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TAXFAX

2027/28





TAXFAX 2027/28



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Allowances & Reliefs

	2027/28	2026/27	Notes
Personal allowance	£12,570	£12,570	i, ii, iii, iv
Pensions tax allowance	£13,037	N/A	vii
Blind person's allowance	£3,370	£3,250	
Married/civil partner's allowance			
At least one partner born before 6 April 1935	£12,110	£11,700	ii, v
Minimum married/civil partner's allowance	£4,690	£4,530	ii, v
Personal savings allowance			
For basic rate taxpayer	£1,000	£1,000	
For higher rate taxpayer	£500	£500	
Dividend allowance	£500	£500	
Rent-a-room maximum	£7,500	£7,500	
High income child benefit charge threshold	£60,000	£60,000	vi
Tax free trading/property income allowance			
Trading income	£3,000	£1,000	
Property income	£1,000	£1,000	

Notes

i Reduced by £1 for every £2 of income over £100,000.

ii Non-residents may not be entitled to personal allowances in certain circumstances.

iii The personal allowance will be frozen until 5 April 2031.

iv £1,260 of the personal allowance can be transferred between spouses/civil partners where neither is a higher rate taxpayer.

v Available to persons born before 6 April 1935.
- Reliefs for this allowance given at 10%.
- Reduced to the minimum allowance by £1 for every £2 of income over £40,600 (£39,200 for 2026/27)

vi Charge of 1% of the benefit per £200 of adjusted net income over £60,000; 100% of the benefit withdrawn when adjusted net income reaches £80,000.

vii Applies to pensioners. The income threshold at which the allowance is fully removed is £13,319.

Individuals - Income Tax Rates & Bands

Bands	2027/28	2026/27
Starting rate limit*	£5,000	£5,000
Basic rate band**	£1 - £37,700	£1 - £37,700
Higher rate band	£37,701 - £125,140	£37,701 - £125,140
Additional rate band	Over £125,140	Over £125,140

*Applicable to savings
**Fixed to 5 April 2031

Rates^	2027/28	2026/27
Basic rate (savings & property)***	20% (24%)	20%
Higher rate (savings and property)***	40% (44%)	40%
Additional rate*** (savings and property)	45% (49%)	45%
Starting rate for savings income	0%	0%
Dividend ordinary rate	10.75%	10.75%
Dividend higher and additional rates	35.75% / 39.35%	35.75%/ 39.35%
Temporary Repatriation Facility on designated Foreign Income and Gains ****	15%	12%

^Rates do not include Scottish rates for non-savings and non-dividend income.
From 6 April 2027, the rates for savings and property income are increased by 4%.
*** A 72.5% multiplier is applied to the standard marginal income tax rates for Qualifying carried interest.
**** Temporary Repatriation Facility (TRF) is available to former non-domiciled remittance basis users who have unremitted FIG for tax years prior to 2025/26.

Trusts - Income Tax Rates & Bands

	Dividends	Other
2027/28		
All income for interest in possession trusts with over £500 of income	10.75%	20% / 24% savings & property
Low income trusts (trusts with up to £500 of taxable income)	0% (effective rate)	0% (effective rate)
All income for non interest in possession trusts with over £500 of income	39.35%	45% / 49% savings & property

Notes

Trusts where the settlor or spouse/civil partner retains an interest are taxed as the income of the settlor.
Trusts for the vulnerable can be taxed at the beneficiary's rate of tax.

Pension Contribution Reliefs

	2027/28	2026/27	Notes
Lump sum allowance	£268,275	£268,275	i
Lump sum and death benefit allowance	£1,073,100	£1,073,100	ii
Annual allowance	£60,000	£60,000	iii, iv, v
Money purchase annual allowance	£10,000	£10,000	vi

Notes

i The 25% tax-free lump sum is capped at £268,275, unless LTA protection is in place.

ii The lump sum and death benefit allowance is the maximum tax-free lump sum that may be paid on death before age 75; it is reduced by any tax free cash paid while living.

iii Personal contributions cannot exceed 100% of earnings or, when aggregated with employer contributions, the annual allowance, plus unused allowances carried forward from the previous three years.

iv Maximum annual allowance of £60,000 reduced by £1 for every £2 of 'adjusted income' over £260,000 to a minimum of £10,000.

v Up to £3,600 p.a. gross personal contributions can be paid into pensions irrespective of earnings to age 75.

vi Money purchase annual allowance applies once defined contribution plans have been flexibly-accessed.



