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# TAXFAX

2024/25





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## Allowances & Reliefs

	2024/25	2023/24	Notes
Personal allowance	£12,570	£12,570	i, ii, iii, iv
Blind person's allowance	£3,070	£2,870	
Married/civil partner's allowance			
At least one partner born before 6 April 1935	£11,080	£10,375	ii, v
Minimum married/civil partner's allowance	£4,280	£4,010	ii, v
Personal savings allowance			
For basic rate taxpayer	£1,000	£1,000	
For higher rate taxpayer	£500	£500	
Dividend allowance	£500	£1,000	
Rent-a-room maximum	£7,500	£7,500	
High income child benefit charge threshold	£50,000	£50,000	vi
Micro-entrepreneurs allowances			
Trading income	£1,000	£1,000	
Property income	£1,000	£1,000	

### Notes

- i Reduced by £1 for every £2 of income over £100,000.
- ii Non-residents may not be entitled to personal allowances in certain circumstances.
- iii The personal allowance will be frozen until 5 April 2028.
- iv 10% of the personal allowance can be transferred between spouses/civil partners where neither is a higher rate taxpayer.
- v Available to persons born before 6 April 1935.
  - Reliefs for this allowance given at 10%.
  - Reduced to the minimum allowance by £1 for every £2 of income over £37,000 (£34,600 for 2023/24).
- vi Charge of 1% of the benefit per £100 of adjusted net income over £50,000; 100% of the benefit withdrawn when adjusted net income reaches £60,000.

## Individuals - Income Tax Rates & Bands

Bands	2024/25	2023/24
Starting rate limit*	£5,000	£5,000
Basic rate band**	£1 - £37,700	£1 - £37,700
Higher rate band	£37,701 - £125,140	£37,701 - £125,140
Additional rate band	Over £125,140	Over £125,140

\*Applicable to savings

\*\*Fixed to 5 April 2028

Rates^	2024/25	2023/24
Basic rate	20%	20%
Higher rate	40%	40%
Additional rate	45%	45%
Starting rate for savings income	0%	0%
Dividend ordinary rate	8.75%	8.75%
Dividend upper rate	33.75%	33.75%
Dividend additional rate	39.35%	39.35%

^Rates do not include Scottish rates for non-savings and non-dividend income

## Trusts - Income Tax Rates & Bands

	2024/25		2023/24	
	Dividends	Other	Dividends	Other
Low income Trust (up to £500 of taxable income)	0% (effective)	0% (effective)	N/A	N/A
Interest in possession trusts and up to £1,000 for discretionary and accumulation and maintenance trusts	N/A	N/A	8.75%	20%
On income for non interest in possession trusts over £500	39.35%	45%	39.35%	45%

### Notes

Trusts where the settlor or spouse/civil partner retains an interest are taxed as the income of the settlor.  
Trusts for the vulnerable can be taxed at the beneficiary's rate of tax.

## Pension Contribution Reliefs

	2024/25	2023/24	Notes
Lifetime allowance	LTA to be abolished	No LTA charge	i, ii
Annual allowance	£60,000	£60,000	iii, iv, v
Money purchase annual allowance	£10,000	£10,000	

### Notes

- i LTA will be abolished from 6 April 2024.
- ii The 25% tax free lump sum is capped at £268,275, unless LTA protection is in place
- iii Personal contributions cannot exceed 100% of earnings or, when aggregated with employer contributions, the annual allowance, plus unused allowances carried forward from the previous three years.
- iv Maximum annual allowance £60,000 reduced by £1 for every £2 of 'adjusted income' over £260,000 to a minimum of £10,000.
- v Up to £3,600 p.a. gross personal contributions can be paid into pensions irrespective of earnings to age 75.

# Capital Gains Tax (CGT)

## Rates for individuals and trusts

Basic and standard rate taxpayers
Higher and additional rate taxpayers
Trusts and personal representatives
Gains qualifying for Business Asset

2024/25	2023/24	Notes
10%	10%	
20%	20%	
20%	20%	
10%	10%	
10%	10%	
28%	28%	i, ii, iii
28%	28%	i, iii

## Disposal Relief

Gains qualifying for Investors' Relief
Gains on residential property
Gains on carried interest

Non-UK resident individuals are subject to CGT on direct and indirect disposals of UK real estate

## Exemptions and reliefs

### Annual exemption

Individuals and personal representatives
Trusts

### Lifetime limit on gains

Business Asset Disposal Relief
Investors' Relief

2024/25	2023/24	Notes
£3,000	£6,000	iv
£1,500	£3,000	iv
£1m	£1m	
£10m	£10m	

### Notes

- i To the extent that the basic rate band is unused, a CGT rate of 18% will apply.
- ii Rate also applicable for trusts.
- iii Rate also applicable for personal representatives.
- iv CGT proceeds reporting limit £50,000.

