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Your guide to tax 2026/27

Tables, rates and tips for planning ahead

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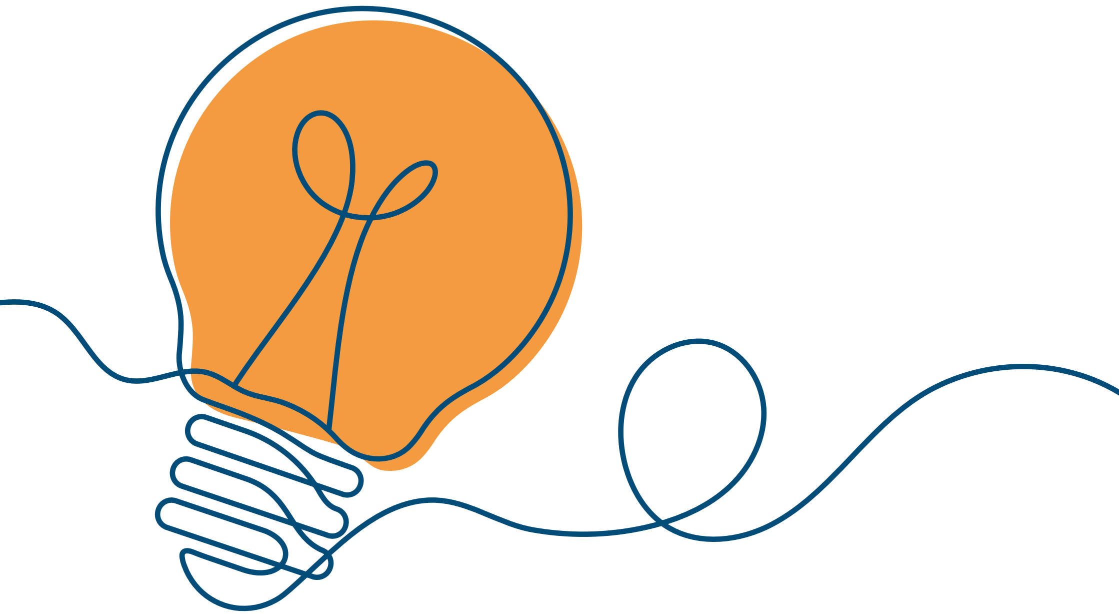

Contents

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, contact us.

These provisions are extant as of 6 April 2026.

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 2025/26 and 2026/27 is £12,570. Originally expected to remain frozen at this level until 2027/28, thresholds will now be frozen until the end of the 2030/31 financial year.

It should be noted that there is a general election due to take place in 2029 and any new Government is not bound by these proposals.

	2026/27 thresholds for Income Tax	**2025/26 thresholds for Income Tax**
Personal Allowance – 0%	Up to £12,570	Up to £12,570
Basic rate – 20%	£12,571 - £50,270	£12,571 - £50,270
Higher rate – 40%	£50,271 - £125,140	£50,271 - £125,140
Additional rate – 45%	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 by £1 for every £2 that your income exceeds £100,000.

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 for an additional three years 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.

The £100,000 clawback threshold is important not just for tax purposes with the expensive 60% tax bracket, but also for childcare purposes. When either spouse in a couple has adjusted income over £100,000, the ability to claim the "Free Childcare for Working Parents Scheme" (30 hours free childcare) and the "Tax Free Childcare Scheme" (worth up to £2,000 per child) is removed, meaning the first £1 of income over £100,000 is extremely expensive. Making a pension contribution is a powerful way to bring adjusted income below £100,000 to retain access to these schemes, whilst saving tax at an effective rate of 60%.

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. 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 opportunity to elect to repay the charge via PAYE will relieve many high earners of the need to register for Self-Assessment. Child benefit is another area where making a pension contribution could be useful. Where adjusted income is between £60,000 and £80,000, making a pension contribution can reduce your adjusted income and therefore mean you retain more of the benefit you receive during the year.

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 for 2026/27 remains at £500.

Dividend allowance	Tax year
£500	2025/26
£500	2026/27

The rates of tax charged on amounts received above the £500 tax-free threshold will increase from 6 April 2026 as follows:

	Tax rate on dividends 2026/27	Tax rate on dividends 2025/26
Dividend ordinary rate	10.75%	8.75%
Dividend upper rate	35.75%	33.75%
Dividend additional rate	39.35%	39.35%

Tax planning point

The increase of the ordinary and upper dividend tax rates (but surprisingly, not the additional 39.35% rate) and the reduction in dividend allowance will impact a lot of people who use dividends as part of their wider remuneration strategy. Even when dividend rates go up, for a number of reasons incorporation may still be beneficial – for example, control over the timing of income. The advantage may be reduced, but not altogether lost. 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.

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.

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.

