

# ON TOP OF TAX

# TAX DATA GUIDE

2026/27

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BDO

# Income tax

## Income tax allowances

| Income tax allowances [8] | 2026/27 | 2027/28 |
|---|---|---|
| Personal allowance [1] | £12,570 | £12,570 |
| Income limit for personal allowance [1] | £100,000 | £100,000 |
| Pension tax allowance [10] | N/a | £467 |
| Transferable tax allowance for married couples [2] | £1,260 | £1,260 |
| Married couple's allowance (either party born before 6/4/1935) [3 4] | £11,700 | £12,110 |
| Income limit for married couple's allowance [3 4] | £39,200 | £40,600 |
| Minimum amount of married couple's allowance | £4,530 | £4,690 |
| Blind person's allowance | £3,250 | £3,370 |
| Dividend allowance [5, 9] | £500 | £500 |
| Personal savings allowance - basic rate taxpayers [6, 9] | £1,000 | £1,000 |
| Personal saving allowance - higher rate taxpayers [6, 9] | £500 | £500 |
| Trading income allowance [7] | £1,000 | £3,000 |
| Property income allowance [7] | £1,000 | £1,000 |

1. The personal allowance reduces where the income is above £100,000 – by £1 for every £2 of income above the £100,000 limit. For 2026/27 and 2027/28, once income reaches £125,140 the personal allowance reduces to nil. The personal allowance can be allocated in the most beneficial way to the taxpayer i.e. using it against the income type suffering the highest tax rate.
2. An individual who is taxable at no more than basic rate can transfer this part of his or her allowance to a spouse or civil partner who is also only taxed at basic rate.
3. These allowances reduce where the income is above the income limit by £1 for every £2 of income above the limit, until the married couple's allowance minimum amount is reached.
4. Tax relief for the married couple's allowance is given at the rate of 10%.
5. Exempts the first tranche of dividend income from tax.
6. Exempts the first tranche of savings interest income by giving an effective tax credit of £220 to basic and £210 to higher rate taxpayers - not available to additional rate taxpayers.
7. Exempts the first £1,000 of income. Can be claimed where income is higher but related expenses cannot. Cannot be claimed where rent-a-room £7,500 exemption applies.
8. Income tax thresholds frozen until 2030/31. From 2031/32 the income tax thresholds will increase with inflation.
9. The exempted income uses up tax bands and counts towards other income thresholds.
10. Additional personal allowance that only applies to pensioners with total income of £13,319 or less in 2027/28. Allowance is reduced by £1 for every £3 of income above £13,037. Will continue for 2028/29 and 2029/30 uprated in line with state pension.

## Tax rates and taxable bands - 2026/27

| Band | | Dividends | Other income [7,8] | Savings and property [7] |
|---|---|---|---|---|
| Starting rate for savings [12] | £0-£5,000 | N/A | 0% | N/A |
| Basic [2] | £0-£37,700 | 10.75% [34] | 20% | 20% |
| Higher [2] | £37,701-£125,140 | 35.75% [34] | 40% | 40% |
| Additional [2] | Over £125,140 | 39.35% [34] | 45% | 45% |
| Scottish -Starting rate [5] | £0-£3,967 | N/A [5] | 19% | 19% |
| - Basic rate band [5] | £3,968-£16,956 | N/A [5] | 20% | 20% |
| - Intermediate rate band [5] | £16,957-£31,092 | N/A [5] | 21% | 21% |
| - Higher rate band [5] | £31,093-£62,430 | N/A [5] | 42% | 42% |
| - Advanced [5] | £62,431-£125,140 | N/A [5] | 45% | 4%% |
| - Top [5] | Over £125,140 | N/A [5] | 48% | 48% |
| Trust tax rates [6] | | 39.35% | 45% | 45% |



More overleaf ❯

# Income tax

## Tax rates and taxable bands - 2027/28

| Bands | | Dividend rate | Main rate[7,8] | Savings rate[7] | Property rate[7] |
|---|---|---|---|---|---|
| Starting rate for savings [12] | £0-£5,000 | N/A | N/A | 0% | N/A |
| Basic [2] | £0-£37,700 | 10.75% [34] | 20% | 24% | 24% |
| Higher [2] | £37,701-£125,140 | 35.75% [34] | 40% | 44% | 44% |
| Additional[2] | Over £125,140 | 39.35% [34] | 45% | 49% | 49% |
| Scottish -Starting rate[5] | £0-£3,967 | N/A [5] | 19% | N/A [5] | TBC [5] |
| - Basic rate band [5] | £3,968-£16,956 | N/A [5] | 20% | N/A [5] | TBC [5] |
| - Intermediate rate band [5] | £16,957-£31,092 | N/A [5] | 21% | N/A [5] | TBC [5] |
| - Higher rate band [5] | £31,093-£62,430 | N/A [5] | 42% | N/A [5] | TBC [5] |
| - Advanced [5] | £62,431-£125,140 | N/A [5] | 45% | N/A [5] | TBC [5] |
| - Top[5] | Over £125,140 | N/A [5] | 48% | N/A [5] | TBC [5] |
| Trust tax rates [6] | | 39.35% | 45% | 49% | 49% |

1. The starting rate is for savings income only. If non-savings income is above this limit, then the starting rate for savings will not apply. The exempted income uses up tax bands and counts towards other income thresholds.
2. These rates apply for England, Northern Ireland and Wales. Since April 2019, the Welsh assembly has had the power to vary income tax rates in Wales but has not done so to date.
3. Dividends are treated as the top slice of income – applies for each band in which they fall.
4. The dividend allowance effectively exempts the first £500 of dividends received.
5. Rates applicable to most taxable income of Scottish residents (after personal allowances). However, the UK thresholds and rates will still apply to their savings and dividend income and capital gains. It is yet to be confirmed what rates will apply to property income in Scotland.
6. The tax rate for income used to pay qualifying trust management expenses in 2027/28 is 10.75% for dividend income, 24% for savings and property income and 20% for other income (in 2026/27 it is 10.75% for dividend income and 20% for other income).
7. From April 2027 higher rates are introduced for savings and rental income at 4% above the main rates. Although the main rates will not apply to dividend, savings or property income, they will continue to apply to other income, eg from earnings. Therefore, it may be beneficial to set an individual's personal allowance against their savings and property income first.
8. From 6 April 2026, all carried interest is treated as trading profits subject to income tax and Class 4 NICs. The taxable amount of 'qualifying' carried interest is adjusted by applying a 72.5% multiplier, resulting in a maximum effective tax rate of 34.075%.

