%
80	N/A	21%	22%	22%
85	N/A	22%	23%	23%
90	N/A	23%	24%	24%
95	N/A	24%	25%	25%
100	N/A	25%	26%	26%
105	N/A	26%	27%	27%
110	N/A	27%	28%	28%
115	N/A	28%	29%	29%
120	N/A	29%	30%	30%
125	N/A	30%	31%	31%
130	N/A	31%	32%	32%
135	N/A	32%	33%	33%
140	N/A	33%	34%	34%
145	N/A	34%	35%	35%
150	N/A	35%	36%	36%
155	N/A	36%	37%	37%
160	N/A	37%	37%	37%
165 and over	N/A	37%	37%	37%

- Diesels attract a surcharge of 4% subject to a maximum of 37%. Cars that meet the Real Driving Emissions Step 2 (RDE2) standard are exempt from the Diesel supplement.
- CO<sub>2</sub> emissions are rounded down to the nearest 5 grams.

Cars registered on or after 6 April 2020

CO <sub>2</sub> emissions g/km	Electric range (miles)	CAR BENEFIT SCALE Percentage of car's list price taxed		
		2024/25	2025/26	2026/27
0 (Purely Electric)	N/A	2%	3%	4%
1-50	>130	2%	3%	4%
1-50	70- 129	5%	6%	7%
1-50	40-69	8%	9%	10%
1-50	30-39	12%	13%	14%
1-50	<30	14%	15%	16%
51	N/A	15%	16%	17%
55	N/A	16%	17%	18%
60	N/A	17%	18%	19%
65	N/A	18%	19%	20%
70	N/A	19%	20%	21%
75	N/A	20%	21%	21%
80	N/A	21%	22%	22%
85	N/A	22%	23%	23%
90	N/A	23%	24%	24%
95	N/A	24%	25%	25%
100	N/A	25%	26%	26%
105	N/A	26%	27%	27%
110	N/A	27%	28%	28%
115	N/A	28%	29%	29%
120	N/A	29%	30%	30%
125	N/A	30%	31%	31%
130	N/A	31%	32%	32%
135	N/A	32%	33%	33%
140	N/A	33%	34%	34%
145	N/A	34%	35%	35%
150	N/A	35%	36%	36%
155	N/A	36%	37%	37%
160	N/A	37%	37%	37%
165	N/A	37%	37%	37%
170 and over	N/A	37%	3%	4%

- Diesels attract a surcharge of 4% subject to a maximum of 37%. Cars that meet the Real Driving Emissions Step 2 (RDE2) standard are exempt from the Diesel supplement.
- CO<sub>2</sub> emissions are rounded down to the nearest 5 grams.

## Car Fuel Benefits

Cars registered before 6 April 2020

CO <sub>2</sub> emissions in grams per kilometre	Electric only range (Miles)	FUEL BENEFIT SCALE			
		2024/25		2025/26	
		Cars registered prior to 6 April 2020		Cars registered prior to 6 April 2020	
		% applied to <b>£27,800</b>	Fuel Benefit £	% applied to <b>£28,200</b>	Fuel Benefit £
0	N/A	2%	556	2%	564
1-50	>=130	2%	556	2%	564
1-50	70-129	5%	1,390	5%	1,410
1-50	40-69	8%	2,224	8%	2,256
1-50	30-39	12%	3,336	12%	3,384
1-50	<30	14%	3,892	14%	3,948
51-54	N/A	15%	4,170	15%	4,230
55-59	N/A	16%	4,448	16%	4,512
60-64	N/A	17%	4,726	17%	4,794
65-69	N/A	18%	5,004	18%	5,076
70-74	N/A	19%	5,282	19%	5,358
75-79	N/A	20%	5,560	20%	5,640
80-84	N/A	21%	5,838	21%	5,922
85-89	N/A	22%	6,116	22%	6,204
90-94	N/A	23%	6,394	23%	6,486
95-99	N/A	24%	6,672	24%	6,768
100-104	N/A	25%	6,950	25%	7,050
105-109	N/A	26%	7,228	26%	7,332
110-114	N/A	27%	7,506	27%	7,614
115-119	N/A	28%	7,784	28%	7,896
120-124	N/A	29%	8,062	29%	8,178
125-129	N/A	30%	8,340	30%	8,460
130-134	N/A	31%	8,618	31%	8,742
135-139	N/A	32%	8,896	32%	9,024
140-144	N/A	33%	9,174	33%	9,306
145-149	N/A	34%	9,452	34%	9,588
150-154	N/A	35%	9,730	35%	9,870
155-159	N/A	36%	10,008	36%	10,152
160-164	N/A	37%	10,286	37%	10,434
165-169	N/A	37%	10,286	37%	10,434
170 and above	N/A	37%	10,286	37%	10,434

\*Diesels attract a surcharge of 4% subject to a maximum of 37%. Cars that meet the Real Driving Emissions Step 2 (RDE2) standard are exempt from the Diesel supplement.

