

INDIVIDUAL SAVINGS ACCOUNTS

	2026/27	2025/26
Overall investment limit*	£20,000	£20,000
Lifetime ISA (counts towards overall limit)	£4,000	£4,000
Junior account investment limit	£9,000	£9,000

*Cash ISA contributions will be capped at £12,000 from 6 April 2027 for under 65s

INVESTMENT RELIEFS

	Investment limits	Income tax relief rate
Enterprise investment scheme	£1,000,000	30%
Venture capital trusts	£200,000	20%
Seed enterprise investment scheme	£200,000	50%

CAPITAL GAINS TAX

Individuals	2026/27	2025/26
Exemption	£3,000	£3,000
Basic rate - residential property	18%	18%
Higher rate - residential property	24%	24%

Trusts		
Exemption	£1,500	£1,500
Rate - non-residential/residential	24%	24%

INHERITANCE TAX

Gifts		Rate
Annual gifts per donor		£3,000
Small gifts per donee		£250
Gifts on marriage or civil partnership		
Parent (each)		£5,000
Grandparents/remoter ancestor and spouse		£2,500
Others		£1,000
	2026/27	2025/26
Nil-rate band	£325,000	£325,000
Residence nil-rate band	£175,000	£175,000
Rate of tax on excess	40%	40%
Reduced rate (for estates giving 10% or more to charity)	36%	36%
Chargeable lifetime transfers	20%	20%

Agricultural property relief and business property relief 100% capped at £2.5m on combined value, excess at 50%

Most unused pension funds and death benefits will be included in a person's estate for IHT from 6 April 2027

CAPITAL ALLOWANCES

Annual investment allowance	Rate
Max £1,000,000 per annum	100%
Writing down allowances	
Main pool	14%
Special rate pool	6%
First year allowance from 1 January 2026	40%
Motor cars	
New cars (with 0g/km CO ₂)	100%
Other cars (up to 50g/km CO ₂)	14%
Other cars (above 50g/km CO ₂)	6%
Structures and buildings (straight-line basis)	
Writing down allowance	3%
Companies only	
First year allowance (main pool)	100%
First year allowance (special pool)	50%

RESEARCH AND DEVELOPMENT TAX CREDITS

	2026/27	2025/26
ERIS enhanced deduction rate	186%	186%
ERIS payable credit (loss-making)	14.5%	14.5%
ERIS intensive ratio	30%	30%
RDEC above the line expenditure credit	20%	20%

FIXED-RATE DEDUCTIONS

Unincorporated businesses	
Vehicle expenditure	
Vehicle	Flat rate per mile with simplified expenses
Cars and goods vehicles first 10,000 miles	45 pence
Cars and goods vehicles after 10,000 miles	25 pence
Motorcycles	24 pence
Use of home as office	
Hours of business use per month	Flat rate per month
25 to 50	£10
51 to 100	£18
101 and more	£26

CAR AND VAN BENEFIT

Car benefit	See below % of list price		
Car fuel benefit	£29,200		
Van benefit	£4,170		
Van fuel benefit	£798		
CO ₂ emissions (g/km)	Electric range (miles)	Diesel*	Other fuel
0	N/A		4%
1-50	>130	8%	4%
1-50	70 - 129	11%	7%
1-50	40 - 69	14%	10%
1-50	30 - 39	18%	14%
1-50	<30	20%	16%
51-54	N/A	21%	17%
Each additional 5		+1%	+1%
Diesel 140 and over / other fuel 160 and over		37%	37%

*Any diesel vehicle that meets the new RDE2 (Euro6d) test standards is exempt from the 4% surcharge

TAX-FREE MILEAGE ALLOWANCE

Type of vehicle	Rate per business mile 2026/27
Car*	45 pence for the first 10,000 business miles in a tax year, then 25 pence for each subsequent mile
Motorcycle	24 pence
Cycle	20 pence

*The authorised rate for private cars applies only to tax. For National Insurance purposes the rate is 45p per mile regardless of mileage

ADVISORY FUEL RATES

These rates apply from 1 March 2026. You can use the previous rates for up to one month from the date the new rates apply. Rates updated by HMRC quarterly