Capital Gains Tax (CGT)

Rates for individuals and trusts	2027/28	2026/27	Notes
Basic and standard rate taxpayers	18%	18%	
Higher and additional rate taxpayers	24%	24%	
Trusts and personal representatives	24%	24%	
Gains qualifying for Business Asset Disposal Relief	18%	18%	
Gains qualifying for Investors' Relief	18%	18%	
Founders' relief	10%	N/A	
Gains on residential property	24%	24%	i, ii, iii

Non-UK resident individuals are subject to CGT on direct and indirect disposals of UK real estate

Exemptions and reliefs	2027/28	2026/27	Notes
Annual exemption			
Individuals and personal representatives	£3,000	£3,000	iv
Trusts	£1,500	£1,500	iv
Lifetime limit on gains			
Business Asset Disposal Relief	£500,000	£1m	
Investors' Relief	£1m	£1m	
Founders' relief	£10m	N/A	

Notes

i For individuals, to the extent that the basic rate band is unused, a CGT rate of 18% will apply.

ii Rate also applicable for trusts.

iii Rate also applicable for personal representatives.

iv CGT proceeds reporting limit £50,000.

Inheritance Tax (IHT)

Rates and bands	2027/28	2026/27	Notes
On death			
Nil rate band £1 - £325,000	0%	0%	i
Over £325,000	40%	40%	ii
Residence nil rate band	£175,000	£175,000	i,iii

Notes

i Nil rate band for estate of surviving spouse/civil partner is increased by the percentage of the nil rate band unutilised by the predeceased spouse/civil partner.

ii Tax rate reduces to 36% when at least 10% of net chargeable estate is left to charity.

iii Reduced by £1 for every £2 of the net value of the deceased's estate over £2m.

iv From 6 April 2025, the concept of Domicile was replaced by a Long Term Residency test (LTR).

v From From 6 April 2027, most unused pension funds and pension death benefits will be brought within the scope of IHT.

The nil rate band and residence nil rate band will be frozen until 5 April 2031.

Main exemptions/reliefs

Spouse/civil partner – both LTR (or transferor is not LTR)		Unlimited
Gift from LTR to non-LTR spouse/civil partner (An election is available for the non-LTR spouse/civil partner to be treated as LTR for IHT purposes)		£325,000
Total annual gifts per donor		£3,000
Small gifts per donee not exceeding		£250
Marriage/civil partnership gifts by	- parent	£5,000
	- other 'relative'	£2,500
	- other	£1,000
Regular gifts out of surplus income		Unlimited
UK charities plus those in the EU, Norway and Iceland, and political parties in the UK		Unlimited

Business and agricultural property relief can be available at 50% or 100% on qualifying business or agricultural property. The 100% rate applies for the first £2.5 million of value and 50% thereafter. The rate of business property relief on shares not listed on recognised stock exchanges (such as AIM) is 50%. Any unused £2.5m band will be transferable between spouses and civil partners on death.

Lifetime gifts to an individual are initially not chargeable and are fully exempt after seven years.

Gifts to relevant property trusts will be taxable at 20% on the excess over available nil rate band.

Death within seven years of lifetime gifts – tax on value gifted is payable at death rates subject to taper relief:

Years	0-3	3-4	4-5	5-6	6-7	Over 7
Taper relief	0%	20%	40%	60%	80%	100%
Effective rate of IHT	40%	32%	24%	16%	8%	0%



Individual Savings Accounts (ISAs)

	2027/28	2026/27	Notes
Cash, shares and innovative finance combined limit	£20,000	£20,000	
Junior ISA	£9,000	£9,000	i
Help to buy ISA	£2,400	£2,400	ii, iii
Lifetime ISA	£4,000	£4,000	iii, iv, v

Notes

i Available to children not entitled to a Child Trust Fund.

ii First time buyers over 16. No longer possible to open a new Help to Buy ISA but, where one is already open, contributions can continue to be made until November 2029 and a 25% bonus can be claimed until November 2030.

iii A 25% bonus from the Government is available under both ISAs. However, if an individual has a Lifetime ISA and a Help to Buy ISA, the bonus can only be used from one of them.

iv Available to individuals over 18 but under 40 to save for their first home or retirement; but counts as part of the £20,000 ISA limit.

v To be replaced by a new First Time Buyer ISA for new savers from April 2029.



