



## Tax year end planning 2026

### Income tax allowances, reliefs and rates

Income tax allowances <sup>5</sup>	2025/26	2026/27
Personal allowance <sup>1</sup>	£12570	£12570
Income limit for personal allowance <sup>1</sup>	£100000	£100000
Transferable tax allowance for married couples <sup>2</sup>	£1260	£1260
Dividend allowance <sup>3,4</sup>	£500	£500
Personal savings allowance – basic rate taxpayers <sup>4</sup>	£1000	£1000
Personal savings allowance – higher rate taxpayers <sup>4</sup>	£500	£500

1. Your personal allowance reduces by £1 for every £2 of income above £100000. For the tax years 2025/26 and 2026/27, once your income reaches £125140, your personal allowance is reduced to nil.
2. If you pay tax at no more than the basic rate, you can transfer part of your personal allowance to your spouse or civil partner, provided they are also only taxed at the basic rate.
3. Exempts the first tranche of dividend income from tax.
4. Any income covered by the dividend and personal savings allowances still uses up part of your tax bands and counts towards income thresholds for other allowances and charges.
5. Income tax thresholds are frozen until the 2030/31 tax year. From 2031/32, they are due to increase in line with inflation.

Investment tax reliefs		2025/26		2026/27
Annual investment limits and income tax relief on initial investment	Limit	Relief	Limit	Relief
Enterprise Investment Scheme	£2000000 <sup>1</sup>	30%	£2000000 <sup>1</sup>	30%
Venture Capital Trust	£200000	30%	£200000	20%
Seed Enterprise Investment Scheme <sup>2</sup>	£200000 <sup>2</sup>	50%	£200000 <sup>2</sup>	50%
Social Investment Tax Relief <sup>3</sup>	£1000000	30%	£1000000	30%
Individual Savings Account – Adults	£20000	N/A	£20000 <sup>4</sup>	N/A
Junior ISA / Child Trust Fund (up to age 18)	£9000	N/A	£9000	N/A

1. Any amount invested above £1000000 must be placed into one or more qualifying knowledge intensive companies.
2. If you sell an asset and make a taxable gain, 50% of the gain you reinvest into shares qualifying for SEIS income tax relief will be exempt from capital gains tax (CGT). This also applies where the SEIS investment is carried back to the previous tax year for income tax relief purposes.
3. Relief is only available on the purchase of ordinary shares, or on loans made to a limited range of qualifying social enterprises and charities.

## Tax rates and taxable bands

Band	2025/26			2026/27		
	Amount	Dividends	Other income	Amount	Dividends	Other income <sup>3,4</sup>
Starting rate for savings <sup>1</sup>	£0 - £5 000	N/A	0%	£0 - £5 000	N/A	0%
Basic	£0 - £37 700	8.75% <sup>2</sup>	20%	£0 - £37 700	10.75% <sup>2</sup>	20%
Higher	£37 701 - £125 140	33.75% <sup>2</sup>	40%	£37 701 - £125 140	35.75% <sup>2</sup>	40%
Additional	Over £125 140	39.35% <sup>2</sup>	45%	Over £125 140	39.35% <sup>2</sup>	45%
Trust tax rates		39.35%	45%		39.35%	45%

1. The starting rate applies to savings income only. If your non-savings income is above the starting rate limit, this savings rate will not apply. Any savings income covered still uses up your tax bands and counts towards income thresholds for other allowances and charges.
2. Dividends are always treated as the top slice of your income and are taxed in the highest band into which they fall.
3. From April 2027, higher tax rates for savings and rental income will apply, set 2% above the main income tax rates.
4. From 6 April 2026, all carried interest will be treated as trading profits and subject to income tax and Class 4 National Insurance contributions. For qualifying carried interest, the taxable amount will be reduced by applying a 72.5% multiplier, resulting in a maximum effective tax rate of 34.075%.

## Capital gains tax allowances, reliefs and rates

Annual exemption	2025/26	2026/27
Individuals	£3 000	£3 000
Trusts <sup>1</sup>	£1 500	£1 500
Chattels exemption	£6 000	£6 000

1. Divided by the number of trusts settled by the 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.

Tax rates and reliefs	2025/26	2026/27
Basic rate	18%	18%
Higher rate	24%	24%
Residential property rate <sup>1</sup>	24% <sup>1</sup>	24% <sup>1</sup>
Carried interest standard rate <sup>5</sup>	32%	N/A
Carried interest higher rate <sup>5</sup>	32%	N/A
Business asset disposal relief	14% <sup>2</sup>	18% <sup>2</sup>
Business asset disposal relief lifetime limit on gains	£1 000 000 <sup>2</sup>	£1 000 000 <sup>2</sup>
Investors' relief rate	14% <sup>3</sup>	18% <sup>3</sup>
Investors' relief lifetime limit of gains	£1 000 000 <sup>3</sup>	£1 000 000 <sup>3</sup>
Businesses sold to employee ownership trusts	100% relief	50% relief
From 26 November 2025	50% relief	
Trusts / personal representatives – except carried interest	24%	24%
Trusts / personal representatives – carried interest <sup>4</sup>	32%	N/A

1. CGT also applies to gains made by non-UK residents on sales of UK residential property. For companies, corporation tax generally applies instead, unless the property was within the ATED regime and disposed of before 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. The relief rate is increasing to 14% from April 2025 and 18% from April 2026.
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. The lifetime gains limit reduced to £1 000 000 from 30 October 2024 (down from £10 000 000) and the rate will increase to 18% from 6 April 2026.
4. From 6 April 2026, the tax rules for carried interest will be brought fully within the Income Tax regime.

## Inheritance tax allowances, reliefs and rates

### Rates on death

Band	2025/26	2026/27
Nil Rate Band <sup>4</sup>	£325 000 <sup>2</sup>	£325 000 <sup>2</sup>
Residence Nil Rate Band <sup>1</sup>	£175 000 <sup>2</sup>	£175 000 <sup>2</sup>
Main rate	40% <sup>3</sup> – Excess	40% <sup>3</sup> – Excess

For married couples and civil partners, any unused proportion of the nil rate band on the first death can be transferred and used on the second death (at the rates in force at that time) where the second death is on or after 9 October 2007. A reduced inheritance tax rate of 36% applies if 10% or more of the net estate is left to charity.

1. An additional nil rate band may apply where a qualifying residence is passed on death to a direct descendant. This is gradually reduced for estates valued at more than £2 million.
2. Inheritance tax nil rate bands are frozen at their current levels until 6 April 2031.
3. From 6 April 2027, inheritance tax will apply to the value of pension pots inherited by beneficiaries, regardless of the age at which the pension holder dies.

### Business and agricultural relief

	Relief
Whole or part of business (excluding investment businesses and certain industries) <sup>2</sup>	100% / 50%
Quoted shares giving control	50%
Unquoted shares <sup>1,2</sup>	50%
Agricultural relief – working farmer and property let on tenancies starting after 31 August 1995 <sup>2</sup>	100% / 50%
Agricultural relief – other let property <sup>2</sup>	50%

1. Shares quoted on AIM and ISDX are treated as unquoted for inheritance tax purposes.
2. From 6 April 2026, the first £2.5 million of combined agricultural and business property will receive 100% relief, with 50% relief on amounts above this limit. Business relief for shares not listed on a recognised stock exchange (including AIM shares) will reduce to 50%, and the £2.5 million allowance will not apply to these shares. Any unused allowance on death may be transferred to a surviving spouse.

### Gifts

Cash or other gifts	Allowance
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%

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