SUMER
Your Business Champion

The Autumn Budget

Summary

2025

AUTUMN BUDGET 26 NOVEMBER 2025

This Summary covers the key tax changes announced in the Chancellor's speech and includes tables of the main rates and allowances.

At the back of the Summary you will find a calendar of the tax year with important deadline dates shown.

We recommend that you review your financial plans regularly as some aspects of the Budget will not be implemented until later dates.

We will, of course, be happy to discuss with you any of the points covered in this report and help you adapt and reassess your plans in the light of any legislative changes.

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The leaky Red Box

The most surprising thing about the latest Budget was that someone at the Office for Budget Responsibility appears to have pressed the wrong button and published its report about 40 minutes before the Chancellor stood up, rather than just after she sat down. This meant that the pundits were discussing the contents of the Budget before it had been delivered, which was unprecedented.

The Deputy Speaker had a different complaint: she rebuked the Chancellor for airing her plans in the media during the past weeks. This has become increasingly common, in place of the traditional silence and secrecy until the day itself, but the leaking – and changing – of plans this year was at a different level. The Deputy Speaker called it a discourtesy to Parliament, but it also risks disturbing the financial markets.

All this meant that many of the main measures were well known in advance. However, the Treasury document that was only released at the end of the speech contained a mass of detailed measures, some coming into effect immediately, others deferred for one, two, three or even more years. These had to be read carefully to be sure of which rumoured possibilities had not been implemented after all.

The Chancellor has spoken about 'those with the broadest shoulders' bearing the greatest burden. There is no doubt that the better off will be paying more tax under this Budget, and some of those on welfare are likely to be receiving more benefits. Whether you consider this fair is a political matter.

In this document we have summarised the main tax proposals and their impact, and also included reminders of some matters announced in previous Budgets but only now coming into force. If you would like to discuss what it all means for you, we will be happy to help.

Significant points

- Personal tax allowances and rates on general income frozen for a further three years to April 2031
- Also frozen: NICs employer threshold and upper earnings limit, and IHT nil band, to April 2031; Plan 2 Student Loan repayment threshold to April 2030
- No immediate changes to reliefs on pension schemes, but salary sacrifices above £2,000 to be subject to National Insurance from April 2029
- Increases in income tax rates on dividend income from April 2026, and on rental and savings income from April 2027
- Only minor changes to Inheritance Tax rules announced last year
- ISA investment limits and rules remain the same, but from April 2027 new £12,000 limit for cash within the £20,000
- Corporation tax rates unchanged, but Writing Down Allowances reduced from April 2026; new FYA from 1 January 2026
- Council tax surcharge on properties worth over £2 million to apply from April 2028

Personal Income Tax

Tax rates and allowances – 2026/27 (Table A)

In 2023, the previous Chancellor announced that the main personal allowance and the 40% threshold will remain at their 2022/23 levels until the end of 2027/28. In a major tax raising measure, Chancellor Reeves has extended this freeze to the end of 2030/31, in spite of stating explicitly in last year's Budget that the normal increases in the thresholds would resume in April 2028.

This has been widely criticised as a 'stealth tax', in that it increases the amount collected without explicitly increasing rates or reducing allowances. For example, a person with a salary of £50,270 will pay £7,540 in income tax in 2025/26; if their income increases by 10% to £55,297 in any of the years to 2030/31, all of the increase will be taxed at 40%, and they will pay £9,551. The forecasts accompanying the Budget show expected revenue of over £12 billion from this in 2030/31, the largest tax-raising measure in the table.

The income level above which the personal allowance is tapered away also remains £100,000; it will be reduced to zero when income is £125,140, which is also the threshold for paying 45% tax. In the tapering band, the loss of tax-free allowance creates an effective marginal rate of 60%. Once again, annual increases in income will bring more people into these higher rates.

Dividend income

The dividend allowance exempts some dividend income from tax, although that income still counts towards the higher rate thresholds. For 2026/27, the allowance is unchanged at £500. As HMRC does not routinely receive information about dividends received by taxpayers, this low limit is likely to require people to file tax returns to declare even small tax liabilities on dividends.

In 2026/27, the basic and higher rates on dividend income over £500 will rise by 2% to 10.75% and 35.75%; the additional rate will remain 39.35%.

The higher rate also applies to tax payable by close companies (broadly, those under the control of five or fewer shareholders) on 'loans to participators' that are not repaid to the company within 9 months of the end of the accounting period. This therefore also increases to 35.75% from 6 April 2026.

Dividends arising in an ISA or a qualifying VCT are not taxed and do not count towards the allowance.

Savings income and property income

The savings allowance remains £1,000 for basic rate taxpayers, £500 for 40% taxpayers and nil for 45% taxpayers. People with savings income above these limits may have to declare it in order to pay tax.