# Income tax

## Non-UK domiciliaries

From 6 April 2025 a residency-based regime applies giving a preferential tax treatment for four years from arrival to individuals who have been non-UK resident for ten consecutive years. There is transitional relief available via a temporary repatriation facility for designated foreign income and gains (FIG) available up to 5 April 2028 and rebasing. Read more here.

## Temporary repatriation facility

| Designated FIG | 2026/27 | 2027/28 |
|---|---|---|
| Rate | 12% | 15% |

▶ See IHT section for IHT reform.

## Investment tax reliefs

| Annual investment limits and income tax relief on initial investment | 2026/27 | | 2027/28 | |
|---|---|---|---|---|
| | Limit | Relief | Limit | Relief |
| Enterprise investment scheme | **£2,000,000**[1] | **30%** | £2,000,000[1] | 30% |
| Venture capital trust | **£200,000** | **20%** | £200,000 | 20% |
| Seed enterprise investment scheme [2] | **£200,000**[2] | **50%** | £200,000[2] | 50% |
| Social investment tax relief [3] | **£1,000,000** | **30%** | £1,000,000 | 30% |
| Individual savings account - Adults | **£20,000**[4 5 6] | **N/A** | £20,000[4 5 6] | N/A |
| Junior ISA / Child trust fund (up to age 18) | **£9,000** | **N/A** | £9,000 | N/A |

1. Any amount over £1,000,000 must be invested in one or more qualifying knowledge intensive companies.
2. If you dispose of an asset which gives rise to a chargeable gain, 50% of the amount of gain reinvested in shares which also qualify for SEIS income tax relief will be exempt from CGT (this also applies where a SEIS investment is carried back to the prior year for income tax relief purposes).
3. Relief limited to purchase of ordinary shares or loans made to a narrow range of social enterprises and charities.
4. Help to Buy ISAs can continue for existing holders and be used for homes worth up to £450,000 in London and £250,000 outside London. Holders can save up to £200 per month each, to which the Government adds a 25% tax-free bonus of up to a maximum of £3,000. Can be transferred to a LISA.
5. Lifetime ISA (LISA) is available for people aged 18 to 40. Savers can invest up to £4,000 a year to which the Government will add a 25% tax-free bonus of up to a maximum of £1,000 a year. LISA funds can be used to buy a first home or as a (if funds used for other purposes the bonuses are lost and an extra charge applied).
6. Savings in Help to Buy, LISA and Junior ISAs (in tax year child becomes 18) are counted towards overall contribution limit for the year.

# Employment

## Company car benefits

| New cars[3] | $CO_2$ emissions in grams per kilometre[1 2] not exceeding | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 0 | 1-50 | 54 | 59 | 64 | 69 | 74 | 79 | > | 144 | 149 | 154 | 155+ |
| **2026/27** | **4%** | See below | **17%** | **18%** | **19%** | **20%** | **21%** | **21%** | > | **34%** | **35%** | **36%** | **37%** |
| 2027/28 | 5% | | 18% | 19% | 20% | 21% | 21% | 21% | > | 34% | 35% | 36% | 37% |

| Hybrids - electric range (miles) | More than 130 | 70-129 | 40-69 | 30-39 | Under 30 |
|---|---|---|---|---|---|
| For new cars[3] with emissions of 1-50g/km | | | | | |
| **2026/27** | **4%** | **7%** | **10%** | **14%** | **16%** |
| 2027/28 | 5% | 8% | 11% | 15% | 17% |

The vehicle list price is multiplied by the appropriate percentage (reduced for periods of unavailability) to calculate the benefit.

1. For each 5 grams per kilometre above 79 increase by 1%.
2. 4% supplement if car runs solely on diesel (subject to maximum of 37%).
3. New means first registered after 5 April 2020 (Worldwide Light Vehicle Test Procedure (WLTP) emissions rating).

| Provision of fuel for company cars | | |
|---|---|---|
| Where any private fuel is provided | **From 6 April 2026** | From 6 April 2027 |
| The company car percentage is multiplied by | **£29,200** | £30,200 |

## VAT on fuel benefits

| Amounts treated as additional output tax per annum | | |
|---|---|---|
| $CO_2$ emissions in grams per km[1] | **1 May 2026 - 30 April 2027** | 1 May 2027 - 30 April 2028 |
| 120 or below | **£109.50** | £TBC |
| 225 (or more) | **£382.83** | £TBC |

1. Rates vary, increasing for each 5 grams per kilometre - 2026/27 full table.

## Company van benefits

| | 2026/27 | 2027/28 |
|---|---|---|
| Restricted to commuting and insignificant private journeys * | **Nil** | Nil |
| Unrestricted use * | **£4,170**[12] | £4,310[12] |
| Provision of private fuel * | **£798** | £825 |

* Most benefits will trigger a tax charge if provided through salary sacrifice arrangements.

1. Nil charge for zero emission vans from 2021/22 onwards.
2. Double cab vans taxed as company cars from 6 April 2025 onwards.