Interest on savings

The Chancellor announced at Autumn Budget 2025 that the rate of tax payable on savings interest will increase. Currently, tax is charged at your usual rate of Income Tax but will rise by 2 percentage points from 6 April 2027, as follows:

Tax band	6 April 2027-5 April 2028	Present-5 April 2027
Basic rate	22%	20%
Higher-rate	42%	40%
Additional-rate	47%	45%

ISA Allowance

From 6 April 2027, changes to the Individual Savings Account (ISA) allowance will take effect. Whilst the £20,000 limit will remain, £8,000 of this will now be designated exclusively for investment purposes, and £12,000 will remain as a cash allowance.

For individuals aged 65 and over, the full £20,000 cash allowance will remain in place.

Tax planning point

The Government hopes to boost growth by encouraging people to invest more, shifting money from low-risk cash ISAs to higher-risk stocks and shares ISAs. It remains to be seen whether individuals will accept this higher-risk or just save up to the new £12,000 limit in their Cash ISAs. Unfortunately, this announcement serves to make the rules associated with ISAs more complex.

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 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 is £252 (20% of the £1,260 transferred allowance).

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% – on gross contributions.

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). The NRB will remain frozen at £325,000 until April 2031.

Tax rate on death	2026/27 (£)	2025/26 (£)
Nil	0 – 325,000	0 – 325,000
40%	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 RNRB enables individuals to pass property, that was at some time their main residence, to a lineal descendant (child, grandchild etc.) free of tax. The RNRB will remain frozen until 2030/31.

	2026/27	**2025/26**
Main Residence Nil Rate Band (RNRB)	£175,000	£175,000

As with the NRB, 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 (double NRB) + £350,000 (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 of £325,000 was set at that amount on 6 April 2009 – since that time the average house price in the UK has risen by approximately 75%. Alongside this, when you consider that unused pension funds will be brought within scope of IHT from April 2027, many more people are going to be dragged into the IHT net.

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 (BPR) / Agricultural Property Relief (APR)

Business Property Relief (commonly referred to by HMRC as Business Relief) and Agricultural Property Relief (APR) are valuable reliefs as follows:

BPR	
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

APR	
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% IHT relief cap for Agricultural Property Relief (APR) and Business Property Relief (BPR) will be limited to a combined £2.5 million per person. Qualifying assets over £2.5 million will receive 50% relief, and the cap is transferable between spouses, allowing couples to protect up to £5 million, if both spouses are involved in the business, or own farmland.

Tax planning point

This now places much more emphasis on the accuracy of valuations in respect of trading businesses and trading partnerships. In the past, the value of these assets has been exempt from IHT under the relief, so valuations have been of far less importance to HMRC and have rarely been challenged. It is expected that with reductions to these exemptions there will be increased HMRC scrutiny into business valuations for chargeable events, and so valuation activities of privately owned businesses will become an important topic of conversation.

Other Inheritance Tax 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 for deaths occurring on or after 6 April 2027.

The value of unused pension funds and pension death benefits will count towards an individual's estate on death, unless it is being paid to a surviving spouse/civil partner, or to a registered charity, and personal representatives will be liable for reporting and paying any IHT due on unused pension funds and pension death benefits.

Tax planning point

Tax planning is essential when changes like this come about, to ensure that you are passing money on in the most tax-efficient way possible. With pensions being brought within scope of IHT from April 2027, discussions around gifting and donations during your lifetime may be pertinent.

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 were introduced from 6 April 2025. Effectively, domicile has been scrapped and the concept of long-term residence introduced instead; 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 have been brought within the UK Inheritance Tax regime.

Someone who is long-term resident will now pay IHT on their worldwide assets, where previously a non-UK domicile would only pay IHT on their UK situs assets.

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 – Rates for Individuals & Trusts

	2026/27		**2025/26**	
	Residential properties	**All other assets**	**Residential properties**	**All other assets**
Gains which, if added to taxable income, would be within the basic rate band	18%	18%	18%	18%
Gains which, if added to taxable income, would exceed the basic rate band	24%	24%	24%	24%

Capital Gains Tax - Annual allowance

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

	2026/27	**2025/26**
CGT annual exemption	£3,000	£3,000

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 IHT 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).

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 (page 26).

Carried interest

Carried interest is an incentive-based reward system for investment fund managers, usually structured as a share of the profits generated from the fund. Historically, carried interest profits have been chargeable under CGT at a rate of 32% in the 2025/26 tax year.

As of 6 April 2026, any profits attributable to carried interest gains are now subject to Income Tax as trading profits. Of the profit generated, 72.5% is taxable as trading income, and therefore now subject to Income Tax and Class 4 NIC at a maximum rate of 47%, giving a maximum potential effective rate of tax of 34.075% (72.5% x 47%).