Cars registered on or after 6 April 2020

CO <sub>2</sub> emissions in grams per kilometre	Electric only range (Miles)	FUEL BENEFIT SCALE			
		2024/25		2025/26	
		Cars registered prior to 6 April 2020		Cars registered prior to 6 April 2020	
		% applied to <b>£27,800</b>	Fuel Benefit £	% applied to <b>£28,200</b>	Fuel Benefit £
0	N/A	2%	556	2%	564
1-50	>=130	2%	556	2%	564
1-50	70-129	5%	1,390	5%	1,410
1-50	40-69	8%	2,224	8%	2,256
1-50	30-39	12%	3,336	12%	3,384
1-50	<30	14%	3,892	14%	3,948
51-54	N/A	15%	4,170	15%	4,230
55-59	N/A	16%	4,448	16%	4,512
60-64	N/A	17%	4,726	17%	4,794
65-69	N/A	18%	5,004	18%	5,076
70-74	N/A	19%	5,282	19%	5,358
75-79	N/A	20%	5,560	20%	5,640
80-84	N/A	21%	5,838	21%	5,922
85-89	N/A	22%	6,116	22%	6,204
90-94	N/A	23%	6,394	23%	6,486
95-99	N/A	24%	6,672	24%	6,768
100-104	N/A	25%	6,950	25%	7,050
105-109	N/A	26%	7,228	26%	7,332
110-114	N/A	27%	7,506	27%	7,614
115-119	N/A	28%	7,784	28%	7,896
120-124	N/A	29%	8,062	29%	8,178
125-129	N/A	30%	8,340	30%	8,460
130-134	N/A	31%	8,618	31%	8,742
135-139	N/A	32%	8,896	32%	9,024
140-144	N/A	33%	9,174	33%	9,306
145-149	N/A	34%	9,452	34%	9,588
150-154	N/A	35%	9,730	35%	9,870
155-159	N/A	36%	10,008	36%	10,152
160-164	N/A	37%	10,286	37%	10,434
165-169	N/A	37%	10,286	37%	10,434
170 and above	N/A	37%	10,286	37%	10,434

\*Diesels attract a surcharge of 4% subject to a maximum of 37%. Cars that meet the Real Driving Emissions Step 2 (RDE2) standard are exempt from the Diesel supplement.

## Stamp Duty Land Tax (SDLT)

### Residential – Table 1

The % charges apply to the proportion of the purchase price falling within that band.

<b>2024/25</b>			
<b>Property Value</b>	<b>Maximum band value</b>	<b>Rate</b>	<b>Maximum Tax on band</b>
<b>Up to £250,000</b>	£250,000	Zero	0
<b>£250,001 to £925,000**</b>	£675,000	5%	£33,750
<b>£925,001 to £1.5m</b>	£575,000	10%	£57,500
<b>Over £1.5m</b>	Unlimited	12%	
<b>2025/26</b>			
<b>Property Value</b>	<b>Maximum band value</b>	<b>Rate</b>	<b>Maximum Tax on band</b>
<b>Up to £125,000</b>	£125,000	Zero	0
<b>£125,001 to £250,000</b>	£125,000	2%	£2,500
<b>£250,001-£925,000**</b>	£675,000	5%	£33,750
<b>£925,001-£1.5m</b>	£575,000	10%	£57,500
<b>Over £1.5m</b>	Unlimited	12%	

*\*\*If the purchaser is a “non-natural person” e.g., a company, the SDLT rate on properties costing over £500,000 is a flat rate of 17%, unless qualifying exemptions apply.*

### First time buyers – Table 2

<b>2024/25</b>			
<b>Property Value</b>	<b>Maximum band value</b>	<b>Rate</b>	<b>Maximum Tax on band</b>
<b>Up to £425,000</b>	£425,000	Zero	0
<b>£425,001 to £625,000</b>	£200,000	5%	£10,000
<b>Over £625,000</b>	As per Table 1 above		
<b>2025/26</b>			
<b>Property Value</b>	<b>Maximum band value</b>	<b>Rate</b>	<b>Maximum Tax on band</b>
<b>Up to £300,000</b>	£300,000	Zero	0
<b>£300,001-£500,000</b>	£200,000	5%	£10,000
<b>Over £500,000</b>	As per Table 1 above		

### Commercial – Table 3

SDLT on commercial properties is calculated on the proportion of the purchase price falling within each band.