## HMRC approved mileage rates

| | | |
|---|---|---|
| Employees' own cars | up to 10,000 miles | additional miles |
| **Cars and vans 2026/27** | **55p** | **25p** |
| Cars and vans 2027/28 | 55p | 35p |
| **From 6 April 2026** | | |
| Motorcycles | **24p** | **24p** |
| Bicycles | **20p** | **20p** |
| Each passenger in cars and vans only - same trip | **5p** | **5p** |

# Employment

## Other benefits and rates

| | |
|---|---|
| Interest free loans up to £10,000 | Tax and NIC free |
| Larger loans at less than the official rate<br>Note official rate may change quarterly but is 3.75% from 6 April 2025 onwards | Discount taxable on employee and liable to employer's NIC |
| Car and motorcycle parking facilities/parking fees at or near place of work *<br>Electricity that employers provide to charge an employee's electric or plug-in hybrid vehicle *<br>Works bus services / support for public transport bus services *<br>Employer supplied mobile telephones (one per employee) *<br>Relocation costs not exceeding £8,000 *<br>Protective clothing and uniforms * | Tax and NIC free unless provided through salary sacrifice arrangements<br>(This list is not exhaustive.) |
| Employer contributions<br>Workplace nurseries, childcare vouchers (within weekly limits)<br>Cycles used partly for commuting | Tax and NIC free<br>(This list is not exhaustive.) |

* Most benefits will trigger a tax charge if provided through salary sacrifice arrangements entered into after 5 April 2017.

## contributions [7]

| | 2026/27 | 2027/28 |
|---|---|---|
| Auto enrolment minimum contributions - employer | **3%** | 3% |
| - employee | **5%** | 5% |
| Individual's annual allowance (AA) | **£60,000** [4 5 6] | £60,000 [4 5 6] |
| Employer - unlimited, but triggers tax charge on individual if 'total inputs' [1 2] exceed | **£60,000** [4 5 6] | £60,000 [4 5 6] |
| Lump sum and death benefit allowance (deaths below age 75 only) | **£1,073,000** | £1,073,000 |
| Maximum tax-fee lump sum [3] | **£268,275** | £268,275 |

1. Total inputs include both individual's contributions and employer's contributions.
2. Statutory formulae are used to calculate deemed inputs and fund value for individuals who are members of defined benefit schemes.
3. A Lifetime Allowance of £1,073,100 only applies in relation to tax-free lump sum and death benefits for 2023/24. Charges on excess funds at crystallisation events abolished from 6 April 2023.
4. When contributions in the three prior tax years have been less than the AA for that year, unused relief can be carried forward to allow contributions of more than the AA for the current year to be made without a tax charge.
5. Limited to £10,000 for input periods starting from the date that certain benefits are taken.
6. The AA for individuals with 'adjusted' income over £260,000 for 2025/26 and 2026/27 is reduced by £1 for every £2 of excess, subject to a minimum allowance of £10,000.
7. From April 2029, contributions made via salary sacrifice above £2,000 will be liable to NIC.

## Apprenticeship levy

| Rate for 2026/27 and 2027/28 | Allowance |
|---|---|
| 0.50% | £15,000 [1] |

[1] Levy charged on total earnings liable to employer Class 1 NIC (including the earnings for employees aged under 21 and apprentices under 25). Allowance effectively exempts employer (or groups of connected employers) from levy until total paybill exceeds £3,000,000 per tax year.

## National living wage

| Worker age | Apprentices < 19 and/or in first year | Under 18 | 18-20 | 21 and over |
|---|---|---|---|---|
| **Hourly rate from 1 April 2026** | **£8.00** | **£8.00** | **£10.85** | **£12.71** |
| Hourly rate from 1 April 2027 | £8.31 | £8.31 | £11.27 | £13.21 |

# National Insurance Contributions

## Class 1 | 2026/27

| Employee [1 3 6] | | | | Employer [1, 5, 6] | |
|---|---|---|---|---|---|
| Weekly pay | Monthly pay | Annual pay | Rate | Weekly pay | Rate |
| £0 - £129 (LEL) | £0 - £542 | £0 - £6,500 | Nil | | |
| **£129 - £242** (PT) | £542 - £1,048 | £6,500 - £12,570 | Nil [2] | £0 - £96 (ST) | Nil |
| **£242 - £967(UEL)** | £1,048 -£4,189 | £12,570 -£50,270 | 8% [6] | £0 - £967 (UST, AUST) [4] | Nil [4] |
| Over £967 | Over £4,189 | Over £50,270 | 2% | Over £96 (ST) / £967 (UST, AUST) [4] | 15% |
| | | | | Employment allowance | £10,500 |

## Class 1 | 2027/28

| Employee [1 3 6] | | | | Employer [1, 6, 7] | |
|---|---|---|---|---|---|
| Weekly pay | Monthly pay | Annual pay | Rate | Weekly pay | Rate |
| £0 - £133 (LEL) | £0 - £576 | £0 - £6,916 | Nil | | |
| £133 - £242 (PT) | £576 - £1,048 | £6,916 - £12,570 | Nil [2] | £0 - £96 (ST) | Nil |
| £242 - £967(UEL) | £1,048 -£4,189 | £12,570 -£50,270 | 8% [6] | £0 - £967 (UST, AUST) [4] | Nil [4] |
| Over £967 | Over £4,189 | Over £50,270 | 2% | Over £96 (ST) / £967 (UST, AUST) [4] | 15% |
| | | | | Employment allowance | £10,500 |

1. The limits are defined as LEL - lower earnings limit; PT - primary threshold; ST - secondary threshold; UST - upper secondary threshold; AUST - apprentice upper secondary threshold and UEL - upper earnings limit.
2. No NIC is actually payable but notional Class 1 NIC is deemed to have been paid in respect of earnings between the LEL and PT to protect contributory benefit entitlement.
3. 'Statutory directors' (ie recorded at Companies House) are averaged for a year, where there are rate changes.
4. UST applies only for employees aged under 21; AUST applies only for employees aged under 25 who are apprentices. Exemption for first 12 months of employing former forces personal applies from 6 April 2021.
5. Employer's NIC paid (up to UST) in respect of former Armed services personnel (taken on for their first civilian job) after 5 April 2021 can be reclaimed for first 12 months of employment.
6. Employers operating in a Freeport tax site or Investment Zone will pay zero % Class 1 employer's NIC in relation to new employees earning up to £25,000 per annum for 36 months per employee.