The savings rate band remains at £5,000. Non-savings income is treated as the 'first slice' of income, using the tax-free allowance and the savings rate band; if any of the £5,000 band is not used by this 'slice', any savings income falling within that band is taxed at 0%.

The Chancellor announced an increase in the tax rates applicable to income from

property and savings to apply from April 2027. The basic, higher and additional rates on rental and savings income will all rise by 2% in 2027/28 to 22%, 42% and 47%.

From April 2027, there will be new rules about the order in which certain tax reliefs are deducted from income, so that they must be set first against income which is taxable at the lower rates before they can be set against savings, rental and dividend income.

The Budget document points out that 90% of people do not pay tax on savings income; however, for those whose income from these sources exceed their tax-free allowances, it will be necessary to calculate and settle the liability each year.

These tax increases make tax-free Individual Savings Accounts even more attractive, as any income or gains arising within an ISA are tax-free.

Scottish and Welsh rates – 2026/27 (Table A)

The Scottish government has the power to set its own income tax rates for Scottish taxpayers for non-savings, non-dividend income. Many Scottish taxpayers now pay at higher rates of income tax than those elsewhere in the UK, although some low earners pay less. The Scottish Budget, which will confirm the rates for 2026/27, will take place on 13 January 2026.

The Welsh government has similar powers for Welsh taxpayers but has not yet varied the main UK rates. The draft Welsh Budget will be published on 20 January 2026 and will be finalised by 27 January 2026.

The new rates on savings and dividend income will apply across the UK. The UK government will engage with the devolved governments to provide them with powers to set different rates for property income if they so decide.

Winter fuel payment

Earlier this year, the government relented and restored the Winter Fuel Payment to pensioners. However, it will be clawed back through the tax system from anyone with income of over £35,000. This can be avoided by disclaiming the payment in advance. The threshold of £35,000 will remain fixed for the duration of this Parliament.

Employees

Company cars (Table C)

The basis for taxing company cars and fuel provided for private use is set out in the Table. Annual increases in the rates for use of the car have already been set up to 2029/30 'to provide long-term certainty for taxpayers and industry'. The rates are intended to provide a strong incentive to use electric vehicles, while rates for hybrids will be increased to align more closely with the rates for internal combustion engine vehicles.

The figures used to calculate the following benefits all increase for 2026/27 by 3.8% in line with inflation:

- the benefit of free use of business fuel for private journeys;
- the taxable amount for the availability of a van for more than incidental private use;
- the taxable amount for an employee's private use of fuel in a company van.

Expenses and benefits

From 6 April 2026, employees will no longer be able to claim a tax deduction for expenses of working from home, if these are not reimbursed by their employer. Employers will still be able to reimburse such costs where they are eligible without deducting income tax or NICs.

Also from 6 April 2026, the income tax and NICs exemption for employer-provided benefits will be extended to cover reimbursements for eye tests, home working equipment, and flu vaccinations.

Enterprise Management Incentive (EMI) Scheme

Under this scheme, employees and directors can be granted options over shares in the company for which they work. No Income Tax or NICs arise if options are exercised within ten years of being granted. Other conditions apply.

For eligible companies, the following maximum limits will apply to EMI contracts granted on or after 6 April 2026:

- the total value of company options that can be unexercised at any time will be increased from £3 million to £6 million;
- gross assets will be increased from £30 million to £120 million;
- the number of employees will be increased from 250 to 500 employees.

The maximum value of unexercised options an individual employee can hold remains £250,000.

The limit on the exercise period will be increased from 10 years to 15 years. Existing contracts can be amended without losing the tax advantages the schemes offer.

Image rights payments

From 2027/28, all image rights payments related to an employment will be treated as taxable employment income and subject to income tax, employer NICs and employee NICs. This will affect sports people who set up image rights companies to accumulate payments for the rights and follows a recent case involving the former England football captain Bryan Robson, which HMRC lost.

National Insurance Contributions (NICs)

Thresholds and rates (Table D)

There has been a great deal of debate about the effect on employment and business of the increases in employer NICs that took effect on 6 April 2025 following the Chancellor's first Budget in October 2024. In the present Budget, no changes were announced – the £5,000 threshold for secondary contributions will remain fixed until April 2031 (in the 2024 Budget, the Chancellor said this figure would rise with inflation after April 2028). The Upper Earnings Limit for employee contributions is linked to the 40% income tax threshold, and is therefore also fixed to the same date.

The Lower Earnings Limit and Small Profits Threshold will be increased for 2026/27 in line with inflation at 3.8%.