Corporation Tax

	2027/28	2026/27	Notes
Corporation Tax - all profits and gains	25%	25%	i, iii
Patent box effective rate	10%	10%	ii
Residential Property Developers Tax	4%	4%	

Notes

i Includes gains on UK property and profits from UK property businesses realised by non-UK resident companies.

ii Applies to profits from qualifying patents derived from qualifying activities of the company.

iii The main rate is 25%. A small profits rate of 19% will apply to profits up to £50,000. The effective rate will increase from 19% to 25% on profits between £50,000 and £250,000.

Research & Development (R&D) Tax Credits

	2027/28	2026/27	Notes
SME enhanced deduction	N/A	N/A	
SME cash credit for surrendered R&D losses	14.5%	14.5%	i
Large company above the line credit	N/A	N/A	
R&D merged scheme	20%	20%	ii

Notes

i A higher rate of SME payable credit of 14.5% will take effect for expenditure incurred in accounting periods beginning on or after 1 April 2023 for loss-making R&D intensive SMEs. SMEs are eligible for this scheme if they have an R&D intensity, defined as 40% or above for periods beginning on or after 1 April 2023, and 30% or above for periods beginning on or after 1 April 2024. There is a transition period and a period of grace where companies fall slightly below the threshold(s) from one year to the next, allowing them to retain their R&D intensive status for one further year. This support is targeted using a new R&D intensity definition and calculated based on the ratio of the company's qualifying R&D expenditure (for both the SME and RDEC schemes) for a period to its total expenditure for the same period, including group companies.

ii As of February 2024 it has been legislated to merge the current RDEC and R&D SME schemes for accounting periods beginning on or after 1 April 2024. The new R&D merged scheme establishes an above the line credit that allows companies to claim for their qualifying R&D costs, including contracted out R&D, and incorporates a more generous SME scheme PAYE and NIC cap. It also includes restrictions on relief for overseas expenditure which has come into effect for accounting periods beginning on or after 1 April 2024.

The notional tax rate applied to loss-makers in the merged scheme is the small profits rate of 19%, rather than the 25% main rate set in the current RDEC.

Capital Allowances

Plant and machinery	2027/28	Notes
Annual investment allowance	100%	i
Structures and buildings	3%	ii
Long life assets (at least 25 years) and integral features	6%	
Other plant and machinery assets	12%	
First year allowances - plant and machinery	100%/50%	iii
First year allowances - long life assets and integral features	50%	iii
First year allowances - R&D, designated Freeport sites, zero-emission goods vehicles	100%	iv
Intangible assets		
Goodwill and customer related intangibles	6.5%	v
Other intangible assets	4%	

Cars CO_2 emissions (g/km)	2027/28	2026/27	Notes
0	100%	100%	
0-50	18%	18%	
Over 50	6%	6%	

Notes

i Allowance of £1m p.a.

ii Flat rate allowance, applicable to non-residential structures and buildings. Where building located within a Freeport site, 10% rate will apply.

iii 50% First year allowance for main rate expenditure - including most expenditure on assets for leasing and expenditure by unincorporated businesses – from 1 January 2027.
Permanent full expensing continues for companies investing in qualifying plant and machinery and 50% first year allowance continues for companies who have purchased integral features from 1 April 2023.

iv 100% FYA on qualifying zero-emission cars and electric vehicle charge points extended to 31 March 2027.

v For acquisitions made on or after 1 April 2019, relief is fixed at a rate of 6.5% per annum on the lower of the cost of the asset or six times the cost of any qualifying IP acquired as part of the business.

Value Added Tax (VAT)

	2027/28	2026/27
Standard rate	20%	20%
Reduced rate	5%	5%

VAT registration thresholds (effective from 1 April 2025)

Registration required:	If UK taxable turnover is:
UK established businesses	More than £90,000 p.a.
Non-UK established businesses	Any amount

Deregistration is possible if UK taxable turnover is less than £88,000 p.a.

Other VAT schemes

	If UK taxable turnover is:
Eligible to use Cash Accounting Scheme	Less than £1,350,000 p.a.
Eligible to use Annual Accounting Scheme	Less than £1,350,000 p.a.
Eligible to use Flat Rate Scheme	Less than £150,000 p.a.

Stamp Duty Land Tax (SDLT)

SDLT chargeable on purchase of land and property in England and Northern Ireland - different rules apply to purchases of land and property in Scotland and Wales.