## Other NIC classes

| Classes 1A + 1B employer | 2026/27 | | 2027/28 | |
|---|---|---|---|---|
| (A) Car, car fuel and other benefits | **15%** | | 15% | |
| (B) PAYE settlement agreement | **15%** | | 15% | |
| **Class 2 Self-employed annual profits** | **NA** [1, 2] | **NA** [1, 2] | NA [1, 2] | NA [1, 2] |
| **Class 3 Voluntary** | | **£18.40 pw** [2] | | £19.05 pw [2] |
| **Class 4 Self-employed annual profits** | **£12,570 - £50,270** | **6%** | £12,570 - £50,270 | 6% |
| | **over £50,270** | **2%** | over £50,270 | 2% |

1. Abolished from 6 April 2024. Individuals with profits above £7,105 for 2026/27 (£7,355 for 2027/28 ) continue to receive access to contributory benefits including the State . Those with profits under those amounts can elect continue paying Class 2 NIC voluntarily at £3.65 pw for 2026/27 (£3.80 pw for 2027/28) to get access to contributary benefits.
2. From 6 April 2026, the Government has removed access to pay voluntary Class 2 NICs from abroad and increase the initial residency or contributions requirement to pay voluntary NICs from abroad to 10 years.



More overleaf

# Corporate Tax

## Corporate tax rates

| | 2026/27 | 2027/28 |
|---|---|---|
| Full rate | **25%** [4] [5] | 25% [4] [5] |
| Small profits rate (up to £50,000) | **19%** [1] | 19% [1] |
| Patent box - effective rate | **10%** | 10% |
| Diverted profits tax | **31%** [2] | 31% [2] |
| Digital services tax | **2%** [3] | 2% [3] |
| Bank tax – surcharge | **3% / 6%** [8] | 6% [8] |
| Residential property development profits over £25m | **4%** | 4% |
| Ring fenced profits (Oil extraction and rights)<br>- Small - profits under £300,000 (marginal relief 11/400) | **19%** | 19% |
| - Main - profits of £300,000 and more | **30%** | 30% |
| - Supplementary charge | **10%** | 10% |
| Energy Profits Levy (oil and gas) | **38%** [6] | 38% [6] |
| Electricity Generator Levy | **45% / 55%** [6] | 45% / 55% [6] |

1. Close investment holding companies and non-resident companies subject to UK corporation tax are liable to the full rate. The effective marginal rate for profits between £50,000 and £250,000 is 26.5%.
2. Applies to diverted profits where large companies have sales to UK customers in excess of £10m but no taxable presence in UK (eg by routing transactions through a third party that lacks economic substance).
3. Applies to businesses generating relevant worldwide revenues of more than £500m, of which, at least £25m are derived from UK users. A group's first £25m of revenues derived from UK users will be exempt.
4. Companies whose profits for two consecutive accounting periods exceed £1.5m, must pay quarterly instalments of CT starting six months and 14 days after the start of the second accounting period.
5. Quarterly instalment payments for companies with profits over £20m made on the third, sixth, ninth and twelfth months of their accounting period.
6. Energy profits levy applies an additional charge on oil and gas profits of 38% until 31 March 2030 and an Electricity Generator Levy of 45% applies until 30 June 2026. The EGL rate rises to 55% from 1 July 2026.
7. Pillar two, global minimum tax, applies to accounting periods beginning on or after 31 December 2023, above a global revenue threshold of €750m. The multinational and domestic top-up tax minimum effective rates are 15%.
8. Bank surcharge increases to 6% from 1 January 2027 until 31 March 2028, when it will return to 3%.





More overleaf ❯

# Corporate Tax

## Capital allowances

| Annual investment allowance (AIA) [5] | 1 Jan 2019 onwards |
|---|---|
| Available to all businesses for general plant and machinery, integral features (but not cars) | 100% on first £1m per year |

| Other capital allowances [1] | 2026/27 | 2027/28 |
|---|---|---|
| General plant and machinery [2 4] | **New - 100%, Used - 14%** | New - 100%, Used - 12% |
| Assets used for leasing or for unincorporated businesses [4] | **FYA - 40%, WDA - 14%** | FYA - 50% [7], WDA - 12% |
| Long-life assets [3 4] | **New - 50%, Used - 6%** | New - 50%, Used - 6% |
| Integral features (IFs) [3 4 5] | **New - 50%, Used - 6%** | New - 50%, Used - 6% |
| Structures and buildings in UK | **3%** | 3% |
| Freeport areas - plant and machinery | **100%** | 100% |
| Freeport areas - structures and buildings | **10%** | 10% |
| Cars with $CO_2$ emissions of 0g/km [6] | **New - 100%, Used - 14%** | All cars - 12% |
| Other business cars - $CO_2$ emissions ≤50g/km | **All cars - 14%** | All cars - 12% |
| Other business cars - $CO_2$ emissions >50g/km | **All cars - 6%** | All cars - 6% |

1. All allowances apply from 1 April for companies and 6 April for other businesses unless otherwise stated.
2. Uncapped "full expensing" first year allowance (FYA) of 100% on most new plant and machinery investments that ordinarily qualify for general pool writing down allowances.
3. Uncapped "SR" FYA of 50% on most new [4] plant and machinery investments that ordinarily qualify for 6% special rate pool, integral features and long-life asset pool writing down allowances.
4. Full expensing and the SR allowances only apply to qualifying expenditure on "new" (not "second hand" or "used") qualifying items and to entities subject to UK corporation tax. Assets directly used for leasing do not currently qualify. From 1 January 2026 a new FYA applies to expenditure on assets used for leasing and for unincorporated businesses.
5. Integral features include: lifts; escalators; central heating; air conditioning; electrical lighting; power and water systems; external solar screening.
6. FYAs at 100% for qualifying expenditure on zero-emission cars and goods vehicles up to 31 March 2027.
7. Applies for qualifying purchases on or after 1 January 2027.