Class 2 NICs

It has been possible to 'buy in' to the State pension by paying voluntary Class 2 NICs in certain circumstances. The Budget included measures to restrict the availability of this route to a State pension for people resident outside the UK with effect from 6 April 2026. There will be a wider review of voluntary NICs in the new year.

Savings and Pensions

Individual Savings Accounts (ISA)

The investment limits for ISA have not changed since 2017/18: they are £20,000 for a standard adult ISA (within which £4,000 may be in a Lifetime ISA), and £9,000 for a Junior ISA or Child Trust Fund. These will now remain fixed until 5 April 2031.

From 6 April 2027, no more than £12,000 of the £20,000 will be eligible for investment in a cash ISA, apart from ISAs for those aged 65 and over. The Chancellor presented this as an encouragement to invest in stocks and shares, which have performed substantially better than cash deposits over the years since ISAs were introduced.

Pension contributions (Table B)

Among the rumours circulating in advance of the Budget was the possibility of restrictions on tax-free pension lump sums or the amounts that can be invested with tax relief. In the event, the Chancellor made no immediate changes to the reliefs available.

The maximum amount that can be withdrawn as a tax-free lump sum remains £268,275 unless the person is entitled to 'protection' in relation to the original introduction of the Lifetime Allowance or any of the subsequent reductions of the limit.

The only change relating to pension funds was another measure that was widely predicted: a restriction on 'salary sacrifice' arrangements. From April 2029, full tax relief on such an arrangement will be restricted to a contribution of £2,000. On amounts in excess of that, employer and employee NICs will be due as if cash salary has been paid (although the contribution will still be free of income tax).

Venture capital schemes

Generous tax reliefs are available for those who invest in Enterprise Investment Scheme (EIS) companies or Venture Capital Trusts (VCTs), which are quoted investment trusts that invest in EIS-type companies. These schemes have a lot of detailed conditions attached to them, some of which are being changed to make the schemes available to larger companies.

The gross assets requirement that a company must not exceed for the EIS and VCT will increase to £30 million (from £15 million) immediately before the issue of the shares or securities, and to £35 million (from £16 million) immediately after the issue.

The annual investment limit that caps how much companies can raise will increase to £10 million (from £5 million) and, for knowledge-intensive companies, to £20 million (from £10 million).

The company's lifetime investment limit will increase to £24 million (from £12 million) and, for knowledge-intensive companies, to £40 million (from £20 million).

These increases apply only to qualifying companies that are not registered in Northern Ireland trading in goods or the generation, transmission, distribution, supply, wholesale trade or cross-border exchange of electricity. These companies will remain eligible only for the current scheme limits.

The Income Tax relief that can be claimed by an individual investing in a VCT will reduce to 20% from the current rate of 30%.

These changes take effect from 6 April 2026.

Capital Gains Tax

Rates and annual exempt amount

In her first Budget, the Chancellor increased the rates of CGT and reduced a number of reliefs. The current Budget document included the forecast that the annual yield from the tax will more than double from £13.7 billion at the start of this Parliament to £30 billion in 2030/31.

The CGT annual exempt amount remains £3,000 for individuals and estates and £1,500 for most trusts. Individuals will continue to pay 18% on gains that fall within their basic rate income tax band, and 24% on gains above that.

Disposals to Employee Ownership Trusts

A CGT relief has exempted gains on eligible disposals of shares to Employee Ownership Trusts. The government will reduce the CGT relief available from 100% of the gain to 50%. This will take immediate effect from 26 November 2025. Business Asset Disposal Relief (see below) will not be available on the remaining chargeable 50%.

Incorporation relief

When a sole trader or partnership transfers a business to a company in exchange for shares, any capital gains arising on the disposal of chargeable assets may be deferred by 'incorporation relief'. Under the existing legislation, this operates automatically where the conditions are satisfied. From 6 April 2026, it will be necessary to make a claim for the relief to apply.

Business Asset Disposal Relief (BADR) and carried interest

As announced last year, the tax rate on gains that qualify for BADR will rise in 2026/27 from 14% to 18%. The relief remains available on qualifying gains with a lifetime limit of £1 million.

Investors' Relief can give a reduced CGT rate to qualifying investors in qualifying companies for which they do not work. The lifetime limit is also £1 million and the rate of tax will rise in line with BADR.

In 2025/26, the rate of CGT on carried interest was a flat rate of 32% for individuals, estates and trusts. From 2026/27, carried interest will be brought within income tax and subject to its own specific rules.

Cryptoassets

Gains realised on cryptoassets such as Bitcoin are likely to be chargeable to CGT. In order to make sure that chargeable gains are being reported, the government will require UK-based Cryptoasset Service Providers to report on their UK tax resident customers under the Cryptoasset Reporting Framework. Information for first reports to HMRC will be collected from 1 January 2026 and reported to HMRC in 2027.