# Inheritance Tax (IHT)

## Rates and bands

### On death

Nil rate band £1 - £325,000

Over £325,000

Residence nil rate band

	2024/25	2023/24	Notes
Nil rate band £1 - £325,000	0%	0%	i
Over £325,000	40%	40%	ii
Residence nil rate band	£175,000	£175,000	i,iii

### Notes

i Nil rate band for estate of surviving spouse/civil partner is increased by the percentage of the nil rate band unutilised by the predeceased spouse/civil partner.

ii Tax rate reduces to 36% when at least 10% of net chargeable estate is left to charity.

iii Reduced by £1 for every £2 of the net value of the deceased's estate over £2m.

iv The nil rate band and residence nil rate band will be frozen until 5 April 2028.

## Main exemptions/reliefs

Spouse/civil partner – both UK domiciled (or transferor non-domiciled)		Unlimited
Gift from UK domiciled to non-UK domiciled spouse/civil partner (An election is available for the non-UK domiciled spouse/civil partner to be treated as UK domiciled for IHT purposes)		£325,000
Total annual gifts per donor		£3,000
Small gifts per donee not exceeding		£250
Marriage/civil partnership gifts by	- parent	£5,000
	- other 'relative'	£2,500
	- other	£1,000
Regular gifts out of surplus income		Unlimited
UK charities plus those in the EU, Norway and Iceland, and political parties in the UK		Unlimited

Business and agricultural property relief can be available at 50% or 100% on qualifying business or agricultural property



Lifetime gifts to an individual are initially not chargeable and are fully exempt after seven years

Gifts to relevant property trusts will be taxable at 20% on the excess over available nil rate band

Death within seven years of lifetime gifts – tax on value gifted is payable at death rates subject to taper relief:

Years	0-3	3-4	4-5	5-6	6-7	Over 7
Taper relief	0%	20%	40%	60%	80%	100%
Effective rate of IHT	40%	32%	24%	16%	8%	0%

## Individual Savings Accounts (ISAs)

	2024/25	2023/24	Notes
Cash, shares and innovative finance combined limit	£20,000	£20,000	
Junior ISA	£9,000	£9,000	i
Help to buy ISA	£2,400	£2,400	ii,iii
Lifetime ISA	£4,000	£4,000	iii,iv

### Notes

- i Available to children not entitled to a Child Trust Fund.
- ii First time buyers over 16. No longer possible to open a new Help to Buy ISA but, where one is already open, contributions can continue to be made until November 2029 and a 25% bonus can be claimed until November 2030.
- iii A 25% bonus from the Government is available under both ISAs. However, if an individual has a Lifetime ISA and a Help to Buy ISA, the bonus can only be used from one of them.
- iv Available to individuals over 18 but under 40 to save for their first home or retirement; but counts as part of the £20,000 ISA limit.

## Corporation Tax

	2024/25	2023/24	Notes
Corporation Tax - all profits and gains	25%	25%	i, iii
Patent box effective rate	10%	10%	ii
Residential Property Developers Tax	4%	4%	

### Notes

- i Includes gains on UK property and profits from UK property businesses realised by non-UK resident companies.
- ii Applies to profits from qualifying patents derived from qualifying activities of the company.
- iii From 2023/24, the main rate will be 25%. A small profits rate of 19% will apply to profits up to £50,000. The effective rate will increase from 19% to 25% on profits between £50,000 and £250,000.

