

Personal Tax Planning Guide 2025 - 2026



MAKE BETTER FINANCIAL DECISIONS

As we are approaching the end of another tax year on 5th April 2025, you may wish to take advantage of the following tax planning opportunities.

To maximise the opportunities available to you, you should consider the following that relate to your personal circumstances

We would be pleased to discuss these with you, either by face to face meeting, online meeting or a phone call.



**Book your
Consultation**

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Key Points:

- The annual Capital Gains Tax exemption remains at £3,000 starting from 6th April 2025. Transfers between spouses are exempt from Capital Gains Tax.
- The basic rate CGT increased to 18% for all assets from October 2024.
- Business Asset Disposal Relief will increase from 10% to 14% from April 2025.
- Most people can make annual pension contributions of £60,000 gross before incurring any tax charge.
- The dividend nil rate band is £500. Dividends are taxed at a rate of 8.75% (higher for higher-rate taxpayers).
- Income up to £50,270 is taxable at the basic rate of tax.
- Some vehicles like vans and electric vehicles result in 100% capital allowances.
- From 6th April 2025, furnished holiday lettings (FHLs) lose their tax incentives.
- Stamp duty thresholds are set to decrease from April 2025.
- Tax efficient investments like Enterprise Investment Schemes and Venture Capital Trusts can result in tax savings.
- Make use of ISA's to minimise tax charge on interests.
- Gift Aid Donations extend basic and higher rate tax bands.
- The current Inheritance Tax nil rate band is £325,000.
- Transfers can be made between spouses without IHT consequences.
- Income thresholds for the High Income Child Benefit Charge increased to £60,000 from 6th April 2024.



Capital Gains Tax Annual Exemption

The Annual Exemption for each individual will remain at the current rate of £3,000 from 6th April 2025. Transfers between spouses are exempt from capital gains tax.

From 30th October 2024, basic rate CGT increased to 18% for residential and non-residential assets, and the higher rate of CGT was set at 24% for all assets.

Business Asset Disposal Relief will increase from 10% to 14% from 6th April 2025 and you should take this into account if you intend to dispose of qualifying business assets. This will increase again to 18% from 6th April 2026.

Pension Contributions

Most people can make annual pension contributions of £60,000 gross (or £48,000 net) before incurring any tax charge. If your total income exceeds £200,000, you will need to consider whether the annual allowance should be reduced to £10,000. Personal contributions potentially save tax by extending the tax bands, but tax relief is only available up to the amount of earnings received (or £3,600 gross if income is lower).

Personal pension contributions can usefully be used to ensure your total income is £100,000 or less to avoid withdrawal of the personal allowance. Company contributions result in a corporation tax saving.

Dividend Allowance

The dividend nil rate band is currently £500. You may wish to consider voting a dividend before 5th April 2025 to take advantage of this nil rate band. You should also consider whether you can vote a dividend to utilise your basic rate tax band where dividends are taxed at a rate of 8.75% (this rises to 33.75 for a higher rate tax payer and 39.35 for an additional rate tax payer).

It is advisable to ensure that your total income does not exceed £100,000 in order to retain the full personal allowance.

Income Tax Rates & Personal Allowance

Income up to £50,270 is currently taxable at the basic rate of tax. The 45% additional rate of income tax applies to income over £125,140. Where gross adjusted income exceeds £100,000, the personal allowance starts to taper and is lost altogether when income reaches £125,140. Income between £100,000 and £125,140 is effectively taxable at the rate of 60% and it is therefore tax-efficient to keep your adjusted total income at £100,000 or less.

Company Cars

Some vehicles, such as vans and electric (zero emission) vehicles, result in 100% capital allowances to reduce a company's corporation tax liability or sole trader/partner's income tax liability. The benefit in kind for directors and employees on a vehicle with zero emissions is currently 2% but is due to increase by 1% each year from 6th April 2025.

This is a complex area and advice should be taken before purchasing a vehicle to ensure that you are fully aware of the tax implications for your business and also the taxable benefit on the employee or director.

The flat rate van benefit charge will increase from £3,960 to £4,020 from 6 April 2025.

Property

Tax incentives for owning furnished holiday lettings (FHLs) are abolished from 6 April 2025. From that date, FHLs will be treated in the same way as other rental properties and current advantages relating to capital allowances, finance costs, Business Asset Disposal Relief, rollover relief, etc, will be lost.

Where a rental or second property is jointly owned, you should consider the split of profits and beneficial ownership to maximise use of the personal allowance, basic rate tax band and capital gains tax annual exemption. For a married couple, a split other than 50/50 will require a deed or declaration of beneficial ownership and the submission of form 17 to HMRC.