Inheritance Tax (IHT)

Rates

The IHT nil rate band has been fixed at £325,000 since 6 April 2009. The Chancellor has extended the freeze on this figure until the end of 2030/31. Holding the threshold at the same amount for 22 years will bring far more people into the scope of the tax. The Budget document states that IHT raised £8.3 billion a year at the start of this Parliament; this is expected to rise to £14.5 billion in 2030/31.

The £175,000 'residential nil rate band enhancement' on death transfers (also frozen, together with the £2 million value of estate above which it is tapered) can reduce the impact where it applies. A married couple may be able to leave up to £1 million free of IHT to their direct descendants (£325,000 plus £175,000 from each parent), but the rules are complicated, and the prospect of the nil rate band being fixed for another 5 years increases the importance of proper IHT planning.

Despite many rumours to the contrary, no changes have been made to the IHT rules on lifetime gifts.

Agricultural and business property

The government has confirmed that the well-publicised restrictions on 100% agricultural and business reliefs will come in, as previously announced, from 6 April 2026. 100% relief will be restricted to £1 million of the total of qualifying agricultural and business property, with 50% relief on any higher value.

It was newly announced that the £1 million 100% allowance will be transferable between spouses, if it is not used on the first death, and this figure also will be frozen until April 2031.

Also from 6 April 2026, qualifying shares quoted on the AIM and similar 'unlisted' markets will qualify for 50% relief rather than the current 100% relief.

These changes could potentially create significant IHT liabilities for family farming and trading businesses in the future, including where business assets are held in trust. All businesses should consider their IHT position, including reviewing wills and considering whether some lifetime gifts of qualifying property may be worthwhile.

Unused pension funds and death benefits

The government has confirmed that, from 6 April 2027, most unused pension funds and death benefits will come within the deceased's estate for IHT purposes, whether written into trust or not.

Business Tax

Business rates

From 1 April 2026, business rates bills in England 'will be updated to reflect changes in property values since the last revaluation in 2023'. The small business multiplier is being reduced to 43.2p and the standard multiplier to 48p.

The government will also introduce permanently lower multipliers for retail, hospitality and leisure (RHL) properties with rateable values under £500,000, set 5p below the national rates, making the small business RHL multiplier 38.2p and the standard RHL multiplier 43p. This will benefit over 750,000 RHL properties.

A new high-value multiplier will apply to properties above £500,000, such as the big warehouses of online retailers. This higher rate is being set at 2.8p above the national standard multiplier, making the high-value multiplier 50.8p in 2026/27.

Umbrella companies

An umbrella company employs workers on behalf of agencies and the businesses that the workers do the work for (the end client). From 6 April 2026, recruitment agencies and end clients will be jointly and severally liable for any payroll taxes on payments to workers supplied through umbrella companies, where a non-compliant umbrella company fails to remit them to HMRC on their behalf.

If the labour supply chain has:

- more than one agency, the rules apply to the agency that has the direct contract with the end client to supply the worker;
- no agency, the rules apply to the end client.

Corporation Tax

Rate of tax

The rates of corporation tax have not changed, and last year's Budget appeared to rule out changes for the life of the Parliament.

Late filing

From 1 April 2026, the penalties for late filing of corporation tax returns will be doubled. They will become £200 for any lateness (£1,000 for the third successive offence); a further £200 (or £1,000) if the return is still not filed after 3 months; and tax-geared penalties of 10% of the amount unpaid if they are still not filed after 6 and again after 12 months.

Capital allowances for plant and machinery

The 2025 Budget introduces several changes to capital allowances that will affect the timing of tax relief for businesses over the next two years.

The 100% First Year Allowance for new zero-emission cars and chargepoints has been extended until 31 March 2027 (5 April 2027 for unincorporated businesses), giving an additional year for businesses to secure full upfront relief on electric vehicles before these assets revert to slower relief through writing-down allowances.

A new 40% First Year Allowance will apply to qualifying main-rate plant and machinery from 1 January 2026, where full expensing or the £1 million Annual Investment Allowance are not available. This relief will be available to all businesses, including unincorporated businesses and those acquiring assets for leasing in the UK. Cars and second-hand assets are excluded.

From April 2026, the main rate writing-down allowance will reduce from 18% to 14%, slowing tax relief where upfront allowances cannot be claimed. The special rate writing-down allowance remains unchanged at 6%.

Full expensing continues unchanged for companies and remains the most beneficial route where available. Businesses with material or recurring capital expenditure should review investment plans ahead of the April 2026 changes to optimise relief.