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 the changes to the carried interest regime. Whilst the increase in the effective tax rate is fairly negligible, there are further implications on the individual's tax position:

- The amount is treated as income rather than gains, and therefore contributes to 'adjusted income' – this may impact access to certain benefits and could trigger tapering in respect of pensions contributions.
- As carried interest is treated as trading income, non-UK residents will be subject to this new regime if the carried interest relates to UK workdays.
- When calculating payments on account due under Self-Assessment, the tax due on any capital gains is excluded. Therefore with carried interest now falling within the trading regime, payments on account will be due on any tax arising as a result of carried interest gains. This could carry cash flow implications for an affected taxpayer during the first year of the new rules.

If you do earn bonuses as a fund manager by way of carried interest, then it is important to review your affairs to ensure that the tax impacts of this regime are fully understood.

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 transferor.

Gifts to a charity

Gifts to charities are 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.

Business Asset Disposal Relief (BADR) & Investor's Relief (IR)

Business Asset Disposal Relief

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.

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

2025/26	14%
2026/27	18%

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

Tax planning point

In the absence of BADR the highest rate of CGT payable on share disposals would be 24%. With BADR subjecting qualifying gains to a rate of 18% from 6th April 2026, the overall tax saving at 6% works out to be £60,000 (£1,000,000 x 6% saving). Historically the savings under this scheme were around £100,000 per taxpayer in the 24/25 tax year, so the value to entrepreneurial business owners is declining.

Investors' Relief

Investors' Relief reduces the amount of CGT charged on a disposal of qualifying shares in a trading company, that is not listed on a stock exchange, to 18% from April 2026.

It applies to shares that are issued on or after 17 March 2016 that are disposed of on or after 6 April 2019, as long as the shares have been owned for at least three years up to the date of disposal.

To qualify for Investors' Relief, you must have subscribed for shares that meet the relevant qualifying conditions throughout the period you have owned them and that you have owned for at least 3 years. The main conditions that must be met are:

- they are ordinary shares in the company;
- you subscribed for them in cash, and they were fully paid up when issued;
- the company is a trading company or the holding company of a trading group;
- none of the company's shares are listed on a stock exchange; and,
- neither you nor any person connected with you is an employee of the company or of a company connected with it.

Qualifying capital gains for each individual are subject to a lifetime limit of £1 million. For disposals occurring on or before 29 October 2024, a lifetime limit of £10 million applies.

Employee Ownership Trusts (EOTs)

An Employee Ownership Trust (EOT) refers to the creation of a trust that enables employees to indirectly own a company.

The majority of shares (a controlling stake – i.e., more than 50%) in the company are acquired from the company's shareholders and held on trust for the benefit of the company's employees.

Prior to November 2025, when selling your controlling stake to the employees of the company, via an EOT, qualifying disposals were exempt from Capital Gains Tax (CGT).

However, this position changed at Autumn Budget 2025 meaning that sellers will now pay CGT on 50% of their gains when selling to an EOT. The effective CGT rate payable on a disposal of shares is 12%.

Business Asset Disposal Relief (BADR) and Investors' Relief (IR) are not available on the chargeable gain.

Whilst EOT's can still present a valuable tax planning opportunity with a lower effective rate than BADR, there are other non-tax factors that can often impact the operation of the business:

- It is common practice to leave some of the proceeds as a debt due to the founder shareholder, to be paid from the company profits. As the founder is liable to tax immediately on the full consideration (present and future), there is a risk that if the company does not maintain profitability that they may pay tax on proceeds that are not received.

- An EOT requires a management team to take the business forward on behalf of the employee ownership structure, whilst not directly owning any equity in the company. This can be a difficult commercial issue to navigate, which can impact the operation of the business.

GH comment

The circumstances of any business considering whether an EOT is appropriate should be considered fully, and both tax and non-tax specific implications should be accounted for.

Business Taxation

Corporation Tax

The main rate of Corporation Tax is maintained at 25% for 2026/27 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:

	2026/27
Profits up to £50,000	19%
£50,001-£250,000	26.5%*
£250,001 upwards	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.*

Capital Allowances

Annual Investment Allowance (AIA)

The AIA limit remains at £1,000,000 for 2026/27, giving 100% relief on up to £1m of qualifying spend for all businesses, including those who are unincorporated.

Writing Down Allowances (WDA's)

The Writing Down Allowance main rate will drop from 18% to 14% from April 2026, mainly affecting assets that do not qualify for Full Expensing, such as assets for leasing, second-hand assets or cars.

The 6% Writing Down Allowance for special rate pool assets remains.

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.

Full Expensing and 50% First-Year Allowance (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.

Full Expensing lets you deduct 100% of the cost of qualifying plant and machinery from your profits before tax in the year it was bought.

The 50% First-Year Allowance lets you deduct 50% of the cost from your profits before tax in the year it was bought.

You cannot claim both allowances against the same expenditure.

