

## Tax Guide 2026-27



### Tax on residential property purchase

Stamp Duty Land Tax (SDLT) in England and Northern Ireland; Land and Buildings Transaction Tax (LBTT) in Scotland; Land Transaction Tax (LTT) in Wales.

Residential property (first property only):

<i>SDLT - England &amp; Northern Ireland</i>	<i>Rate</i>
Up to £125,000	Nil
£125,001 – £250,000	2%
£250,001 – £925,000	5%
£925,001 – £1,500,000	10%
Over £1,500,000	12%

- First-time buyers pay no SDLT up to £300,000 and 5% SDLT on the portion from £300,001 to £500,000. If the price is over £500,000, you cannot claim the relief
- A 2% supplement applies where a property is purchased by a non-resident
- A 17% flat rate SDLT applies to 'non-natural persons' purchasing residential properties (enveloped properties) valued above £500,000 unless relief is available
- Higher rates for additional properties – a 5% supplement is payable on top of the SDLT rates if buying a new residential property means you'll own more than one.

### Capital Gains Tax (CGT)

- The annual CGT exemption for 2026-27 is £3,000
- For individuals, the flat rate of CGT that applies to gains in excess of the annual exemption is 18% up to the higher rate tax threshold
- Chargeable gains in excess of the higher rate threshold: 24%
- £1,500 CGT exemption for trusts, 24% rate applies thereafter
- The higher rate of CGT on residential property is 24%, the lower rate is 18%
- Business Asset Disposal Relief - 18% on lifetime limit of £1m for trading businesses and companies (minimum 5% participation) held for at least 2 years.

### Personal Allowances

	<i>2026-27</i>
Personal Allowance	£12,570
Personal Savings Allowance (basic rate taxpayer)	£1,000
Personal Savings Allowance (higher rate taxpayer)	£500
Rent-a-room tax-free income	£7,500
Dividend Allowance	£500

- The Personal Allowance for those with adjusted net income over £100,000 reduces by £1 for every £2 of income
- Interest on savings is tax-free to a threshold of £1,000 for basic rate taxpayers and £500 for those who pay higher rate tax
- Spouses or civil partners are able to transfer £1,260 of their unused Personal Allowance to their partner; this is available provided neither partner pays tax at the higher rate and is not available if the couple are in receipt of Married Couple's Allowance.

### Income Tax rates

*The following allowances and rates apply in 2026-27 for the UK (excluding Scotland)*

<i>Rate of tax</i>	<i>2026-27</i>	
Starting rate (savings income only)	0%	£0 – £5,000
Basic rate	20%	£12,571 – £50,270
Higher rate	40%	£50,271 – £125,140
Additional rate	45%	£125,140+
Basic rate on dividends	10.75%	Over the £500 Dividend Allowance
Higher rate on dividends	35.75%	
Additional rate on dividends	39.35%	

- Income Tax is paid on the amount of taxable income remaining after allowances have been deducted
- The Income Tax additional rate threshold (ART) for non-savings and non-dividend income will apply to taxpayers in England, Wales and Northern Ireland. The ART for savings and dividend income will apply UK-wide
- From 6 April 2025, the remittance basis of taxation for non-UK domiciled individuals was abolished and replaced with a residence-based regime.

## National Insurance Contributions

Class 1	2026-27	
	Employee	Employer
NICs rate	8%	15%
No NICs for employees generally on the first	£242 pw	£96 pw
No NICs for younger employees* on the first	£242 pw	£967 pw
NICs rate charged up to	£967 pw	No limit
2% NICs on earnings over	£967 pw	N/A

\*No employer NICs on the first £967 pw for employees generally under 21 years, apprentices under 25 years and veterans in first 12 months of civilian employment. No employer NICs on the first £481 pw for employees at freeports and investment zones in Great Britain in the first 36 months of employment.

Employment Allowance	Per business – not available if sole employee is a director	£10,500
Class 1A Employer	On most employees' and directors' taxable benefits	15%
Class 2 Self-employed	Flat rate per week (voluntary)	£3.65 (£189.80 pa)
	Small profits threshold	£7,105
Class 4 Self-employed	On annual profits of	£12,570 to £50,270 – 6%
		Over £50,270 – 2%
Class 3	Voluntary flat rate per week	£18.40 (£956.80 pa)

## Pension Allowances

- The Annual Allowance (AA) threshold is £60,000
- The Money Purchase Annual Allowance (MPAA) and the minimum Tapered Annual Allowance (TAA) are £10,000
- The adjusted income threshold for the TAA is £260,000
- The Lifetime Allowance and charge have been abolished, replaced by the Lump Sum and Death Benefit Allowance (LSDBA) of £1,073,100 and the Lump Sum Allowance (LSA) of £268,275.