R&D

The government will pilot a targeted advance assurance service from spring 2026, enabling small and medium-sized enterprises to gain clarity on key aspects of their R&D tax relief claims before submitting them to HMRC.

Value Added Tax

Registration threshold

The VAT registration and deregistration thresholds last increased to £90,000 and £88,000 with effect from 1 April 2024. The March 2024 Budget stated that they will be again frozen at these new levels, but it did not say for how long. No changes or dates have been announced.

Private hire vehicles

The VAT treatment of private hire vehicles has been thrown into doubt by several court decisions involving Uber and other operators. The Tour Operators Margin Scheme (TOMS) has been held to allow firms to account for VAT only on the difference between the fare and the amount paid to the driver. While the past tax treatment is still the subject of ongoing litigation, the government will put the position beyond doubt going forward: from 2 January 2026, taxi and private vehicle hire services will not be eligible for the TOMS, except where they are provided as part of a package with certain other travel services. This means that a firm will have to account for VAT on the whole of a customer's fare, where the firm has a contract with the customer as principal responsible for providing the ride.

Gifts to charity

A new VAT relief will be introduced from 1 April 2026 for business donations of goods to charity which are for distribution to those in need or for use in the delivery of their charitable services. Currently a business making such a gift could be liable for output tax on a deemed disposal of the goods.

E-invoicing

From April 2029, it will be a requirement to issue all VAT invoices in a specified electronic format. The government will work on a 'roadmap' towards implementation of this measure and will publish this next year.

Low value imports: customs duty

The government intends to remove the customs duty relief on goods imported into the UK valued at £135 or less, making them subject to customs duty from March 2029 at the latest, and is consulting on implementing a new set of customs arrangements for these goods.

Motability

The Motability scheme enables eligible people to buy vehicles that are adapted to enable them to use them, and provides some VAT reliefs. The Budget will impose, with effect from July 2026, 20% VAT on top-up payments that a user can make to have a more expensive vehicle through the scheme.

Property Taxation

'Mansion tax'

The High Value Council Tax Surcharge (HVCTS) is a new charge on owners of residential property in England worth £2 million or more (in 2026), which will take effect in April 2028.

Homeowners, rather than occupiers, will be liable to the surcharge and will continue to pay their existing Council Tax alongside the surcharge.

The Valuation Office will conduct a targeted valuation exercise to identify properties above £2 million. Revaluations will be conducted every five years.

Properties above the £2 million threshold will be placed into bands based on their property value. Charges will increase in line with CPI inflation each year from 2029/30 onwards.

The surcharge will be £2,500 for properties between £2 million and £2.5 million and rises to £7,500 for properties above £5 million.

Other measures

Making Tax Digital for Income Tax (MTD IT)

The requirement to file tax returns using MTD IT will come into effect from 6 April 2026. Those initially affected by the rules will be those with annual income from a sole trader business or property, or both together, of £50,000. This will drop to £30,000 from 6 April 2027, and it is intended to expand the rollout to those with incomes over £20,000 by the end of the Parliament. Anyone who will be affected by these rules should make sure they are ready to comply with them in good time: understanding the requirements and making sure that it is possible to comply with them is not something that should be done at the last minute.

However, the Budget included the good news that late submission penalties will not apply for quarterly updates during the 2026/27 tax year for taxpayers required to join MTD IT. The new penalty regime for late submission and late payment will apply to all self-assessment taxpayers not already due to join the new system from 6 April 2027. The government will also increase the penalties due for late payment of self-assessment income tax and VAT from 1 April 2027.

State pension

The State pension will rise by 4.8% from April 2026 in line with average earnings, in accordance with the 'Triple Lock'. The government is taking steps to deal with the possibility that the State pension on its own, which is paid without deduction of tax, may exceed the personal tax allowance in 2027/28. The government plans to consult on ways to avoid requiring pensioners with no other sources of income having to report to HMRC and pay tax.

Fuel duty

The Chancellor decided to maintain the freeze in fuel duty and to retain the 5p cut beyond 22 March 2026, when it was supposed to come to an end. It will now be reversed in stages between 1 September 2026 and 1 March 2027. Inflationary increases in the duty are planned to resume in April 2027.

Electric Vehicle Excise Duty

The government is introducing Electric Vehicle Excise Duty (eVED), a new mileage charge for electric and plug-in hybrid cars, with effect from April 2028. Drivers will pay for their mileage on a per-mile basis alongside their existing Vehicle Excise Duty. Electric cars will pay half the equivalent fuel duty rate for petrol and diesel cars, and plug-in hybrid cars will pay a reduced rate equivalent to half of the electric car rate. The government will carry out a consultation to gather views on how this will be implemented.

