

Tax rates and allowances

Income tax allowances

	2023/24 £	2024/25 £
Personal allowance	12,570	12,570
Income limit	100,000	100,000
Transferable marriage allowance¹	1,260	1,260
Married couple's allowance¹ (relief at 10%)		
Either partner born 6.4.1935	10,375	11,080
Minimum where income exceeds limit	4,010	4,280
Blind person's allowance	2,870	3,070
Dividend allowance	1,000	500
Personal savings		
Basic rate taxpayers	1,000	1,000
Higher rate taxpayers	500	500

¹ Also available for civil partners.

Income tax rates

Taxable income	2023/24 £	2024/25 £	Rate %
0 – 37,700	20	20	20
37,701 – 125,140	40	40	40
Over 125,140	45	45	45

Dividend income

	2023/24 Rate %	2024/25 Rate %
Basic rate band	8.75	8.75
Higher rate band	33.75	33.75
Additional rate	39.35	39.35

A 0% starting rate for savings income only applies to the extent that such income falls within the first £5,000 of taxable income. If taxable non-savings income exceeds the limit, the starting rate does not apply. A 0% rate applies to savings income falling within the personal savings allowance. Income taxable at the starting rate for savings does not fall within the personal savings allowance.

A 0% rate applies to dividend income within the dividend allowance.

The trust rate of income tax is 45%. The dividend trust rate is 39.35%.

NICs

Class 1 (Earnings related) Employees	2024/25
<i>Weekly earnings</i>	
First £242	Nil
£242.01 – £967	10%
Over £967	2%
Employers	
<i>Weekly earnings</i>	
First £175	0%
Over £175	13.8%

Employees' rates are reduced to 3.85% for married women with valid certificates of

election but the 2% rate above £967 still applies. Rates are nil for employees over state pensionable age. Normal employers' contributions are still payable. Employers' rates for employees under 21, apprentices under 25 and eligible veterans are nil on earnings up to £967 per week, and for eligible employees in freeport and investment zone tax sites on earnings up to £481 per week.

Employment allowance (per employer) - £5,000 a year.

Class 2 (Self-employed) - voluntary flat rate £3.70 a week.

Class 3 (Voluntary contributions) - £17.45 a week.

Class 4 (Self-employed) - 8% of profits between £12,570 and £50,270 a year. 2% of profits above £50,270 a year.

Inheritance tax

	2023/24	2024/25
Nil-rate band ¹	£325,000	£325,000
Residence nil-rate band ²	£175,000	£175,000
Rate of tax on excess	40% ²	40% ²
Chargeable lifetime	20%	20%

Annual gifts up to £3,000 per donor are exempt

¹ Unused nil-rate band is transferable to spouse or civil partner.
² 36% where 10% or more of the net estate is left to charity.

Corporation tax

Financial Year to	31/3/24	31/3/25
Main rate	25%	25%
Small profits rate	19%	19%
19% rate limit	£50,000	£50,000
Marginal relief limit	£250,000	£250,000
Marginal relief	3/200	3/200
Effective marginal rate	26.5%	26.5%

Stamp taxes

Shares and marketable securities⁴	0.5% ³
Transfers of land and buildings⁴	
Residential (on band of consideration)^{5 6 7}	
£0 – £250,000	0%
£250,001 – £925,000	5%
£925,001 – £1,500,000	10%
Over £1,500,000	12%

Non-residential (on band of consideration)

£0 – £150,000	0%
£150,001 – £250,000	2%
Over £250,000	5%

Leases (rent – on band of net present value)⁴

Residential	Non-residential	
£0 – £250,000	£0 – £150,000	0%
Over £250,000	£150,001 – £5,000,000	1%
n/a	Over £5,000,000	2%

³ Rounded up to the nearest multiple of £5. Transactions of £1,000 or less exempt.

⁴ In Scotland land and buildings transaction tax. In Wales land transaction tax.

⁵ Where the consideration exceeds £500,000 and the purchase is by – or by a partnership including – a company or collective investment scheme enveloping the property, the rate is 15% of the total consideration.

⁶ Where the consideration is no more than £625,000 and the purchaser is a first-time buyer, the 0% band is increased to £425,000 (and the 5% rate applies to any consideration above £425,000 up to £625,000).

⁷ Rates are increased by 3 percentage points for certain purchases, including purchases of additional residential properties by individuals. Transactions under £40,000 are excluded. Rates are increased by 2 percentage points for purchases by non-UK residents.

Car benefit

2024/25 CO ₂ emissions g/km	Electric range (miles)	% of list price
0	N/A	2
1-50	>130	2
1-50	70-129	5
1-50	40-69	8
1-50	30-39	12
1-50	<30	14
51-54		15
55-59		16
60-64		17
65-69		18
70-74		19
75-79		20
80-84		21
85-89		22
90-94		23
95-99		24
100-104		25
105-109		26
110-114		27
115-119		28
120-124		29
125-129		30
130-134		31
135-139		32
140-144		33
145-149		34
150-154		35
155-159		36
160 or more		37
4% supplement (up to max 37%) applies to diesel cars which do not meet the RDE2 standard.		