First-Year Allowances for business

For the 2026/27 tax year, 100% First-Year Allowances (FYA) primarily apply to qualifying new, unused electric vehicles and charging points until 31 March 2027 for Corporation Tax purposes, and 5 April 2027 for Income Tax purposes.

This measure will have effect for qualifying expenditure incurred on or after 1 April 2026 for Corporation Tax purposes, and on or after 6 April 2026 for Income Tax purposes.

From 1 January 2026, a new 40% First-Year Allowance will apply to main-rate assets not covered by Full Expensing or the AIA, bringing the leasing sector into scope.

Cars, second-hand assets and overseas-leased assets do not qualify.

Making Tax Digital (MTD): VAT & Income Tax Self-Assessment (ITSA)

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 (MTD) for VAT.

MTD for Income Tax Self-Assessment (ITSA)

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 keep digital records and to submit quarterly updates to HMRC:

- Gross income exceeding £50,000 – from 6 April 2026
- Gross income exceeding £30,000 – from 6 April 2027
- Gross income exceeding £20,000 – from 6 April 2028

MTD ITSA for partnerships is expected to follow later, although no date has been set.

Although the frequency of reporting is going to change, the timing of tax payments will not. The existing schedule in respect of payments – 31 January in the tax year for first instalment, 31 July after the tax year for payment on account, and 31 January after the tax year for balancing payment – remains in place.

MTD for Corporation Tax

MTD for Corporation Tax is not expected to be mandated.

Tax planning point

Whilst MTD will add to compliance burden for taxpayers, and change the way that financial positions are reported, regular accurate data will assist with tax forecasting and budgeting meaning that accountants should be able to provide clients with a tax budget to save on a more regular basis. Digitisation can also 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_2 emissions of the car ranging from 5% to 37% in 2027/28.

The car benefit tables for 2025/26, 2026/27 and 2027/28 are set out on pages 34 and 35.

Car Fuel Benefit

Car Fuel Benefit arises where the employer provides an employee's private fuel. The benefit is calculated by multiplying the Relevant Scale Percentage as used for calculating the car benefit above by £29,200 for 2026/27.

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 March 2026:

Engine Size	Petrol	Diesel	LPG	Electric – Home charging	Electric – Public charging
1400cc or less	12p		10p	7p	15p
1600cc or less		12p		7p	15p
1401cc to 2000cc	14p		12p	7p	15p
1601cc to 2000cc		13p		7p	15p
Over 2000cc	22p	18p	19p	7p	15p

**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.*

Authorised mileage rates

Authorised mileage rates are the amount an employer can pay if the employee uses their own car for business purposes. In May 2026, the Chancellor announced that the authorised mileage rate would increase from 45p to 55p, to be backdated to April 2026.

Business Mileage:

	2026/27	2025/26
First 10,000 miles	55p per mile	45p per mile
Excess over 10,000 miles*	25p per mile	25p per mile

**For National Insurance purposes 55p per mile applies to all business mileage*

Rates for other modes of transport:

	2026/27	2025/26
Motorcycles	24p per mile	24p per mile
Bicycles	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

	2026/27	2025/26
Company vans used for private use	£4,170	£4,020
Fuel in vans for private use*	£798	£769

**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 at a rate of 4% applies to companies, or groups of companies, who undertake residential property 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).

	Merged Scheme	Enhanced R&D Intensive scheme*
Company type	*From 1 April 2024*	*From 1 April 2024*
Loss-making SME	16.2%	
Profitable SME	Up to 16.2%	
R&D intensive loss-making SME		Up to 27%
Large company	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 reform

April 2026 brings two key changes to the business rates payable on business premises.

Firstly, the rateable values on business premises are due to be updated as of 1 April 2026. As the historic business rates were based on the rateable value of properties as of 1 April 2023, this is likely to result in increases to some bills.

Secondly, changes to the multipliers will be introduced which are expected to result in significantly reduced business rates for smaller businesses:

Multiplier name	2026/27	2025/26
Standard	48.0p	55.5p
Small business (<£51,000 RV)	43.2p	49.9p
Small retail, hospitality and leisure (<£51,000 RV)	38.2p	
Standard retail, hospitality and leisure (£51,000 - £499,999 RV)	43.0p	
High value multiplier (>£500,000 RV)	50.8p	

The introduction of new multiplier categories will rebalance the burden of payment of business rates, to give the greatest relief to the retail, hospitality and leisure sectors, which will be offset by additional liabilities on the larger business premises.

Mandatory payrolling of benefits

From April 2027, the payrolling of most Benefits-in-Kind (BiKs) and taxable expenses will become mandatory, replacing the existing P11D/P11D(b) reporting process in most instances.

As a result, Income Tax and Class 1A NICs will need to be calculated and reported through Real Time Information (RTI) using Full Payment Submissions (FPS).

Employers will need to calculate the relevant BiK value for each pay period and include that information within the payroll cycle, to facilitate the collection of tax in real-time.