## Research and development relief

| | 2026/27 | 2027/28 |
|---|---|---|
| **Small and medium-sized companies** | | |
| - Additional deduction for costs | **86%[4]** | 86%[4] |
| - Expenditure credit | **10%** [4] | 10% [4] |
| R&D Intensive [3] SME payable credit (loss-making companies only) | **14.5%** [1] | 14.5% [1] |
| **Research and development expenditure credit (RDEC) for large companies -** Above the line credit | **20%** [4] | 20% [4] |
| **Merged research and development credit scheme -** Above the line credit | **20%** [4] | 20% [4] |
| **Research and development capital allowances -** for qualifying capital expenditure [2] | **100%** | 100% |

1. Loss-making SMEs can surrender in exchange for payment.
2. On purchase of plant and machinery, testing facilities, research buildings and infrastructure with no cost limits.
3. Companies whose R&D expenditure constitutes at least 30% of their total expenditure with 12-month grace period if failed.
4. For accounting periods starting on or after 1 April 2024, the SME and RDEC scheme merge and relief is given at 20% as an above the line credit.



More overleaf ❯

# Corporate Tax

## Other corporate tax reliefs

| | Additional deduction | Payable tax credit for losses surrendered[1] | |
|---|---|---|---|
| | | 2026/27 | 2027/28 |
| Animation tax relief | Lower of 80% total core expenditure and amount of UK core expenditure [5] | **39%** [4] | 39% [4] |
| Children's television tax relief | | **39%** [4] | 39% [4] |
| Film tax relief | | **34%** [4] | 34% [4] |
| High-end TV tax relief | | **34%** [4] | 34% [4] |
| Museums and galleries tax relief [2] | Lower of 80% total core expenditure and amount of core expenditure on goods or services from the EEA [5] | **40%/45%** | 40%/45% |
| Orchestra tax relief | | **45%** | 45% |
| Theatre tax relief [3] | | **40%/45%** | 40%/45% |
| Video games tax relief | | **34%** | 34% |

1. Where the entity is not profit making, a payable tax credit is available for surrendered losses.
2. For Museums and Galleries Exhibition Tax Relief, a lower rate is given for non-touring exhibitions and a higher rate for touring exhibitions.
3. For Theatre Tax Relief, a lower rate is given for non-touring productions and a higher rate for touring productions.
4. For expenditure from 1 January 2024, the Audio-Visual Expenditure Credit commences as an above the line, refundable tax credit. A higher rate of 53% for independent films (low budget, independent films (max £15m) can be claimed for costs from 1 April 2024. Where visual effects costs incurred from 1 January 2025 are available, the 80% cap on total costs does not apply.
5. Expenditure outside of the UK no longer qualifies from 1 April 2025.

## Interest on tax - annual rates

| Corporation tax paid via quarterly instalments | Paid late | Repaid |
|---|---|---|
| 16 November 2026 | 6.50% | 3.75% |
| 29 December 2025 | 6.25% | 3.50% |
| 18 August 2025 | 6.50% | 3.75% |
| 19 May 2025 | 6.75% | 4.00% |
| 6 April 2025 | 7.00% | 4.25% |
| 17 February 2025 | 5.50% | 4.25% |
| 18 November 2024 | 5.75% | 4.50% |
| 12 August 2024 | 6.00% | 4.75% |
| 14 August 2023 | 6.25% | 5.00% |
| **CGT, NIC, income tax, IHT, SDLT, SDRT and other corporation tax payments** | | |
| 24 November 2026 | 8.00% | 3.00% |
| 9 January 2026 | 7.75% | 2.75% |
| 27 August 2025 | 8.00% | 3.00% |
| 28 May 2025 | 8.25% | 3.25% |
| 6 April 2025 | 8.50% | 3.50% |
| 25 February 2025 | 7.00% | 3.50% |
| 26 November 2025 | 7.25% | 3.75% |
| 20 August 2024 | 7.50% | 4.00% |
| 22 August 2023 | 7.75% | 4.25% |

See older rates on HMRC website here

# Capital Gains

## Annual exemption

| | 2026/27 | 2027/28 |
|---|---|---|
| Individuals | **£3,000** | £3,000 |
| Trusts [1] | **£1,500** | £1,500 |
| Chattels exemption | **£6,000** | £6,000 |

1. Divided by the number of trusts settled by same settlor since 6 June 1978, up to a maximum of 10. Trusts for the disabled have the full individual exemption, subject to a similar anti-fragmentation rule.

## Rates and reliefs

| | 2026/27 | 2027/28 |
|---|---|---|
| Standard rate | **18%** | 18% |
| Higher rate | **24%** | 24% |
| Residential property standard rate | **18%** | 18% |
| Residential property higher rate [1] | **24%** [1] | 24% [1] |
| Carried interest standard rate [5] | **NA** | NA |
| Carried interest higher rate [5] | **NA** | NA |
| Business asset disposal relief | **18%** [2] | 18% [2] |
| Business asset disposal relief lifetime limit of on gains | **£1,000,000** [2] | £500,000 [2] |
| Founders' relief [6] | **NA** | 10% |
| Founders' relief lifetime limit of on gains [6] | **NA** | £10,000,000 |
| Investors' relief rate | **18%** [3] | 18% [3] |
| Investors' relief lifetime limit of gains | **£1,000,000** [3] | £1,000,000 [3] |
| Businesses sold to employee ownership trusts [4] From 26 November 2025 | **50% relief** | 50% relief |
| Trusts / personal representatives | **24%** | 24% |