Car fuel benefit

For 2024/25, car fuel benefit is calculated by applying the above car benefit percentage to a figure of £27,800.

Tax-free mileage allowances

Employee's own vehicle	2024/25
<i>Motorcars and vans</i>	
Up to 10,000 business miles	45p
Over 10,000 business miles	25p
Each passenger making same trip	5p
<i>Motorcycles</i>	24p
<i>Cycles</i>	20p

Advisory fuel rates for company car from 1 September 2023

Cylinder capacity	Petrol	Diesel	LPG
0-1,400 cc	13p	-	10p
0-1,600 cc	-	12p	-

1,401 cc - 2,000 cc	16p	-	12p
1,601 cc - 2,000 cc	-	14p	-
Over 2,000 cc	25p	19p	19p

Advisory electricity rate for fully electric cars is 10p per mile.

Fixed rate deductions: unincorporated businesses

Vehicle expenditure	Amount per mile
<i>Motorcars and goods</i>	
Up to 10,000 business	45p
Over 10,000 business	25p
<i>Motorcycles</i>	24p

Business use of home hours worked per month	Amount per month
25 or more	£10
51 or more	£18
101 or more	£26

Private use of business premises

Disallowable

Number of occupants	Amount per month
1	£350
2	£500
3 or more	£650

Individual savings accounts

Limits	2023/24	2024/25
Annual limit	£20,000	£20,000
Junior ISA annual limit	£9,000	£9,000
Lifetime ISA annual limit	£4,000	£4,000
Help to Buy ISA monthly limit	£200	£200

Investment reliefs

	Investment limit	Income tax relief rate
Enterprise investment scheme ¹	£1,000,000	30%
Venture capital trusts	£200,000	30%
Seed enterprise investment scheme	£200,000	50%

¹ Investment limit is £2,000,000 if any amount over £1,000,000 is invested in knowledge-intensive companies.

VAT

Standard rate	20%
Reduced rate	5%
Registration threshold	£85,000 pa
Deregistration limit	£83,000 pa
Annual accounting scheme turnover limit	£1,350,000 pa
Cash accounting scheme turnover limit	£1,350,000 pa
Flat rate scheme turnover limit	£150,000 pa

Capital allowances

Dredging (straight-line basis)	Rate %
Writing-down allowance	4

Know-how

(reducing balance basis)	
Writing-down allowance	25

Mineral extraction

(reducing balance basis)	
<i>Writing-down allowances</i>	
General	25
Acquisition of mineral asset	10

Patent rights

(reducing balance basis)	
Writing-down allowance	25

Plant and machinery

(reducing balance basis)	
Annual investment allowance – max £1,000,000 pa	100

First-year allowances

New cars with CO2 emissions 0 g/km	100
New gas refuelling stations	100
New zero-emission goods vehicles	100
New assets for use in designated areas of enterprise zones (companies only)	100
New electric charge-point equipment	100
Full expensing (companies only)	100
main rate expenditure	100
special rate expenditure	50
New assets for use in freeport or investment zone	100
Tax sites (companies only)	100

Writing-down allowances

Main rate expenditure	18
Cars (other than low-emission cars)	6
Special rate expenditure (including integral features and thermal insulation)	6
Long-life assets	6

Research and development

Allowance	100
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Structures and buildings

(straight-line basis)	
<i>Writing-down allowance</i>	
General	3
Freeport and investment zone tax sites	10

Registered pension schemes

Individual contributions

Maximum tax-relievable contributions are the higher of:

- 100% of taxable UK earnings;
- £3,600 (where the scheme applies tax relief at source).

2024/25

Annual allowance	£60,000
Threshold income limit	£200,000
Adjusted income limit	£260,000
Minimum where income exceeds limit	£10,000

Lifetime allowance	n/a
Lump sum allowance	£268,275
Lump sum and death benefit allowance	£1,073,100
Overseas transfer allowance	£1,073,100

2023/24

Annual allowance	£60,000
Threshold income limit	£200,000
Adjusted income limit	£260,000
Minimum where income exceeds limit	£10,000
Lifetime allowance	£n/a

Unused annual allowance can be c/f for up to three years.

Tax credits

Annual amounts 2024/25

Child tax credit	£
Family element	545
Child element (for each child)	3,455
Disabled child element	4,170
Severely disabled child element	5,850

Working tax credit

Basic element	2,435
Lone parent and couple element	2,500
13 of the 20 hour element	1,015
Disability element	3,935
Severe disability element	1,705
Childcare element (up to 70% of costs) weekly	
maximum eligible cost (1 child)	175
maximum eligible cost (2 or more)	300

Income thresholds

Income threshold eligible for child tax credit only	7,955
Withdrawal rate	19,995
Income rise disregard	41%
Income fall disregard	2,500



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