Stamp duty thresholds are set to decrease from April 2025 when the current threshold of £250,000 on a primary residence will reduce to £125,000. First-time buyers will see their stamp duty threshold reducing from £425,000 to £300,000. Stamp duty for second or rental properties will incur a 5% surcharge.





Tax Efficient Investments

Consider tax efficient investments such as Enterprise Investment Schemes, Seed Enterprise Investment Schemes and Venture Capital Trusts. These can result in income tax and capital gains tax savings.

A basic rate tax payer can receive interest of up to £1,000 and a higher rate tax payer £500 before paying any income tax. ISA's are tax free and an annual investment of up to £20,000 can currently be made. With the increase in interest rates, it is important to consider making use of ISA's to minimise the tax charge on interest.

Gift Aid Donations

If you are a tax payer, making charitable donations under Gift Aid will have the effect of extending your basic and higher rate tax bands. This can also be used to minimise the loss of the personal allowance. Care should be taken if making Gift Aid donations when you are not a tax payer, because this could result in a tax charge.

Where one spouse/civil partner is a basic rate tax payer and the other a non-tax payer, it may be possible to transfer the marriage allowance to produce a tax saving of up to £252.

Married Couples & Civil Partnerships

Married couple's allowance is available where one partner was born before 6 April 1935.

Tax bills can be minimised where spouses can distribute income between them to maximise use of the personal allowance, basic rate tax band, savings allowance and dividend allowance. Gifts between married couples are exempt from capital gains tax and inheritance tax. Please take tax advice from us before making any transfers.

Child Benefit

Income thresholds for the High Income Child Benefit Charge increased from 6th April 2024 to £60,000 (previously £50,000). If one partner earns in excess of this, Child Benefit payments are clawed back at a rate of 1% for every £200 income above £60,000 to the upper threshold of £80,000.



Inheritance Tax

The current inheritance tax nil rate band is £325,000. Where the home is passed to direct descendants, there is a further nil rate band of £175,000. There is therefore potential IHT relief on up to £1 million for the joint estate of a married couple. Restrictions apply where estates are more than £2 million.

Transfers can be made between spouses without IHT consequences. You are able to make annual gifts of £3,000 and small gifts of £250 per person without any IHT implications. You may also be able to make regular gifts out of income.

If you wish to minimise the value of your estate for IHT, you could consider gifting assets, bearing in mind that you must survive 7 years after the date of the gift to ensure that the assets do not form part of your estate. There may also be capital gains tax implications of making gifts. Another option may be to transfer assets into a trust and we can provide advice on this.

Please reach out for advice before making any transfers or gifts. If you would like a free consultation to discuss your personal circumstances and to determine whether you will benefit from IHT planning, please get in touch with Aaron.

[Book your
Consultation](#)

*Thank you for your help
with Colin's estate, in fact,
with everything over the
years for all of us." - Linda*

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&
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MAKE BETTER FINANCIAL DECISIONS

Income Tax

Rates and bands (other than savings and dividend income)

2025/26		2024/25	
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

Income tax rates in Scotland and Wales on income other than savings and dividend income have been devolved.

Savings income

2025/26 and 2024/25

Savings allowance basic rate	£1,000
Savings allowance higher rate	£500

A starting rate of 0% may be available unless taxable non-savings income exceeds £5,000.

Dividend income

2025/26

2024/25

Dividend allowance	£500	£500
Dividend ordinary rate	8.75%	8.75%
Dividend upper rate	33.75%	33.75%
Dividend additional rate	39.35%	39.35%

Income Tax Reliefs

	2025/26	2024/25
Personal allowance	£12,570	£12,570
Personal allowance income limit	£100,000	£100,000
Marriage allowance	£1,260	£1,260
Married couple's allowance	£11,270	£11,080
- minimum amount	£4,360	£4,280
- income limit	£37,700	£37,000
Blind person's allowance	£3,130	£3,070

Pensions

	2025/26	2024/25
Lump sum allowance	£268,275	£268,275
Lump sum and death benefit allowance	£1,073,100	£1,073,100
Annual Allowance limit	£60,000	£60,000
Money Purchase Annual Allowance	£10,000	£10,000

Corporation Tax

Years to 31.3.25 and 31.3.26	Profits band £	Rate %
Small profits rate	0 - 50,000	19
Marginal rate	50,001 - 250,000	26.5
Main rate	Over 250,000	25
Marginal relief fraction	3/200	

Profits limits are reduced for a company with associated companies. Different rates apply for ring-fenced (broadly oil industry) profit.

Inheritance Tax

Death rate

Lifetime rate

Chargeable transfers

2025/26 and 2024/25

Nil

Nil

0 - £325,000 (nil rate band)

40%

20%

Over £325,000

A further nil rate band of £175,000 may be available in relation to current or former residences.