1. Also applies to gains made by non-UK residents on sales of UK residential property (but corporation tax rate applies for corporates unless property within the ATED regime and disposed of prior to 6 April 2019).
2. Business asset disposal relief (formerly known as Entrepreneurs' relief) may be available for individuals (and trustees of settlements) on disposal of certain business assets including the sale of a business or the sale of a qualifying shareholding (5% or qualifying enterprise management incentive shares) in a trading company/holding company of a trading group.
3. Investors' relief applies to qualifying investor gains on newly issued ordinary shares of an unlisted trading company bought by individuals from 17 March 2016 and held for at least three years starting from 6 April 2016. Allowance reduced to £1,000,000 from 30 October 2024 (from £10,000,000). Rate increased to 14% from April 2025 and 18% from April 2026.
4. Relief from capital gains tax available on qualifying disposals to employee ownership trusts (EOTs). Relieved amount held over to come into charge on any future disposal of the shares by the trustees of the EOT.
5. From 6 April 2026, the tax regime for carried interest sits wholly within the income tax framework.
6. Founders' relief introduced in the 2026 Budget to apply from April 2027, subject to consultation.

# Inheritance tax

## Rates on death

| | 2026/27[3] | 2027/28[3] |
|---|---|---|
| Nil (all chargeable assets) [4] | **£325,000**[2] | £325,000[2] |
| Nil (residence) [1] | **£175,000**[2] | £175,000[2] |
| 40% [4] | **Excess** | Excess |

For married couples and civil partners, the proportion of the nil-rate band unused on the first death is available for use, at the rate prevailing, on the death of the second spouse or civil partner on or after 9 October 2007. A reduced rate of 36% applies where 10% or more of the net estate is left to charity.

1. A special nil rate band applies where a residence is passed on death to a direct descendant. There is a tapered withdrawal above a £2m threshold.
2. Bands frozen until at this level until 6 April 2031.
3. For chargeable events occurring on or after 6 April 2025 the test for whether overseas assets are within the scope of IHT will be whether a person has been UK resident for 10 tax years prior to the year of the chargeable event. Once you meet this 10-year test, you stay within the UK IHT net for the next 10 years whether resident in the UK or not.
4. From 6 April 2027 IHT will apply to the value of pots inherited by the beneficiaries (regardless of the age of the owner at death).

## Lifetime transfers

Gifts to individuals and certain trusts for minor children and the disabled are potentially exempt transfers. If the donor survives seven years, the transfers are completely exempt. All other lifetime transfers are chargeable at 20%. Where tax is charged at death on any gift made within seven years of death, taper relief may apply as follows:

| Years before death | 0-3 | 3-4 | 4-5 | 5-6 | 6-7 |
|---|---|---|---|---|---|
| Death rate tax percentage | 100% | 80% | 60% | 40% | 20% |

## Reliefs and main lifetime exemptions (reducing value transferred)

| Asset transferred | Reduction |
|---|---|
| Whole or part of business (excluding investment businesses and certain industries) [2] | 100% / 50% |
| Quoted shares giving control | 50% |
| Unquoted shares [1,2] | 50% |
| Agricultural relief - working farmer and property let on tenancies starting after 31 August 1995 [2] | 100% / 50% |
| Agricultural relief - other let property [2] | 50% |

1. Shares quoted on AIM and ISDX are treated as unquoted.
2. From April 2026 the first £2.5m of qualifying combined agricultural and business property receives 100% relief, with 50% relief on amounts over £2.5m. Business relief for shares that are not listed on a recognised stock exchange, which includes AIM shares, remains available but at 50%. The £2.5m allowance does not apply to these shares. Allowance unused on death may be transferred to the surviving spouse.

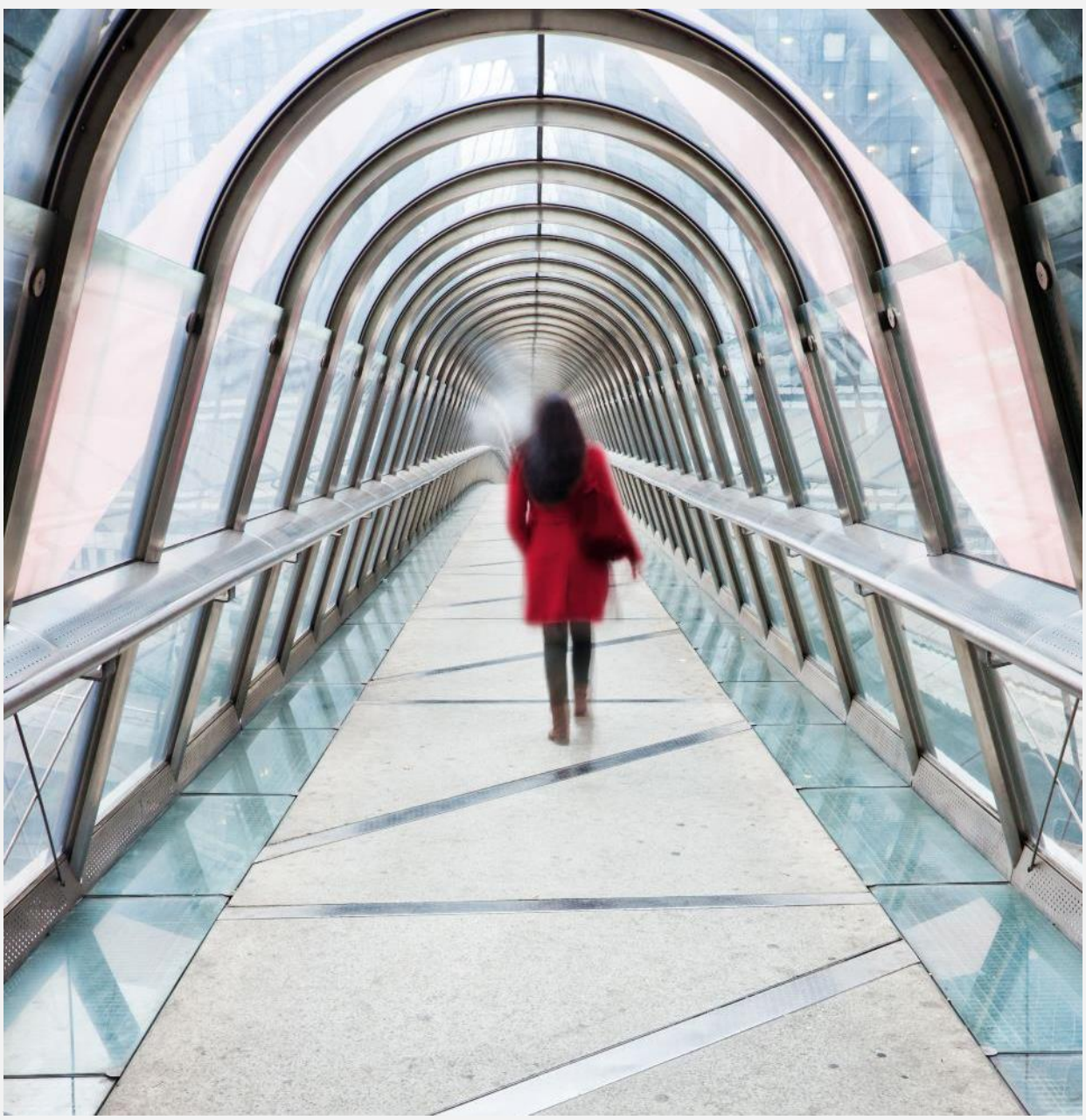
| Cash (or other) gift | Reduction |
|---|---|
| Annual exemption | £3,000 |
| Small gifts (per donee) | £250 |
| Gifts out of income | 100% |
| *Gifts on marriage:* | |
| - Parent | £5,000 |
| - Grandparent | £2,500 |
| - Other | £1,000 |
| Charitable gifts | 100% |