As announced during the Autumn Budget 2024, from 6 April 2027 most unused pension funds will be included within the value of a person's estate for IHT purposes on death.

## Tax-free savings for individuals

- Overall ISA limit £20,000
- Junior ISA allowance £9,000
- Lifetime ISA £4,000.

## Some tax relief options for individuals

### Venture Capital Trusts (VCTs)

- Relief on investment in certain qualifying companies up to £200,000 per annum
- Income Tax relief at 20%, provided shares held at least five years
- Capital gains exemption on disposal
- Dividends received from VCTs may be exempt from Income Tax

### Enterprise Investment Schemes (EIS)

- Relief on investments in certain unquoted trading companies up to £1m per annum (or £2m as long as at least £1m of this is invested in knowledge-intensive companies)
- Income Tax relief at 30%
- Capital gains exemption on disposal provided shares held for at least three years
- From 6 April 2026, how EIS shares are treated for IHT changed, with 50% of any value over £2.5m becoming subject to IHT at an effective rate of 20%.

Venture Capital Trusts (VCT) invest in assets that are high risk and can be difficult to sell such as shares in unlisted companies. The value of the investment and the income from it can fall as well as rise and investors may not get back what they originally invested, even taking into account the tax benefits.

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## Corporation Tax

- Corporation Tax for company profits up to £50,000 is 19%
- An effective rate of 26.5% is applied to profits between £50,001 and £250,000
- A Corporation Tax rate of 25% applies for companies with over £250,000 in profits.

## Inheritance Tax (IHT)

- The nil-rate IHT band is £325,000, with 40% IHT payable above this threshold
- A lower rate of IHT (36%) applies if you leave 10% of your net assets to charity
- Main residence nil-rate band of £175,000 where a residence is passed on death to a direct descendant

The proportion of the threshold 'unused' on the first death of husband or wife (or civil partners) is effectively transferable to the surviving partner and serves to increase his or her threshold by corresponding percentage.

Chargeable lifetime transfers and potentially exempt transfers attract taper relief, if made up to seven years before death on the amount of gift over the nil-rate band.

*Certain gifts are IHT-free however soon death occurs, including:*

- Gifts between UK domiciled husband and wife or between civil partners
- Total gifts up to £3,000 in a year (can be carried forward one year)
- Small gifts to other recipients (up to £250 each in year)
- Gifts in consideration of marriage or civil partnership ranging from £5,000 from each parent of the couple, to £1,000 from anyone else.

## State Pension entitlement

- A flat rate, single tier State Pension of £241.30 per week is payable from 6 April 2026 (35 qualifying years of National Insurance contributions needed for full rate), available to those reaching state pension age (SPA) on or after 6 April 2016
- For those who reached SPA before 6 April 2016, the basic State Pension of £184.90 applies (old State Pension payable in full with 30-44 qualifying years).

## Principal state benefits

Weekly benefits	2026-27
Statutory Sick Pay	£123.25
Statutory Maternity Pay – first 6 weeks	90% of weekly earnings
Statutory Maternity Pay – next 33 weeks	£194.32*
Ordinary Statutory Paternity Pay – 2 weeks	£194.32*
Additional Statutory Paternity Pay – variable period	£194.32*

\* or 90% of earnings, if lower

## Self Assessment date

31 Jul 2026	Second payment on account for 2025-26 due to HMRC
05 Oct 2026	Deadline to notify chargeability and advise HMRC of need to register for Self Assessment
31 Oct 2026	Deadline for submitting paper Self Assessment returns to HMRC
31 Jan 2027	Deadline for filing 2025-26 returns, balancing payment due for 2025-26, first payment due for 2026-27

NOTE: The information contained in this leaflet is based on our understanding of the Autumn Budget 2025, which is subject to change. No action should be taken without further advice being sought. We can accept no responsibility for any errors or omissions.

Information is based on our current understanding of taxation legislation and regulations. Any levels and bases of, and reliefs from taxation, are subject to change. Tax treatment is based on individual circumstances and may be subject to change in the future.