Devolved Income Tax

Scotland rates and bands

2025/26		2024/25	
Band £	Rate %	Band £	Rate %
tbc	tbc	0 - 2,306	19
tbc	tbc	2,307 - 13,991	20
tbc	tbc	13,992 - 31,092	21
tbc	tbc	31,093 - 62,430	42
tbc	tbc	62,431 - 125,140	45
tbc	tbc	Over 125,140	48

Wales rates and bands

2025/26		2024/25	
Band £	Rate %	Band £	Rate %
0 - 37,700	tbc	0 - 37,700	20
37,701 - 125,140	tbc	37,701 - 125,140	40
Over 125,140	tbc	Over 125,140	45

National Insurance

2025/26 Class 1 (employed) rates

Employee

Employer

Earnings per week

%

Earnings per week

%

Up to £242

Nil

Up to £96

Nil

£242.01 - £967

8

Over £96

15

Over £967

2

Entitlement to contribution-based benefits for employees retained for earnings between £125 and £242 per week. The employer rate is 0% for certain military veterans, employees under 21 and apprentices under 25 on earnings up to £967 per week.

Class 1A (employers)

15% on employee taxable benefits

Class 1B (employers)

15% on PAYE Settlement Agreements

Class 2 (self-employed)

nil (£3.50 per week where those with profits below £6,845 wish to make a voluntary contribution)

Class 3 (voluntary)

flat rate per week £17.75

Class 4 (self-employed)

6% on profits between £12,570 and £50,270 plus 2% on profits over £50,270

Car, Van and Fuel Benefits

2025/26		
CO ₂ emissions g/km		% of list price taxed
0		3
1 - 50		
Electric range	130 or more	3
	70 - 129	6
	40 - 69	9
	30 - 39	13
	under 30	15
51 - 54		16
For every extra 5		+1
155 and above		37

For fully diesel cars generally add a 4% supplement (unless the car is registered on or after 1 September 2017 and meets the Euro 6d emissions standard) but the maximum is still 37%. For emissions of 75g/km or more if the CO₂ figure does not end in a 5 or 0 round down to the nearest 5 or 0.

2025/26	
Car fuel benefit	£28,200
Van benefit	£4,020
Van fuel benefit	£769

Capital Allowances

First Year Allowance (FYA) on certain plant, machinery and cars of 0g/km	100%
Corporation tax FYA ('full expensing') on certain new, unused plant and machinery	100%
Corporation tax FYA on new, unused long-life assets, integral features of buildings, etc.	50%
Annual Investment Allowance £1,000,000 excluding cars	
Writing Down Allowance	
Long-life assets, integral features of buildings, cars over 50g/km	6%
Other plant and machinery	18%
Structures and Buildings Allowance	3%

Value Added Tax

	From 1.4.25	From 1.4.24
Standard rate	20%	20%
Reduced rate	5%	5%
Annual Registration Limit	£90,000	£90,000
Annual Deregistration Limit	£88,000	£88,000

Disclaimer: Rates are for guidance only. Whilst we take care to ensure the accuracy of this document, no responsibility for loss occasioned by any person acting or refraining from action as a result of this information can be accepted by the authors or firm.

Capital Gains Tax

	2025/26	2024/25
Individuals		
Exemption	£3,000	£3,000
Standard rate	18%	10/18*%
Higher/additional rate	24%	20/24*%
Trusts		
Exemption	£1,500	£1,500
Rate	24%	20/24*%

*The 18/24% rates apply to disposals on/after 30 October 2024. 18/24% rates may apply to the disposal of certain residential property for both years.

Business Asset Disposal Relief

The first £1m of qualifying gains are charged at 10% for 2024/25 and 14% for 2025/26.

Property Taxes

Across the whole of the UK, residential rates may be increased by 5% for disposals on/after 31 October 2024 (4% in Wales and 6% in Scotland) where further residential properties are acquired.

Stamp Duty Land Tax up to 31 March 2025

Land and buildings in England and N. Ireland

Residential* Band £	Rate %	Non-residential Band £	Rate %
0 - 250,000	0	0 - 150,000	0
250,001 - 925,000	5	150,001 - 250,000	2
925,001 - 1,500,000	10	Over 250,000	5
Over 1,500,000	12		

First-Time Buyer relief may apply to residential purchases up to £625,000.*
*The residential property rules are scheduled to change from 1 April 2025.

Land and Buildings Transaction Tax as at 30 October 2024

Land and buildings in Scotland

Residential Band £	Rate %	Non-residential Band £	Rate %
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		

First-Time Buyer relief may apply on the first £175,000 of residential purchases.

Land Transaction Tax as at 30 October 2024

Land and buildings in Wales

Residential Band £	Rate %	Non-residential Band £	Rate %
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		