Residential (purchase price/premium payable) from 1 April 2025

Rate	
0%	Up to £125,000
2%	£125,001 to £250,000
5%	£250,001 to £925,000
10%	£925,001 to £1,500,000
12%	over £1,500,000
17%	Enveloped properties over £500,000

For purchases from 31 October 2024, with the exception of the 17% rate for enveloped properties over £500,000, the rates are 5% higher for purchases of dwellings by companies and purchases of 'additional' dwellings by individuals subject to exceptions.

An additional 2% surcharge applies to 'non-resident transactions'. A transaction is a 'non-resident transaction' if the buyer or, where there is more than one buyer, one of the buyers fails to pass the SDLT residence test, or, in the case of 'close' UK companies, meets the non-UK control test.

Non-residential/mixed-use (purchase price/premium payable)

Rate	
0%	Up to £150,000
2%	£150,001 to £250,000
5%	over £250,000

Tax rates below charged on part of net present value of rent within each band:

Residential (from 1 April 2025)		Non-residential/mixed use (from 17 March 2016)	
Rate		Rate	
0%	Up to £125,000	0%	Up to £150,000
1%	Over £125,000	1%	£150,001 to £5,000,000
		2%	over £5,000,000

Relief for first time buyers (from 1 April 2025)

Special rates apply for a qualifying buyer's first home. Price paid for the home must not exceed £500,000.

Rate	
0%	Up to £300,000
5%	£300,001 to £500,000

Annual Tax on Enveloped Dwellings (ATED)

ATED is an annual tax payable mainly by companies and other 'non-natural persons' that own UK residential dwellings that are individually valued in excess of £500,000 subject to exceptions.

The ATED period runs from 1 April to 31 March each year, and payment is due by 30 April following the beginning of each ATED period.

The ATED is chargeable at a flat rate if a property falls into a specific valuation band as follows.

Dwellings potentially within the ATED regime will need a valuation on 1 April 2027. The 2027 valuation will determine which annual charge band a dwelling falls into for 2028-29 onwards.

	2027/28	2026/27	2025/26
Residential property value	Annual Charge		
Up to £500,000	N/A	N/A	N/A
£500,001 - £1,000,000	£4,750	£4,600	£4,450
£1,000,001 - £2,000,000	£9,750	£9,450	£9,150
£2,000,001 - £5,000,000	£33,300	£32,200	£31,050
£5,000,001 - £10,000,000	£78,050	£75,450	£72,700
£10,000,001 - £20,000,000	£156,750	£151,450	£145,950
Over £20,000,000	£314,050	£303,450	£292,350

Tax Free Mileage Rates

2027/28

Employee's own car	Rate per mile
Annual business mileage up to 10,000 miles	55p
Each additional mile over 10,000 miles	35p
Each qualifying passenger	5p
Motorcycle	24p
Cycle	20p



National Insurance Contributions (NICs)

Class 1 primary employees	2027/28
Total weekly earnings - contracted in up to £242 p.w.	nil
over £242 to £967 p.w.	8%
on excess over £967 p.w.	2%

Class 1 secondary employees	2027/28
Total weekly earnings - contracted in up to £96 p.w.	nil
over £96 p.w.	15%
Class 1A employers only	15% on taxable benefits
Class 1B employers only	15% on amount in PAYE settlement agreement and income tax thereon
Class 2 flat rate for self-employed	nil
Class 3 voluntary	£19.05
Class 4 self employed	6% on profits over £12,570 to £50,270 and a further 2% on profits above £50,270

Notes

Employment allowance – Eligible businesses and charities can claim a reduction of up to £10,500 per annum of their employer contributions.

NIC incentives – apprenticeships – Class 1 secondary NIC will not be due from employers with employees under the age of 25, who are following an approved UK Government statutory apprenticeship framework, who earn up to £967 per week.

NIC incentives – hiring veterans – Class 1 secondary NIC will not be due from employers on annual earnings of £50,270 in the first year of a qualifying veteran's employment in a civilian role. The relief has been extended for a further two years to 5 April 2028

Employer NICs & Freeports - From 6 April 2022, employers operating in a Freeport tax site pay 0% employer Class 1 NIC on the earnings of some employees. The end date for this relief is 30 September 2031.

National Living Wage

The National Living Wage (NLW) will increase by 3.9% from £12.71 to £13.21 an hour from April 2027; full time workers on the NLW will see a pay rise of over £900 a year from April 2027.

National Minimum Wage for 18-20 year olds will be £11.27 per hour from April 2026.

The minimum hourly wage for under 18s and apprentices will increase from £8.00 to £8.31 per hour from April 2027.

The accommodation offset will increase by 3.9% to £11.53 per day.





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