National Living Wage (NLW)

From 1 April 2026, the NLW which applies to those aged 21 or over will rise from £12.21 per hour to £12.71. There are also increases to the rates that apply to workers aged 18 to 20 (£10.85) and under 18s and apprentices (£8.00).

Universal Credit

As expected, the Chancellor removed the 'two-child benefit cap' with effect from April 2026, increasing the entitlement to Universal Credit for claimants with more than two children. This measure will cost between £2.3 billion and £3.2 billion a year over the forecast period. By contrast, the freezing of income tax bands and allowances is expected to raise £12.4 billion in the year 2030/31 alone.

Student loans

The repayment threshold for Plan 2 student loans will be frozen at £29,385 for three years from April 2027. This means that graduates are likely to be liable for higher repayments as their income increases above that level, in the same way that freezing income tax thresholds and allowances increases income tax. It will not increase the outstanding loan itself, but it will require faster repayment of it.

This booklet is prepared for guidance only. We recommend that you contact us before acting on any information contained in the booklet and we cannot accept responsibility for any action taken without such advice.

Income Tax Rates and Allowances (Table A)

Main Allowances	2026/27	2025/26
Personal Allowance (PA)*†	£12,570	£12,570
Blind Person's Allowance	3,130	3,130
Rent a room relief §	7,500	7,500
Trading income §	1,000	1,000
Property income §	1,000	1,000

* PA will be withdrawn at £1 for every £2 by which 'adjusted income' exceeds £100,000. There will therefore be no allowance given if adjusted income is £125,140 or more.
† £1,260 of the PA can be transferred to a spouse or civil partner who is no more than a basic rate taxpayer, where both spouses were born after 5 April 1935.
§ If gross income exceeds this, the limit may be deducted instead of actual expenses.

Rate Bands	2026/27	2025/26
Basic Rate Band (BRB)	£37,700	£37,700
Higher Rate Band (HRB)	37,701-125,140	37,701-125,140
Additional Rate (AR)	over 125,140	over 125,140
Personal Savings Allowance (PSA)		
– Basic rate taxpayer	1,000	1,000
– Higher rate taxpayer	500	500
Dividend Allowance (DA)	500	500

BRB and AR threshold are increased by allowable personal pension contributions and Gift Aid donations.

Tax Rates	2026/27			2025/26		
Rates differ for **G**eneral, **S**avings and **D**ividend income within each band:						
	G	**S**	**D**	**G**	**S**	**D**
	%	%	%	%	%	%
Basic	20	20	10.75	20	20	8.75
Higher	40	40	35.75	40	40	33.75
Additional	45	45	39.35	45	45	39.35

General income (salary, pensions, business profits and rents) usually uses personal allowance, basic rate and higher rate bands before savings income (mainly interest). To the extent that savings income falls in the first £5,000 of the basic rate band, it is taxed at nil rather than 20%.

The PSA taxes interest at nil, where it would otherwise be taxable at 20% or 40%.

Dividends are normally taxed as the 'top slice' of income. The DA taxes the first £500 of dividend income at nil, rather than the rate that would otherwise apply.

High Income Child Benefit Charge (HICBC)
1% of child benefit for each £200 of adjusted net income between £60,000 and £80,000.

Income Tax – Scotland		2025/26
	Rate	Band
Starter Rate	19%	£2,827
Basic Rate	20%	2,828 – 14,921
Intermediate Rate	21%	14,922 – 31,092
Higher Rate	42%	31,093 – 62,430
Advanced Rate	45%	62,431 – 125,140
Top Rate	48%	over 125,140

The Scottish rates and bands do not apply for savings and dividend income, which are taxed at normal UK rates. **The Scottish rates for 2026/27 have not yet been announced.**

Registered Pensions (Table B)

	2026/27	2025/26
Annual Allowance (AA)	£60,000	£60,000

Annual relievable pension inputs are the higher of earnings (capped at AA) or £3,600.
The AA is usually reduced by £1 for every £2 by which relevant income exceeds £260,000, down to a minimum AA of £10,000.
The AA can also be reduced to £10,000, where certain pension drawings have been made.
The maximum tax-free pension lump sum is £268,275 (25% of £1,073,100), unless a higher amount is "protected".

Car and Fuel Benefits (Table C)

Cars

Taxable benefit: List price multiplied by chargeable percentage.

CO_2 emissions g/km	Electric range Miles	2026/27 %	All cars	2025/26 %
0	N/A	4		3
1-50	>130	4		3
1-50	70 - 129	7		6
1-50	40 - 69	10		9
1-50	30 - 39	14		13
1-50	<30	16		15
51-54	N/A	17		16

Then a further 1% for each 5g/km CO_2 emissions, up to a maximum of 37%.
Diesel cars that are not RDE2 standard suffer a 4% supplement on the above figures but are still capped at 37%.