## Research & Development (R&D) Tax Credits

	2024/25	2023/24	Notes
SME enhanced deduction	N/A	86%	
SME cash credit for surrendered R&D losses	14.5%	10%/14.5%	i
Large company above the line credit	N/A	20%	
R&D merged scheme	20%	N/A	ii

### Notes

- i A higher rate of SME payable credit of 14.5% will take effect for expenditure incurred in accounting periods beginning on or after 1 April 2023 for R&D intensive SMEs. SMEs will be eligible for this scheme if they have an R&D intensity, defined as 40% or above in the period. This support will be targeted using a new R&D intensity definition and calculated based on the ratio of the company's qualifying R&D expenditure (for both the SME and RDEC schemes) for a period to its total expenditure for the same period.
- ii The Government announced it will legislate in Autumn Finance Bill 2023 to merge the current RDEC and R&D SME schemes for accounting periods beginning on or after 1 April 2024. The new R&D merged scheme establishes an above the line credit that allows companies to claim for their qualifying R&D costs, including contracted out R&D, and incorporates a more generous SME scheme PAYE and NIC cap. It also includes restrictions on relief for overseas expenditure which will come into effect for accounting periods beginning on or after 1 April 2024.

The notional tax rate applied to loss-makers in the merged scheme will be the small profits rate of 19%, rather than the 25% main rate set in the current RDEC.

# Capital Allowances

	2024/25	2023/24	Notes
<b>Plant and machinery</b>			
Annual investment allowance	100%	100%	i
Structures and buildings	3%	3%	ii
Long life assets (at least 25 years) and integral features	6%	6%	
Other plant and machinery assets	18%	18%	
First year allowances - plant and machinery	100%	100%	iii
First year allowances - long life assets and integral features	50%	50%	iii
First year allowances - R&D, designated Freeport sites, zero-emission goods vehicles	100%	100%	iv
<b>Intangible assets</b>			
Goodwill and customer related intangibles	6.5%	6.5%	
Other intangible assets	4%	4%	v
<b>Cars</b>			
<b>CO<sub>2</sub> emissions (g/km)</b>			
0	100%	100%	
0-50	18%	18%	
Over 50	6%	6%	

## Notes

i Allowance of £1m p.a.

ii Flat rate allowance, applicable to non-residential structures and buildings. Where building located within a Freeport site, 10% rate will apply.

iii First year allowances available for expenditure incurred during 2021/22 and 2022/23 tax years only. For qualifying expenditure incurred on or after 1 April 2023 but before 1 April 2026, companies can claim:

- a 100% first-year allowance for main rate expenditure – known as full expensing; and
- a 50% first-year allowance for special rate expenditure.

iv FYAs for expenditure incurred in Enterprise Zones abolished from 2021/22 onwards.

v Excludes purchased goodwill and customer related intangible assets acquired after 8 July 2015. Tax deductions for accounting depreciation may be claimed instead.

# Value Added Tax (VAT)

	2024/25	2023/24
Standard rate	20%	20%
Reduced rate	5%	5%

## VAT registration thresholds

Registration required:	If UK taxable turnover is:
UK established businesses	More than £85,000 p.a.
Non-UK established businesses	Any amount
Deregistration is possible	Less than £83,000 p.a.

## Other VAT schemes

Eligible to use Cash Accounting Scheme	Less than £1,350,000 p.a.
Eligible to use Annual Accounting Scheme	Less than £1,350,000 p.a.
Eligible to use Flat Rate Scheme	Less than £150,000 p.a.

# Stamp Duty Land Tax (SDLT)

SDLT chargeable on purchase of land and property in England and Northern Ireland  
- different rules apply to purchases of land and property in Scotland and Wales

## Residential (purchase price/premium payable) until 31 March 2025

Rate	
0%	Up to £250,000
5%	£250,001 to £925,000
10%	£925,001 to £1,500,000
12%	Over £1,500,000
15%	Enveloped properties over £500,000

With the exception of the 15% rate for enveloped properties over £500,000, the rates are 3% higher for purchases of dwellings by companies and purchases of 'additional' dwellings by individuals subject to exceptions.

An additional 2% surcharge applies to 'non-resident transactions'. A transaction is a 'non-resident transaction' if the buyer or, where there is more than one buyer, one of the buyers fails to pass the SDLT residence test, or, in the case of 'close' UK companies, meets the non-UK control test.

## Non-residential/mixed-use (purchase price/premium payable)

Rate	
0%	Up to £150,000
2%	£150,001 to £250,000
5%	over £250,000

Tax rates below charged on part of net present value of rent within each band:

**Residential (until 31 March 2025)**

**Non-residential/mixed use**

Rate		Rate	
0%	Up to £250,000	0%	Up to £150,000
1%	Over £250,000	1%	£150,001 to £5,000,000
		2%	over £5,000,000

**Relief for first time buyers (until 31 March 2025)**

Special rates apply for a qualifying buyer's first home. Price paid for the home must not exceed £500,000.