# VAT

## VAT rates

| | |
|---|---|
| Standard rate | 20% |
| Temporary reduced rate from 25 June to 1 September 2026 - for children's meals served in restaurants, children's and family tickets for cinemas and shows, admission tickets to qualifying family attractions (for both children and adults) | 5% |
| Reduced rate (domestic fuel, power and energy saving measures) | 5% |

| Annual turnover thresholds | From 1 April 2026 | From 1 April 2027 |
|---|---|---|
| Registration | **£90,000** | £90,000 |
| Deregistration | **£88,000** | £88,000 |
| Flat rate schemes - entry | **£150,000 or less** | £150,000 or less |
| Flat rate schemes - exit | **More than £230,000** | More than £230,000 |
| Cash or annual accounting - entry | **£1,350,000 or less** | £1,350,000 or less |
| Cash or annual accounting - exit | **More than £1,600,000** | More than £1,600,000 |



# Land Taxes

## Wholly residential freehold land and buildings

### England and Northern Ireland stamp duty land tax

| Value - standard rates | From 1 April 2025 [1] [2] | Value -first time buyers | From 1 April 2025 [1] [2] |
|---|---|---|---|
| Up to £125,000 | Nil | Up to £300,000 | Nil |
| £125,001 to £250,000 | 2% | £300,001 to £500,000 | 5% * |
| £250,001 - £925,000 | 5% [3] | | |
| £925,001 - £1,500,000 | 10% [3] | | |
| Over £1,500,000 | 12% [3] | | |

* Over this amount (i.e. over £500,000) standard rates apply to whole purchase price.

### Scottish land and buildings transactions tax

| Value | Rate [1] [4] |
|---|---|
| Up to £145,000 | Nil |
| £145,001 - £250,000 | 2% |
| £250,001 - £325,000 | 5% |
| £325,001 - £750,000 | 10% |
| Over £750,000 | 12% |
| **First time buyers** | |
| Up to £175,000 | Nil |
| £175,001-£250,000 | 2% |
| Over £250,000 | Standard rates above apply to portion of property value exceeding £250,000 |

### Welsh land transaction tax

| Value - standard rates | Rate [1] | Value - for 2nd homes [4] | Rate [1] [4] |
|---|---|---|---|
| | | Up to £180,000 | 4% |
| Up to £225,000 | Nil | £180,001 - £250,000 | 7.5% |
| £225,001 - £400,000 | 6% | £250,001 - £400,000 | 9% |
| £400,001 - £750,000 | 7.5% | £400,001 - £750,000 | 11.5% |
| £750,001 - £1,500,000 | 10% | £750,001 - £1,500,000 | 14% |
| Over £1,500,000 | 12% | Over £1,500,000 | 16% |

1. Rate only applies for band (ie multiple rates can apply to one transaction).
2. Additional 5% charge applies for purchases of residential property valued at more than £40,000 where purchaser already has a residential property and is not replacing a main residence and to all purchases of residential property by non-natural persons. From 1 April 2021, a further 2% charge applies to non-UK resident purchasers.
3. 17% charge will apply to purchases of residential properties valued at over £500,000 by bodies corporate (largely companies); all collective investment schemes; all partnerships where one or more members are one of the above. There are exemptions from this higher rate for most businesses.
4. Additional charge applies for purchases of residential property valued at more than £40,000 where purchaser already has a residential property and is not replacing a main residence and to all purchases of residential property by non-natural persons at 8% in Scotland. In Wales, separate bands and rates apply as shown from 22 December 2020.