Where the exact value is not yet known, a reasonable estimate must be used. These figures will also be shown on employees payslips.

Initially, employment-related loans and employer provided accommodation will be excluded from mandatory payrolling but will remain voluntary until such time as it is mandated.

Tax planning point

Employers should be thinking proactively about compliance, and getting ahead of the curve if they can. Communication with employees is key, as cashflow may be impacted for some. Employers might also wish to consider whether their existing payroll software can support real-time reporting on BiKs and, indeed, whether they have suitable support in place – i.e., from a payroll bureau such as GH Payscheme – to effectively manage the transition.

National Living Wage (NLW)

Measures in the Autumn Budget 2025 increased the NLW by 4.1% from £12.21 to £12.71, effective 6 April 2026. The increase is worth approximately £900 for a full-time eligible worker.

For 18 to 20-year-olds the rise was 8.5% from £10.00 an hour, to £10.85. For 16-17-year-olds, wage rates increase from £7.55 to £8.00.

The minimum hourly wage for an apprentice in their first year of an apprenticeship is also increased, with an 18-year-old apprentice seeing their minimum hourly pay increase by 6%, a pay rise from £7.55to £8.00 an hour.

GH comment

These increases are above inflation, and will add to businesses' costs significantly.

Electric Vehicles (EVs)

Mileage

A new mileage-based charge for electric (3 pence per mile) and plug-in hybrid vehicles (1.5 pence per mile) is set to come into effect in April 2028. Under this scheme, drivers will pay a fee for each mile driven, in addition to the existing Vehicle Excise Duty (VED).

Capital Allowances

The First-Year Allowance for Zero Emission Vehicles (ZEVs) and charge points has been extended to 31 March 2027 for Corporation Tax and to 5 April 2027 for Income Tax purposes.

This scheme allows businesses to deduct the full cost of qualifying purchases from their taxable profits in the first year, providing an immediate tax advantage.

To qualify, ZEVs must be brand new and unused, though a limited number of miles for testing or delivery is permitted. Eligible vehicles include fully electric cars or hydrogen fuel cell vehicles with zero CO_2 emissions, while hybrids do not qualify.

Company Car Tax – Plug-in Hybrid Electric Vehicle (PHEV) tax easement

The UK Government will introduce a temporary PHEV tax easement from April 2026 to April 2028 to soften the impact of higher Company Car Tax (BiK) rates caused by the stricter Euro 6e-bis emissions test. Many PHEVs could otherwise see monthly BiK bills double.

The easement gives manufacturers and drivers time to adjust. From April 2028, PHEVs will face a flat 18% BiK rate and standard VED, with no reductions for low emissions.

GH comment

Although EVs are still likely to be the more beneficial option for your business, the financial attractiveness is diminishing.

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 (SDLT)

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 38 and 39.

Annual Tax on Enveloped Dwellings (ATED)

Annual Tax on Enveloped Dwellings is 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 has abolished the Furnished Holiday Lets tax regime, effective 6 April 2025 for Income Tax and CGT, and from 1 April 2025 for Corporation Tax and for Corporation Tax on chargeable gains.

This removes the tax advantage for landlords who let out short-term furnished holiday properties over those who let out residential properties to longer-term tenants, meaning that previously qualifying properties are now treated the same as other residential property lets.

The tax benefits lost include:

- 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 FHLs 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 the FHL tax regime, many landlords will be faced with an increased tax bill. Careful consideration must be given to pension contributions, in particular, as the rental income from these properties 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 (CGT) 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, for sales on or after 27 October 2021. Reporting of the disposal is done by filing a standalone online return with HMRC.

Non-resident individuals selling UK residential or commercial property must also report the disposal and pay any CGT within 60 days of completion. This applies to both gains and losses.

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.

Other CGT under Real-Time service

If your capital gain is not from a UK residential property i.e. shares or personal possessions 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.

High-value properties

The Government has announced a new recurring annual charge on homes valued above £2 million, as identified by the Valuation Office and based on 2026 valuations. It will only apply to properties in England.

The charge will be introduced from April 2028, via the ‘high-value council tax surcharge’ which will be collected alongside existing council tax liabilities. It will be payable by the owner and not the tenant.

Surcharge band	Property value	Annual surcharge
Band 1	£2m - £2.5m	£2,500
Band 2	£2.5 - £3m	£3,500
Band 3	£3m - £5m	£5,000
Band 4	£5m+	£7,500

GH comment

Interestingly, the revenue raised by the new ‘mansion tax’ will flow into central Government and not local authorities as is the case with amounts collected via standard council tax.

Tax on rental income

From 6 April 2027, the rates of Income Tax payable on rental income will increase by 2 percentage points, which means rental income will no longer be taxed at your usual rate of Income Tax.