Rate	
0%	Up to £425,000
5%	£425,001 to £625,000

For residential property transactions completing on or after 1 April 2025, the tax rates and tax bands will revert to those in force immediately before 23 September 2022.

# Annual Tax on Enveloped Dwelling (ATED)

ATED is an annual tax payable mainly by companies and other 'non-natural persons' that own UK residential dwellings that are individually valued in excess of £500,000 subject to exceptions.

The ATED period runs from 1 April to 31 March each year, and payment is due by 30 April following the beginning of each ATED period.

The ATED is chargeable at a flat rate if a property falls into a specific valuation band as follows:

Residential property value	2024/25	2023/24
	Annual Charge	
Up to £500,000	n/a	n/a
£500,001 - £1,000,000	£4,400	£4,150
£1,000,001 - £2,000,000	£9,000	£8,450
£2,000,001 - £5,000,000	£30,550	£28,650
£5,000,001 - £10,000,000	£71,500	£67,050
£10,000,001 - £20,000,000	£143,550	£134,550
Over £20,000,000	£287,500	£269,450



## Tax Free Mileage Rates

2024/25

Employee's own car	Rate per mile
Annual business mileage up to 10,000 miles	45p
Each additional mile over 10,000 miles	25p
Each qualifying passenger	5p
Motorcycle	24p
Cycle	20p

## National Insurance Contributions (NICs)

<b>Class 1 primary employees</b>	<b>2024/25</b>
Total weekly earnings - contracted in up to £242 p.w.	nil
over £242 to £967 p.w.	10% from 6 January 2024
on excess over £967 p.w.	2%
<b>Class 1 secondary employees</b>	<b>2024/25</b>
Total weekly earnings - contracted in up to £175 p.w.	nil
over £175 p.w.	13.8%
Class 1A employers only	13.8% on taxable benefits
Class 1B employers only	13.8% on amount in PAYE settlement agreement and income tax thereon
Class 2 flat rate for self employed	nil
Class 3 voluntary	£17.45 p.w.
Class 4 self employed	8% on profits over £12,570 to £50,270 and a further 2% on profits above £50,270

### Notes

**Employment allowance** – Eligible businesses and charities can claim a reduction of up to £5,000 per annum of their employer contributions.

**Class 2 NIC abolition** – compulsory contributions abolished for those with profits above £12,570. Those with profits above £6,725 will retain access to contributory benefits including the State Pension, with no requirement to make voluntary contributions. Those with profits below £6,725 who make voluntary contributions to gain access to contributory benefits will continue to be able to do so.

**NIC incentives – apprenticeships** – Class 1 secondary NIC will not be due from employers with employees under the age of 25, who are following an approved UK Government statutory apprenticeship framework, who earn up to £967 per week.

**NIC incentives – hiring veterans** – Class 1 secondary NIC will not be due from employers on annual earnings of £50,270 in the first year of a qualifying veteran's employment in a civilian role. The relief has been extended for a further year to April 2025.

## Employer NICs & Freeports

From 6 April 2022, employers operating in a Freeport tax site pay 0% employer Class 1 NIC on the earnings of some employees. The end date for this relief has now been extended to 30 September 2031.

The 0% employer Class 1 NIC relief will continue to apply for the first three years of employment on earnings of up to £25,000 on within the extended ten-year window. This means that, when looking at the position on a typical weekly or monthly pay period basis, no employer NIC would be due, if the employee earns less than £481 per week or £2,083 per month. Regular employer NICs apply for earnings above these thresholds.

Only new employees who spend 60% or more of their working time within a Freeport tax site qualify, though there are some easements potentially available regarding this 60% requirement in particular situations e.g. for pregnancy or disability-related situations. Moreover, people would only be a 'new employee' for these purposes, if they have not been employed by that business (or a connected one), in the 24 months up to the start of this most recent employment.

## National Living Wage

The National Living Wage (NLW) will increase by 9.8% from £10.42 to £11.44 an hour from April 2024; full time workers on the NLW will see a pay rise of over £1,800 a year from April 2024.

The age threshold will be lowered from 23 to 21 years old.

The minimum hourly wage for an apprentice will also increase from 6 April 2024, going from £5.28 to £6.40 an hour.



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