Engine size	Petrol - amount per mile	LPG - amount per mile
1400cc or less	12 pence	10 pence
1401cc to 2000cc	14 pence	12 pence
Over 2000cc	22 pence	19 pence

Engine size	Diesel - amount per mile
1600cc or less	12 pence
1601cc to 2000cc	13 pence
Over 2000cc	18 pence

Hybrid cars are treated as either petrol or diesel cars for this purpose

Advisory electric rate

The advisory electric rate for fully electric cars is 7p (15p public charging) per mile from 1 March 2026 (updated by HMRC quarterly)



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TAX FACTS 2026

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INCOME TAX ALLOWANCES

	2026/27	2025/26
Personal allowance	£12,570	£12,570
Personal allowance income limit	£100,000	£100,000
Transferable marriage allowance	£1,260	£1,260
Married couple's allowance (relief @ 10%) (Either partner born before 6.4.1935)	£11,700	£11,270
- Minimum amount	£4,530	£4,360
- Income limit	£39,200	£37,700
Blind person's allowance	£3,250	£3,130
Dividend allowance	£500	£500
Personal savings allowance		
Basic rate taxpayers	£1,000	£1,000
Higher rate taxpayers	£500	£500

Rates and bands		2026/27		2025/26	
Band	Rate	Dividend rate	Band	Rate	Dividend rate
£0 - £5,000 (Starting rate - savings)	0%		£0 - £5,000 (Starting rate - savings)	0%	
£0 - £37,700	20%	10.75%	£0 - £37,700	20%	8.75%
£37,701 - £125,140	40%	35.75%	£37,701 - £125,140	40%	33.75%
Over £125,140	45%	39.35%	Over £125,140	45%	39.35%

Trust rate 39.35% on dividends and 45% on everything else
 £500 de minimis trust amount - trusts and estates with income below this do not need to pay tax
 Income tax rates in Scotland and Wales on income other than savings and dividend income have been devolved

VALUE ADDED TAX

Standard rate (1/6 of VAT inclusive amount)	20%	
Reduced rate	5%	
	2026/27	2025/26
Registration threshold	£90,000 p.a.	£90,000 p.a.
Deregistration limit	£88,000 p.a.	£88,000 p.a.
Annual accounting scheme turnover limit	£1,350,000 p.a.	£1,350,000 p.a.
Cash accounting scheme turnover limit	£1,350,000 p.a.	£1,350,000 p.a.
Flat rate scheme turnover limit	£150,000 p.a.	£150,000 p.a.

CHILD BENEFIT

	2026/27	2025/26
1st child (per week)	£27.05	£26.05
Each additional child (per week)	£17.90	£17.25

High Income Child Benefit Charge (HICBC): the lower and upper income thresholds are £60,000 and £80,000

DEVOLVED INCOME TAX

Scotland rates and bands			
2026/27		2025/26	
Band	Rate	Band	Rate
£12,571 - £16,537	19%	£12,571 - £15,397	19%
£16,538 - £29,526	20%	£15,398 - £27,491	20%
£29,527 - £43,662	21%	£27,492 - £43,662	21%
£43,663 - £75,000	42%	£43,663 - £75,000	42%
£75,001 - £125,140	45%	£75,001 - £125,140	45%
Over £125,140	48%	Over £125,140	48%

Wales rates and bands			
2026/27		2025/26	
Band	Rate	Band	Rate
£0 - £37,700	20%	£0 - £37,700	20%
£37,701 - £125,140	40%	£37,701 - £125,140	40%
Over £125,140	45%	Over £125,140	45%

REGISTERED PENSION SCHEMES

Annual allowance	£60,000
Minimum tapered allowance	£10,000
Threshold income limit	£200,000
Adjusted income limit	£260,000
Lump sum allowance	£268,275

Any unused annual allowance can be carried forward for up to three years

CORPORATION TAX

From 1 April 2026	Rate	From 1 April 2025	Rate
Main rate	25%	Main rate	25%
Small profits rate	19%	Small profits rate	19%
Lower threshold	£50,000	Lower threshold	£50,000
Upper threshold	£250,000	Upper threshold	£250,000
Marginal relief fraction	3/200th	Marginal relief fraction	3/200th