Tax band	6 April 2027-5 April 2028	Present-5 April 2027
Basic rate	22%	20%
Higher rate	42%	40%
Additional rate	47%	45%

Finance cost relief will be provided at the separate property basic rate (22%).

GH comment

Purchasing property via a limited company can still be a beneficial option for those looking to invest, but it requires careful and thorough tax-planning that takes into consideration the various different taxes and associated costs. Due to the complexity of this area, we would always recommend that you seek professional advice before making any purchases.

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.
- 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 thresholds

The measure to freeze the Income Tax thresholds until 2030/31 also maintains the National Insurance Contributions (NICs) Primary Threshold (PT) and Lower Profits Limit (LPL) at £12,570 until April 2031.

The NICs Upper Earnings Limit (UEL) and Upper Profits Limit (UPL) will be maintained at £50,270 and the Upper Secondary Threshold and Apprentices Upper Secondary Threshold will also stay fixed at £50,270 per annum until April 2031, to remain aligned with the UEL and UPL.

Non-UK residents and voluntary payment

Changes to the UK rules in respect of voluntarily paying NICs took effect from 6 April 2026.

To have access to state pension, an individual must have made 10 qualifying years of NICs. To be entitled to full State Pension, worth £241.30 per week (£12,548 per year) for 2026/27, an individual must have made 35 qualifying years of NICs.

Prior to 5 April 2026, non-resident taxpayers could voluntarily contribute, where entitled to do so, under Class 2 NIC (£3.50 per week) or otherwise Class 3 NIC (£17.75 per week).

From 6 April 2026, non-resident taxpayers will no longer be able to contribute voluntarily under Class 2 NIC (£3.65 per week) and will only be able to contribute under Class 3 NIC (£18.40 per week) at the more expensive rate.

Tax planning point

This legislative change makes it more restrictive and expensive for non-resident individuals to gain access to UK state pension by extending the criteria to 10 years rather than 3 years and increasing the cost of contributions. Taxpayers can fill any gaps in their record up to 6 years after the end of the tax year containing the gap. Therefore, individuals can make contributions for the 5 April 2021 tax year currently up until the 5 April 2027. Once this date is passed, any gaps for that tax year cannot be filled voluntarily.

Pensions contributions via salary sacrifice

From April 2029, only the first £2,000 of employee pension contributions via salary sacrifice each year will be exempt from NICs. Contributions will still be exempt from Income Tax (subject to the usual limits).

Employers and employees can still make contributions above £2,000 through salary sacrifice arrangements. However, employee contributions above this amount will be subject to employer and employee NICs like other employee workplace pension contributions. All employer pension contributions will continue to be free of NICs.

Employers will need to report the total amount sacrificed via their existing payroll.

Tax planning point

Employees in an auto-enrolment scheme who are making the minimum percentage contributions, and earning less than £40,000, will not be affected. It is also worth noting that employees who choose to sacrifice salary to receive tax-free childcare or child benefit can continue to do so, where applicable.

Employment Allowance

The Employment Allowance remains at £10,500 for 2026/27.

Rates and thresholds

Rates and thresholds are set out below:

2026/27

Class 1 Lower Earnings Limit (LEL)	Weekly £ 129	Monthly £ 559	Yearly £ 6,708
Primary Threshold (PT) *Employee*	242	1,048	12,570
Secondary Threshold (ST) *Employer*	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
Contribution rates	Employees' contributions		
Earnings between PT and UEL	8%		
Earnings above UEL	2%		
	Employers' contributions		
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.			
Class 1A (Employer) on Benefits-in-Kind	15%		
Employment Allowance (Employer)	£10,500		
Class 2 (Self-Employed) Flat Rate	£3.65 per week (voluntary)		
Small profits threshold (SPT) exception	£7,105		
No contributions due where profits above SPT	NIL		
Class 3 (Voluntary)	£18.40 per week		
Class 4 (Self-Employed) 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

	2026/27	2025/26
INCOME TAX		
- *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
CAPITAL GAINS TAX		
- *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*	18%	18%
o *Higher rate*	24%	24%
	From 06/04/2026	***To 05/04/2026***
- *Business Asset Disposal Relief*	18%	14%
- *Annual Exemption*	£3,000	£3,000
CORPORATION TAX		
- *Main rate*	25%	25%
INHERITANCE TAX		
- *Nil Rate Band*	£325,000	£325,000
VALUE ADDED TAX		
- *Registration Limit*	£90,000	£90,000
PENSIONS		
- *Annual Contribution Allowance Lower allowance may apply if adjusted income exceeds £240,000*	£60,000	£60,000
- *Lifetime Allowance*	-	-
INDIVIDUAL SAVINGS ACCOUNTS		
- *Annual Investment Limit*	£20,000	£20,000
- *Junior ISA Child Trust Fund Limit*	£9,000	£9,000