Car Fuel

Where employer provides fuel for private motoring in an employer-owned car, the CO_2-based percentage from above table is multiplied by £28,200 in 2025/26. This figure is increasing by 3.8% in 2026/27.

National Insurance Contributions 2026/27 (Table D)

Class 1 (Employees)	Employee	Employer
Main NIC rate	8%	15%
No NIC on first	£242pw	£96pw
Main rate charged up to*	£967pw	no limit
2% rate on earnings above	£967pw	N/A
Employment allowance per qualifying business	N/A	£10,500

*Nil rate of employer NIC on earnings up to £967pw for employees aged under 21, apprentices aged under 25 and ex-armed forces personnel in their first twelve months of civilian employment.
Employer contributions (at 15%) are also due on most taxable benefits (Class 1A) and on tax paid on an employee's behalf under a PAYE settlement agreement (Class 1B).

Class 2 (Self-employed)

Flat rate per week if profits below £12,570 (voluntary)	£3.65

Class 3 (Voluntary)

Flat rate per week	£18.40

Class 4 (Self-employed)

On profits £12,570 – £50,270	6%
On profits over £50,270	2%

Employees with earnings above £129 per week and the self-employed with annual profits over £7,105 (or who pay voluntary Class 2 contributions) can access entitlement to contributory benefits.

April 2026

M	T	W	T	F	S	S
		1	2	3	4	**5**
6	7	8	9	10	11	12
13	14	15	16	17	18	**19**
20	21	**22**	23	24	25	26
27	28	29	30			

5 End of tax year. Cut-off for income and gains between 2025/26 and 2026/27.
5 Employers submit P46(car) electronic form showing quarter's changes to company cars.
6 Making Tax Digital (MTD) begins for certain self-employed individuals and landlords.
†19 Employers pay PAYE for quarter or month March 2026.
19 Last day for final 2025/26 Employer Payment Summary to reach HMRC.
***22** PAYE electronic payment deadline.

May 2026

M	T	W	T	F	S	S
				1	2	**3**
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	**19**	20	21	**22**	23	24
25	26	27	28	29	30	**31**

1 Commencement of £10 daily penalties for 2024/25 tax returns not filed (max £900).
3 Employers submit P46(car) printed form showing quarter's changes to company cars.
†19 Employers pay PAYE for month April 2026.
***22** PAYE electronic payment deadline.
31 Employers deadline to send 2025/26 P60 to employees.

June 2026

M	T	W	T	F	S	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	**19**	20	21
22	23	24	25	26	27	28
29	**30**					

†19 Employers pay PAYE for month May 2026.
***22** PAYE electronic payment deadline.
30 Deadline for notifying HMRC of the intention to claim R&D relief for y/e 31 December 2025

July 2026

M	T	W	T	F	S	S
		1	2	3	4	**5**
6	7	8	9	10	11	12
13	14	15	16	17	18	**19**
20	21	**22**	23	24	25	26
27	28	29	30	**31**		

5 Agree 2025/26 PAYE Settlement Agreement.
6 Employers send P11D and annual share scheme returns to HMRC and P11D to employees.
†19 Employers pay Class 1A NIC for 2025/26.
†19 Employers pay PAYE for quarter or month June 2026.
***22** PAYE and Class 1A NIC electronic payment deadline.
31 Deadline for payment of second instalment of 2025/26 self assessed tax on income.

August 2026

M	T	W	T	F	S	S
					1	**2**
	4	**5**	6	7	8	9
10	11	12	13	14	15	16
17	18	**19**	20	21	**22**	23
24	25	26	27	28	29	30
31						

1 If 2024/25 tax return not filed, further £300 penalty (or 5% of tax due, if higher) .
2 Employers submit P46(car) form showing quarter's changes to company cars.
5 MTD quarterly update due
†19 Employers pay PAYE for month July 2026.
***22** PAYE electronic payment deadline.

September 2026

M	T	W	T	F	S	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	**19**	20
21	**22**	23	24	25	26	27
28	29	**30**				

†19 Employers pay PAYE for month August 2026.
***22** PAYE electronic payment deadline.
30 Dealine for notifying HMRC of intention to claim R&D relief for y/e 31 March 2026

* Electronic payments due on a weekend must be made on the previous working day unless "Faster Payments" is used.
† Cheque payments due on a weekend must reach HMRC on the previous working day.

