

A photograph of a city skyline at dusk. The sky is a deep blue with some clouds. In the foreground, there is a body of water reflecting the buildings. The buildings are a mix of modern glass skyscrapers and older, more classical structures. One prominent building has a curved facade and is illuminated from within. Another building has a construction crane on top. The overall scene is a mix of old and new architecture.

Tax Rates 2024/25

finova.
accountancy

Income Tax – Rates, Personal Allowances & Reliefs (England & Northern Ireland and Savings/Dividend Income for Scottish & Welsh Taxpayers)

Rates of Tax

	2023/2024	2024/2025
Starting Rate for savings (restricted to savings income only up to £5000 for each tax year, not available if taxable non-savings income exceeds basic rate band)	0%	0%
Basic Rate Band	20%	20%
Higher Rate Band	40%	40%
Additional Rate Band	45%	45%

Dividends:

Basic Rate Band	8.75%	8.75%
Higher Rate Band	33.75%	33.75%
Additional Rate Band	39.35%	39.35%

Tax Band Thresholds:

Starting-rate Limit (for savings income)	£5,000	£5,000
Threshold of Taxable Income for basic rate band	£37,700	£37,700
Threshold of Taxable Income for higher rate band	£125,140	£125,140
Threshold at which child benefit charge applies (1% of benefit for every £200 of income over)	£50,000	£60,000

Personal Allowances & Reliefs

Starting rate 0% on savings income up to	£5,000	£5,000
Annual Personal Allowance	£12,570	£12,570
Income Limit for Personal Allowance – reduced by £1 for every £2 of net adjusted income over:	£100,000	£100,000

Personal Savings Allowance:

Basic Rate	£1,000	£1,000
Higher Rate	£500	£500
Additional Rate	NIL	NIL
Dividend allowance at 0%	£1,000	£500
Marriage Allowance (for spouse/civil partners born on or after 6 th April 1935)	Up to £1,260 transferable to spouse/partner	Up to £1,260 transferable to spouse/partner
Blind Person's Allowance	£2,870	£3,070
Rent a room relief	£7,500	£7,500
Enterprise Investment scheme Relief limit on £1m	30%	30%
Seed Enterprise Investment relief limit on £200,00	50%	50%
Venture Capital Trust Relief limit on £200,000	30%	30%

Individual Savings Accounts (ISA)

	2023/2024	2024/2025
Cash/stocks & shares – Annual investment limit	£20,000	£20,000
Lifetime ISA	£4,000	£4,000
JISA/Child Trust Fund	£9,000	£9,000
Help to Buy ISA	£1,000 at inception, £200pm thereafter	£1,000 at inception, £200pm thereafter

Capital Gains Tax

Exemptions

	2023/2024	2024/2025
Annual Exemption - individuals	£6,000	£3,000
Trusts*	£3,000	£1,500

Where a settlor has created more than one trust, the exemption is spread across all trusts, subject to a minimum 1/5th of the trust annual exemption

Tax Rates

Up to the basic rate band	10%	10%
Above the basic rate band	20%	20%
Trusts & Personal Representatives	20%	20%
Surcharge for residential and carried interest	8%	8%

Except for carried interest and chargeable gains on residential property which is taxed at 18% up to the basic rate band and 28% for 23/24 or 24% for 24/25 above the basic rate band

Business Asset Disposal Relief	10%	10%
Lifetime Limit	£1,000,000	£1,000,000

For trading companies where at least 5% employee or director shareholding has been held for at least one year

Inheritance Tax

Rates of Tax

	2023/2024	2024/2025
NIL Rate BAND	£325,000	£325,000
Residence NIL Rate Band	£175,000	£175,000
Rate	40%	40%
Lifetime transfers to and from certain trusts	20%	20%

A lower rate of 36% applies where at least 10% of the deceased's net estate is left to charity

Main Exemptions –

Transfers to:

UK domiciled spouse/civil partner	No Limit	No Limit
Non-UK domiciled spouse/civil partner from UK domiciled spouse	£325,000	£325,000
UK Registered Charities	No Limit	No Limit
Lifetime Transfers		
Annual Exemption per donor	£3,000	£3,000
Small Gifts Exemption	£250	£250
Wedding/civil partnership gifts by		
Grand Parent	£2,500	£2,500
Parent	£5,000	£5,000
Other Person	£1,000	£1,000

100% relief – businesses, unlisted/AIM companies, certain buildings/farmland
50% relief - certain business assets

Pensions Allowances		
	2023/2024	2024/2025
Lifetime Allowance*	£1,073,100	N/A*
LUMP Sum/Death benefit Allowance	N/A	£1,073,100
Annual Allowance*	£60,000	£60,000
Money Purchase Annual Allowance	£10,000	£10,000

*Reduced by £1 for every £2 of adjusted income over £260,000 to a minimum of £10,000, subject to threshold income being over £200,000

Incentivised Investments		
	2023/2024	2024/2025
Venture Capital Trust (VCT) at 30%	£200,000	£200,000
Enterprise Investment Scheme (EIS) at 30%	£2,000,000	£2,000,000

Investment above £1m, must be in knowledge intensive companies
There is no limit on EIS for CGT deferral relief

Seed EIS (SEIS) at 50%	£200,000	£200,000
CGT reinvestment relief for SEIS	50%	50%

Corporation Tax Profits		Rate
£0-£50,000		19%
£50,001-£250,000		26.5%
£50,001-£250,000		25%
Diverted Profits		31%

Loans to participators are subject to a rate of 33.75%

VAT		
Standard Rate	20%	Most Goods/Services
Reduced Rate	5%	Some goods/Services, eg children's car seats and home energy
Zero Rate	0%	Certain goods/Services, eg most food and children's clothes

National Insurance		
	2024/2025	
Class 1	Employee	Employer
NIS Rate	10%	13.8%
Earnings before NIC	£242pw	£175pw
NIC rate charged up to	£967pw	No Limit
NIC Rate at 2% on earnings over	£967pw	N/A
Employment Allowance	£5,000 – if NIC's for 23/24 are less than £100,00	
Taxable Benefits	13.8%	
Class 1A		
Class 2 Self Employed	Voluntary flat rate pw £3.45, Small Profits Threshold £6,725	
Class 4 Self Employed on annual profits of	£12,570 to £50,270: 8% Over £50,270: 2%	
Class 3 Voluntary Flat Rate pw	£17.45	

Car Benefit	
Taxable amount based on original list price and CO2 emissions in g/km	
Zero emission cars	2%
Petrol and diesel hybrids with CO2 emissions 1-50g/km	
Range (miles)	
Less than 30	14%
30-39	12%
40-69	8%
70-129	5%
130+	2%
All non-diesel cars over 50g/km CO2	
51-54	15%
55 & over	16%*-37%
* Increased for every extra 5g/km by 1% up to the maximum 37%	
Diesels not meeting RDE2:	add 4% to non-diesel rates, up to 37%

Fuel Benefit		
	2023/2024	2024/2025
CO2 % charge	£27,800	£27,800
used for car benefit multiplied by		

Vans for private use		
	2023/2024	2024/2025
0% emissions	NIL	NIL
Chargeable amount on other Vans	£3,960	£3,960
Chargeable amount on other Fuel	£757	£757