Tax tables

VAT Fuel Scale Charges

CO_2 emissions in grams per kilometre	VAT FUEL SCALE CHARGES For 3-month periods		
	Return periods commencing on or after 1 May 2025 to 30 April 2026		
	VAT fuel scale charge £	VAT £	VAT exclusive £
120 or less	164.00	27.33	136.67
125	248.00	41.33	206.67
130	263,00	43.83	219.17
135	280.00	46.67	233.33
140	297.00	49.50	247.50
145	313.00	52.17	260.83
150	330.00	55.00	275.00
155	347.00	57.83	289.17
160	363.00	60.50	302.50
165	380.00	63.33	316.67
170	396.00	66.00	330.00
175	412.00	68.67	343.33
180	429.00	71.50	357.50
185	446.00	74.33	371.67
190	462.00	77.00	385.00
195	479.00	79.83	399.17
200	496.00	82.67	413.33
205	512.00	85.33	426.67
210	528.00	88.00	440.00
215	545.00	90.83	454.17
220	561.00	93.50	467.50
225 or more	578.00	96.33	481.67

- The CO_2 emission figure is rounded down to the nearest 5 grams.
- For Bi-fuel vehicles, which have two CO_2 emissions figures, the lower of the two figures is used for VAT purposes
- For cars which are too old to have a CO_2 emissions figure the CO_2 band is based on engine size as follows:
    - If its cylinder capacity is 1,400cc or less use CO_2 band 140
    - If its cylinder capacity exceeds 1,400cc but does not exceed 2,000cc use CO_2 band 175
    - If its cylinder capacity exceeds 2,000cc, use CO_2 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_2 emissions g/km	Electric range (miles)	CAR BENEFIT SCALE Percentage of car's list price taxed		
		2025/26	2026/27	2027/28
0 (Purely Electric)	N/A	3%	4%	5%
1-50	>130	3%	4%	5%
1-50	70- 129	6%	7%	8%
1-50	40-69	9%	10%	11%
1-50	30-39	13%	14%	15%
1-50	<30	15%	16%	17%
51	N/A	16%	17%	18%
55	N/A	17%	18%	19%
60	N/A	18%	19%	20%
65	N/A	19%	20%	21%
70	N/A	20%	21%	21%
75	N/A	21%	21%	21%
80	N/A	22%	22%	22%
85	N/A	23%	23%	23%
90	N/A	24%	24%	24%
95	N/A	25%	25%	25%
100	N/A	26%	26%	26%
105	N/A	27%	27%	27%
110	N/A	28%	28%	28%
115	N/A	29%	29%	29%
120	N/A	30%	30%	30%
125	N/A	31%	31%	31%
130	N/A	32%	32%	32%
135	N/A	33%	33%	33%
140	N/A	34%	34%	34%
145	N/A	35%	35%	35%
150	N/A	36%	36%	36%
155	N/A	37%	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_2 emissions are rounded down to the nearest 5 grams.

Cars registered on or after 6 April 2020

CO_2 emissions g/km	Electric range (miles)	CAR BENEFIT SCALE Percentage of car's list price taxed		
		2025/26	2026/27	2027/28
0 (Purely Electric)	N/A	3%	4%	5%
1-50	>130	3%	4%	5%
1-50	70- 129	6%	7%	8%
1-50	40-69	9%	10%	11%
1-50	30-39	13%	14%	15%
1-50	<30	15%	16%	17%
51	N/A	16%	17%	18%
55	N/A	17%	18%	19%
60	N/A	18%	19%	20%
65	N/A	19%	20%	21%
70	N/A	20%	21%	21%
75	N/A	21%	21%	21%
80	N/A	22%	22%	22%
85	N/A	23%	23%	23%
90	N/A	24%	24%	24%
95	N/A	25%	25%	25%
100	N/A	26%	26%	26%
105	N/A	27%	27%	27%
110	N/A	28%	28%	28%
115	N/A	29%	29%	29%
120	N/A	30%	30%	30%
125	N/A	31%	31%	31%
130	N/A	32%	32%	32%
135	N/A	33%	33%	33%
140	N/A	34%	34%	34%
145	N/A	35%	35%	35%
150	N/A	36%	36%	36%
155	N/A	37%	37%	37%
160	N/A	37%	37%	37%
165	N/A	37%	37%	37%
170 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_2 emissions are rounded down to the nearest 5 grams.