# Land Taxes continued

## Commercial freehold land and buildings

### England and northern Ireland stamp duty land tax

| Value | Rate[1] |
|---|---|
| Up to £150,000 | Nil |
| £150,001 - £250,000 | 2% |
| Over £250,000 | 5% |

### Scottish land and buildings transactions tax

| Value | Rate[1] |
|---|---|
| Up to £150,000 | Nil |
| £150,001 - £250,000 | 1% |
| Over £250,000 | 5% |

### Welsh land transaction tax

| Value | Rate[1] |
|---|---|
| Up to £225,000 | Nil |
| £225,001[2] - £250,000 | 1% |
| £250,001 - £1m | 5% |
| Over £1m | 6% |

1. Rate only applies for band (ie multiple rates can apply to one transaction).

## Commercial leases

The tax charge on the grant of a lease is calculated as 1% of the net present value (NPV) of the rent due in respect of the lease, less an exemption. The NPV of a lease is calculated by taking the total rent payable over the life of the lease and discounting it by 3.5% a year.

### England and northern Ireland stamp duty land tax

| NPV | Rate |
|---|---|
| Up to £150,000 | Nil |
| £150,001 - £5,000,000 | 1% |
| Over £5,000,000 | 2% |

### Scottish land and buildings transactions tax

| NPV | Rate |
|---|---|
| Up to £150,000 | Nil |
| £150,000 - £2,000,000 | 1% |
| Over £2,000,000 | 2% |

### Welsh land transaction tax

| NPV | Rates |
|---|---|
| Up to £225,000 | Nil |
| £225,001 - £2,000,000 | 1% |
| Over £2,000,000 | 2% |

# Land Taxes continued

## Residential leases

| | |
|---|---|
| England and Northern Ireland [1] SDLT | 1% on net present value of rents above £125,000 |
| Scotland [1] LBTT | Generally exempt |
| Wales [1] LTT | Nil |

1. Premiums paid for grant or assignment of a lease are charged at same rates as freeholds.

## Annual Tax on Enveloped Dwellings

| Property value [1] | 2026/27 [2] | 2027/28 [2] |
|---|---|---|
| £500,001 - £1,000,000 | **£4,600** | £4,750 |
| £1,000,001 - £2,000,000 | **£9,450** | £9,750 |
| £2,000,001 - £5,000,000 | **£32,200** | £33,300 |
| £5,000,001 - £10,000,000 | **£75,450** | £78,050 |
| £10,000,001 - £20,000,000 | **£151,450** | £156,750 |
| Over £20,000,000 | **£303,450** | £314,050 |

1. Charge applies to UK residential properties held by non-natural persons, subject to some reliefs and exemptions for buildings used for genuine commercial activities or charitable or public purposes.
2. Charge for 2025/26 and 2026/27 based on value on 1 April 2022 or subsequent purchase price.



# Tax Services

## Capital allowances

Our specialists have dual expertise and experience in both tax accounting and quantity surveying. Our services range from tax planning advice at the inception of projects through to the preparation of detailed capital allowances reports, claims and elections and negotiations with HMRC. Contact

## Corporate tax

BDO provides specialist corporate tax and business tax advice. Our expertise runs from advice on Senior Accounting Officer process, tax risk and strategy to tax compliance and reporting to R&D tax credits and Venture Capital tax reliefs. Contact

## Corporate international

Our international tax teams work with you to manage effectively your worldwide tax costs and reporting. They advise clients on the full range of international issues from transfer pricing policies to withholding taxes and tax-efficient cross-border finance. We also advise on International VAT, employment taxes and international mobility issues for your staff. Contact

## Global employer services

Our Global Employer Services team is focused on the issues confronting employers today and delivers fast, accurate and practical advice. Our employment tax specialists will support you across a range of issues including employment tax, off-payroll labour, international assignments and short term business visitors, share plans and incentives and exit mechanisms. Contact

## Partnership tax

Our specialist team deal with both the personal and business affairs of partnerships and LLPs, from international professional practices to private equity groups, surveyors, medical practices, family and investment partnerships. We provide a full range of advisory and compliance tax services for partnerships and their partners. Contact

## Private client services

Our Private Client Services team work with high net worth and ultrahigh net worth individuals and families, business owners and family offices who are seeking an adviser to help them structure their domestic and international affairs in an efficient and compliant manner. We also provide assistance to advisers to private clients, working with trust companies, family offices, private banks and lawyers. Contact

## Real estate and construction taxes

We guide clients when buying, selling, developing and asset managing property portfolios. Our tax services cover tax structuring, SDLT and VAT, capital allowances, equity and debt financing, joint ventures and corporate streamlining. Contact

## Tax technology Implementation and Optimisation

The tax technology team have vast expertise working with a wide range of organisations in both the UK and globally across every sector. They'll work closely with a business to source data and design, map existing processes and document and implement an optimal tax process. They will then advise on and support the best possible use of technology so that your team can deliver all its functions as effectively and efficiently while adding tangible value to the business. Contact

## VAT and indirect taxes

As a transaction-based tax, VAT queries require a dynamic and quick solution. Our VAT and Indirect Tax team have specialist sector knowledge which aids in providing effective VAT solutions. We also advise on other indirect taxes such as Customs duty, gambling duties and insurance premium tax. Contact

## Tax dispute resolution

BDO has one of the largest dedicated tax dispute resolution teams in the UK. We bring extensive experience and expertise of handling tax disputes to bear in order to minimise the stress, disruption and costs of a tax dispute. We guide individuals and corporates through the process of reaching a solution with HMRC as effectively as possible. Contact

BDO UK

17 OFFICES 8,000 PEOPLE

91% OF OUR CLIENTS SAY IT'S EASY TO WORK WITH US [1]

2024/2025 RESULTS: [2] £1.01 billion

1. BDO Tax & Advisory Client Experience Survey - 2025
2. Gross Revenues for BDO LLP

BDO INTERNATIONAL

2024/2025 REVENUES US$11 billion MEMBER FIRMS ONLY
INCLUDING ALLIANCE FIRMS: US$16 billion

169 COUNTRIES & TERRITORIES 870 OFFICES 94,900 STAFF

All numbers updated as of 10 December 2025

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