The effective rate for profits between £50,000 and £250,000 is 26.5%

BUSINESS ASSETS DISPOSAL RELIEF AND INVESTORS' RELIEF

	2026/27	2025/26
Rate	18%	14%
Business assets disposal relief lifetime limit	£1,000,000	£1,000,000
Investors' relief lifetime limit	£1,000,000	£1,000,000

NATIONAL INSURANCE

Class 1 (earnings related)			
Employees	2026/27	Employees	2025/26
Weekly earnings	Rate	Weekly earnings	Rate
First £242	0%	First £242	0%
£242.01 - £967	8%	£242.01 - £967	8%
Over £967	2%	Over £967	2%
Lower earnings limit per week*	£129		£125

*Entitlement to contribution-based benefits for employees retained for earnings between £129 and £242 per week

The lower earnings limit for SSP eligibility has been removed from 6 April 2026, allowing all employees to qualify

Employers	2026/27	Employers	2025/26
Weekly earnings	Rate	Weekly earnings	Rate
First £96	0%	First £96	0%
Over £96	15%	Over £96	15%

Employer rate is 0% for certain military veterans, employees under 21 and apprentices under 25 on earnings up to £967 per week

Employment allowance	
£10,500 for eligible employers	
2026/27	2025/26
Class 1A and Class 1B	15%

Class 2 (self-employed)	
£3.65 per week for voluntary contributions or those with profits under the small profits threshold of £7,105	£3.50 per week for voluntary contributions or those with profits under the small profits threshold of £6,845
Class 2 has been abolished for those with profits over £7,105*	Class 2 has been abolished for those with profits over £6,845*

Class 3 (voluntary contributions)	
£18.40	£17.75

Class 4 (self-employed)	
Profits between £12,570 - £50,270	6%
Profits over £50,270	2%

*The small profits threshold is now the point at which self-employed individuals start to receive National Insurance credit without paying NICs

Making Tax Digital (MTD) for income tax	Qualifying income limit	Registration deadline
Sole trader and/or landlord income	£50,000	5 April 2026
Sole trader and/or landlord income	£30,000	5 April 2027
Sole trader and/or landlord income	£20,000	5 April 2028

STAMP TAXES

Shares
Stamp duty is usually 0.5% on shares over £1,000

Land and property stamp tax			
Stamp duty land tax (England and Northern Ireland)			
Residential	SDLT %	Non-residential	SDLT %
£0 - £125,000	0%	£0 - £150,000	0%
£125,001 - £250,000	2%	£150,001 - £250,000	2%
£250,001 - £925,000	5%	Over £250,000	5%
£925,001 - £1,500,000	10%		
Over £1,500,000	12%		

Additional residential property supplement of 5% on purchases over £40,000
 First-time buyer exemption on the first £300,000 of purchases up to £500,000

Land and buildings transaction tax (Scotland)			
Residential	LBTT %	Non-residential	LBTT %
£0 - £145,000	0%	£0 - £150,000	0%
£145,001 - £250,000	2%	£150,001 - £250,000	1%
£250,001 - £325,000	5%	Over £250,000	5%
£325,001 - £750,000	10%		
Over £750,000	12%		

Additional dwelling supplement of 8% on purchases over £40,000
 First-time buyer relief may apply to the first £175,000

Land transaction tax (Wales)			
Residential	LTT %	Non-residential	LTT %
£0 - £225,000	0%	£0 - £225,000	0%
£225,001 - £400,000	6%	£225,001 - £250,000	1%
£400,001 - £750,000	7.5%	£250,001 - £1,000,000	5%
£750,001 - £1,500,000	10%	Over £1,000,000	6%
Over £1,500,000	12%		

Additional residential property supplement of 5% on purchases over £40,000 up to £180,000, then progressively increases 8.5% to £250,000, 10% to £400,000, 12.5% to £750,000, 15% to £1,500,000 then 17% thereafter

This summary is published for the information of our members. It provides only an overview of the main proposals announced by the chancellor of the Exchequer in her Budget of 26 November 2025 and Spring Statement of 3 March 2026 and no action should be taken without consulting the detailed legislation. Therefore no responsibility for loss occasioned by any person acting or refraining from action as a result of the material contained in this summary can be accepted by the authors or the IFA.