

Income Tax Rates and Allowances (Table A)

Main allowances	2025/26	2024/25
Personal Allowance (PA)*†	£12,570	£12,570
Blind Person's Allowance	3,130	3,070
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* PA will be withdrawn at £1 for every £2 by which 'adjusted income' exceeds £100,000.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	2025/26	2024/25
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	2025/26			2024/25		
	G	S	D	G	S	D
	%	%	%	%	%	%
Basic	20	20	8.75	20	20	8.75
Higher	40	40	33.75	40	40	33.75
Additional	45	45	39.35	45	45	39.35

General income (salary, pensions, business profits, rent) 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		2024/25	
	Rate	Band	Rate	Band	
Starter Rate	19%	£2,827	19%	£2,306	
Basic Rate	20%	2,828 – 14,921	20%	2,307 – 13,991	
Intermediate Rate	21%	14,922 – 31,092	21%	13,992 – 31,092	
Higher Rate	42%	31,093 – 62,430	42%	31,093 – 62,430	
Advanced Rate	45%	62,431 – 125,140	45%	62,431 – 125,140	
Top Rate	48%	over 125,140	48%	over 125,140	

The Scottish rates and bands do not apply for savings and dividend income, which are taxed at normal UK rates.

Registered Pensions (Table B)

	2025/26	2024/25
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	2025/26 %	2024/25 All cars %
0	N/A	3	2
1-50	>130	3	2
1-50	70 - 129	6	5
1-50	40 - 69	9	8
1-50	30 - 39	13	12
1-50	<30	15	14
51-54	N/A	16	15

Then a further 1% for each 5g/km CO₂ 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, CO₂-based percentage from above table multiplied by £28,200.

National Insurance Contributions (NICs)

2025/26 (Table D)

Class 1 (Employees)	Employee	Employer
Main NICs rate	8%	15%
No NICs 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 employers' NICs 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. Employers' NICs (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 £6,845 (voluntary) £3.50

Class 3 (Voluntary)

Flat rate per week £17.75

Class 4 (Self-employed)

On profits £12,570 – £50,270 6%

On profits over £50,270 2%

Employees with earnings above £125 per week and the self-employed with annual profits over £6,845 (or who pay voluntary Class 2 contributions) can access entitlement to contributory benefits.

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