<b>Freehold Property Value</b>	<b>Maximum band value</b>	<b>Rate</b>	<b>Maximum Tax on band</b>
<b>Up to £150,000</b>	£150,000	Zero	0
<b>£150,001 to £250,000</b>	£100,000	2%	£2,000
<b>Over £250,000</b>	Unlimited	5%	
<b>Leasehold property – net present value:</b>			
<b>Up to £150,000</b>	£150,000	Zero	0
<b>£150,001 to £5,000,000</b>	£4,850,000	1%	£48,500
<b>Over £5,000,000</b>	Unlimited	2%	

### Annual Tax on Enveloped Dwellings (ATED)

<b>Taxable value of the interest in the property on the <u>relevant day</u></b>	<b>Annual chargeable amount <u>2025/26</u></b>	<b>Annual chargeable amount <u>2024/25</u></b>
<b>More than £500,000 up to £1m</b>	£4,400	£4,400
<b>More than £1m up to £2m</b>	£9,150	£9,000
<b>More than £2m up to £5m</b>	£31,050	£30,550
<b>More than £5m up to £10m</b>	£72,700	£71,500
<b>More than £10m up to £20m</b>	£145,950	£143,550
<b>More than £20m</b>	£292,350	£287,500

If you would like to discuss any of the points outlined in this guide, with one of our advisers, please do contact us.

If you would like to request further copies of this summary, please email us at [marketing@georgehay.co.uk](mailto:marketing@georgehay.co.uk)

This guide is available to download via our website, where you can also find lots of other helpful content.



---

George Hay is the trading style of George Hay Partnership LLP. Registered in England and Wales number OC373025. Registered Office: Brigham House, High Street, Biggleswade, Bedfordshire, SG18 0LD. Registered to carry on audit work in the UK, regulated for a range of investment business activities by the Institute of Chartered Accountants in England & Wales. GH Probate is the trading style of GH Probate Limited. Registered in England and Wales number 9630102. Registered Office: St George's House, George Street, Huntingdon, Cambridgeshire, PE29 3GH. Authorised to carry out the reserved legal activity of non-contentious probate in England and Wales by the Institute of Chartered Accountants in England & Wales. GH Wills is the trading style of GH Wills Limited. Registered in England and Wales. Company Number: 15577357. Registered Office: St George's House, George Street, Huntingdon, Cambridgeshire, PE29 3GH. GH Payscheme is a trading name of GH Online Accounting Limited. Registered in England No 3829902. Registered office: Brigham House, High Street, Biggleswade, Bedfordshire, SG18 0LD. GH Online Accounting Limited a subsidiary of George Hay Partnership LLP.



[www.georgehay.co.uk](http://www.georgehay.co.uk)



George Hay offices at:

### Biggleswade

Brigham House  
High Street  
Biggleswade  
Bedfordshire  
SG18 0LD

t: 01767 315010  
f: 01767 318388

e: [biggleswade@georgehay.com](mailto:biggleswade@georgehay.com)

### Huntingdon

St George's House  
George Street  
Huntingdon  
Cambridgeshire  
PE29 3GH

t: 01480 426500  
f: 01480 426501

e: [huntingdon@georgehay.co.uk](mailto:huntingdon@georgehay.co.uk)

### Letchworth

Unit 1b, Focus 4  
Fourth Avenue  
Letchworth Garden City  
Hertfordshire  
SG6 2TU

t: 01462 708810  
f: 01462 481603

e: [lethworth@georgehay.co.uk](mailto:lethworth@georgehay.co.uk)

This publication is for general guidance only. No responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this publication can be accepted.



ICAEW  
CHARTERED  
ACCOUNTANTS



You can update your marketing preferences with us at any time by emailing [marketing@georgehay.co.uk](mailto:marketing@georgehay.co.uk)