October 2026

M	T	W	T	F	S	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	**22**	23	24	25
26	27	28	29	30	**31**	

1 Corporation Tax payment deadline for companies with 31 December 2025 year-end.
5 Deadline for notifying HMRC if Income Tax or CGT is due for 2025/26 and no tax return received.
†19 Employers pay PAYE Settlement Agreement liability for 2025/26.
†19 Employers pay PAYE for quarter or month September 2026.
***22** PAYE and PAYE Settlement Agreement electronic payment deadline.
31 Last day to file 2025/26 SA return on paper.

November 2026

M	T	W	T	F	S	S
						1
2	3	4	**5**	6	7	8
9	10	11	12	13	14	15
16	17	18	**19**	20	21	**22**
23	24	25	26	27	28	29
30						

2 Employers submit P46(car) form showing quarter's changes to company cars.
5 MTD quarterly update due
†19 Employers pay PAYE for month October 2026.
***22** PAYE electronic payment deadline.

December 2026

M	T	W	T	F	S	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	**19**	20
21	**22**	23	24	25	26	27
28	29	**30**	**31**			

†19 Employers pay PAYE for month November 2026.
***22** PAYE electronic payment deadline.
30 File 2025/26 SA return online to take advantage of coding out of Income Tax underpayments.
31 Corporation Tax filing deadline for companies with 31 December 2025 year-end.

January 2027

M	T	W	T	F	S	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	**19**	20	21	**22**	23	24
25	26	27	28	29	30	**31**

1 Corporation Tax payment deadline for companies with 31 March 2026 year-end.
†19 Employers pay PAYE for quarter or month Dec 2026.
***22** PAYE electronic payment deadline.
31 File 2025/26 Income Tax and CGT online return. Pay 2025/26 tax to avoid interest and first instalment of 2026/27 self assessment tax on income. Companies within IR35 to file Earlier Year Update for 2025/26.

February 2027

M	T	W	T	F	S	S
1	**2**	3	4	**5**	6	7
8	9	10	11	12	13	14
15	16	17	18	**19**	20	21
22	23	24	25	26	27	28

1 If 2024/25 tax return not filed, a further penalty of £300 (or 5% of tax due, if higher). If 2025/26 tax return not filed, a penalty of £100.
2 Employers submit P46(car) form showing quarter's changes to company cars.
5 MTD quarterly update due
†19 Employers pay PAYE for month January 2027.
***22** PAYE electronic payment deadline.

March 2027

M	T	W	T	F	S	S
1	**2**	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	**19**	20	21
22	23	24	25	26	27	28
29	30	**31**				

2 Deadline for payment of balance of 2025/26 tax to avoid a 5% late payment penalty.
†19 Employers pay PAYE for month February 2027.
***22** PAYE electronic payment deadline.
31 Corporation Tax filing deadline for companies with 31 March 2026 year-end.

* Electronic payments due on a weekend must be made on the previous working day unless "Faster Payments" is used.
† Cheque payments due on a weekend must reach HMRC on the previous working day.

SUMER
Your Business Champion

East of England

Scrutton Bland

Ipswich Office
Fitzroy House,
Crown Street,
Ipswich,
Suffolk,
IP1 3LG

0330 058 6559

London

Simmons Gainsford

London Office
14th Floor,
33 Cavendish Square,
London,
W1G 0PW

020 7447 9000

HW Fisher

London Office
Acre House,
11-15 William Road,
London,
NW1 3ER

020 7388 7000

South East

Carpenter Box

Worthing Office
Amelia House,
Crescent Road,
Worthing,
West Sussex,
BN11 1RL

01903 234094

Midlands

DPC

Stroke-On-Trent Office
Stone House,
Business Park,
55 Stone Rd,
Stoke-on-Trent,
ST4 6SR

01782 744144

Jerroms

Solihull Office
Lumaneri House
Blythe Valley Park
Solihull,
B90 8AH

0121 693 5000

North East

RMT

Newcastle Office
RMT Accountants & Business Advisors Ltd,
Gosforth Park Avenue,
Newcastle upon Tyne Tyne and Wear,
NE12 8EG

0191 256 9500

North West

Cowgills

Bolton Office
4th Floor,
5B The Parklands,
Middlebrook,
Bolton,
BL6 4SD

01204 414 243

Northern Ireland

Sumer NI

Belfast Office
4th Floor,
Glendinning House,
6 Murray Street,
Belfast,
BT1 6DN

02890 249 222

Scotland

EQ

Dundee Office
14 City Quay,
Dundee,
DD1 3JA

01382 312100

South West

Monahans

Swindon Office
Hermes House,
Fire Fly Avenue,
Swindon,
SN2 2GA

01793 818 300

R.T. Marke

Bideford Office
69 High Street,
Bideford,
Devon,
EX39 2AT

01237 472332

info@sumer.co.uk
Sumer.co.uk