Car Fuel Benefits

Cars registered before 6 April 2020

CO_2 emissions in grams per kilometre	Electric only range (Miles)	FUEL BENEFIT SCALE			
		2025/26		2026/27	
		Cars registered prior to 6 April 2020		Cars registered prior to 6 April 2020	
		% applied to **£28,200**	Fuel Benefit £	% applied to **£29,200**	Fuel Benefit £
0	N/A	3%	846	4%	1,168
1-50	>=130	3%	846	4%	1,168
1-50	70-129	6%	1,692	7%	2,044
1-50	40-69	9%	2,538	10%	2,920
1-50	30-39	13%	3,666	14%	4,088
1-50	<30	15%	4,230	16%	4,672
51-54	N/A	16%	4,512	17%	4,964
55-59	N/A	17%	4,794	18%	5,256
60-64	N/A	18%	5,076	19%	5,548
65-69	N/A	19%	5,358	20%	5,840
70-74	N/A	20%	5,640	21%	6,132
75-79	N/A	21%	5,922	21%	6,132
80-84	N/A	22%	6,204	22%	6,424
85-89	N/A	23%	6,486	23%	6,716
90-94	N/A	24%	6,768	24%	7,008
95-99	N/A	25%	7,050	25%	7,300
100-104	N/A	26%	7,332	26%	7,592
105-109	N/A	27%	7,614	27%	7,884
110-114	N/A	28%	7,896	28%	8,176
115-119	N/A	29%	8,178	29%	8,468
120-124	N/A	30%	8,460	30%	8,760
125-129	N/A	31%	8,742	31%	9,052
130-134	N/A	32%	9,024	32%	9,344
135-139	N/A	33%	9,306	33%	9,636
140-144	N/A	34%	9,588	34%	9.928
145-149	N/A	35%	9,870	35%	10,220
150-154	N/A	36%	10,152	36%	10,512
155-159	N/A	37%	10,434	37%	10,804
160-164	N/A	37%	10,434	37%	10,804
165-169	N/A	37%	10,434	37%	10,804
170 and above	N/A	37%	10,434	37%	10,804
*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_2 emissions in grams per kilometre	Electric only range (Miles)	FUEL BENEFIT SCALE			
		2025/26		2026/27	
		Cars registered prior to 6 April 2020		Cars registered prior to 6 April 2020	
		% applied to **£28,200**	Fuel Benefit £	% applied to **£29,200**	Fuel Benefit £
0	N/A	3%	846	4%	1,168
1-50	>=130	3%	846	4%	1,168
1-50	70-129	6%	1,692	7%	2,044
1-50	40-69	9%	2,538	10%	2,920
1-50	30-39	13%	3,666	14%	4,088
1-50	<30	15%	4,230	16%	4,672
51-54	N/A	16%	4,512	17%	4,964
55-59	N/A	17%	4,794	18%	5,256
60-64	N/A	18%	5,076	19%	5,548
65-69	N/A	19%	5,358	20%	5,840
70-74	N/A	20%	5,640	21%	6,132
75-79	N/A	21%	5,922	21%	6,132
80-84	N/A	22%	6,204	22%	6,424
85-89	N/A	23%	6,486	23%	6,716
90-94	N/A	24%	6,768	24%	7,008
95-99	N/A	25%	7,050	25%	7,300
100-104	N/A	26%	7,332	26%	7,592
105-109	N/A	27%	7,614	27%	7,884
110-114	N/A	28%	7,896	28%	8,176
115-119	N/A	29%	8,178	29%	8,468
120-124	N/A	30%	8,460	30%	8,760
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170 and above	N/A	37%	10,434	37%	10,804
*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.

2025/26			
Property Value	**Maximum band value**	**Rate**	**Maximum Tax on band**
Up to £125,000	£125,000	Zero	0
£125,001 to £250,000	£125,000	2%	£2,500
£250,001-£925,000**	£675,000	5%	£33,750
£925,001-£1.5m	£575,000	10%	£57,500
Over £1.5m	Unlimited	12%	
2026/27			
Property Value	**Maximum band value**	**Rate**	**Maximum Tax on band**
Up to £125,000	£125,000	Zero	0
£125,001 to £250,000	£125,000	2%	£2,500
£250,001-£925,000**	£675,000	5%	£33,750
£925,001-£1.5m	£575,000	10%	£57,500
Over £1.5m	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

2025/26			
Property Value	**Maximum band value**	**Rate**	**Maximum Tax on band**
Up to £300,000	£300,000	Zero	0
£300,001 to £500,000	£200,000	5%	£10,000
Over £625,000	As per Table 1 above		
2026/27			
Property Value	**Maximum band value**	**Rate**	**Maximum Tax on band**
Up to £300,000	£300,000	Zero	0
£300,001-£500,000	£200,000	5%	£10,000
Over £500,000	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.

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

Annual Tax on Enveloped Dwellings (ATED)

Taxable value of the interest in the property on the relevant day	Annual chargeable amount 2026/27	Annual chargeable amount 2025/26
More than £500,000 up to £1m	£4,600	£4,400
More than £1m up to £2m	£9,450	£9,150
More than £2m up to £5m	£32,300	£31,050
More than £5m up to £10m	£75,450	£72,700
More than £10m up to £20m	£151,450	£145,950
More than £20m	£303,450	£292,350

Notes

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