

Tax. Stats.

TAX YEAR 2025/2026



Ordinary income tax rates

	Bands *	Rate	Tax on band
Personal allowance	Up to £12,570 [†]	0%	£0
Basic rate	Up to £37,700	20%	£7,540
Higher rate	£37,701 – £125,140	40%	£34,976
Additional rate	Over £125,140	45%	

* Assumes not subject to the Scottish or Welsh rates of income tax.

† The personal allowance is reduced by £1 for every £2 of income over £100,000: those with an income over £125,140 have no personal allowance. The effective income tax rate for earnings between £100,000 and £125,140 is therefore 60%.

The personal allowance and the basic rate band is 'frozen' at £12,570 and £37,700 until 5 April 2028.



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Specific categories of income:

income tax on investment income

Dividends

Dividend allowance	0% on first £500 of dividend income (available to all taxpayers).
Basic rate	8.75%
Higher rate	33.75%
Additional rate	39.35%

Investment Income

Personal savings allowance	Basic rate taxpayers	0% tax on first £1,000 of personal savings income.
	Higher rate taxpayers	0% tax on first £500 of personal savings income.
	Additional rate taxpayers	No personal savings allowance.
Basic rate	20%	
Higher rate	40%	
Additional rate	45%	

Specific categories of income: income tax on earned income

Employment income (including directors' fees)

Tax rates	Ordinary income tax rates apply (page 1).
	Employer and employee national insurance contributions (NICs) are also due (page 4).
Comment	Income tax and employee NICs are typically withheld from payments of salary and accounted to HMRC by the employer on a monthly basis under the UK's PAYE (pay as you earn) system.

Trading income (for self-employed individuals)

Tax rates	Ordinary income tax rates apply (page 1).
	Self-employed NICs contributions also due (page 4).



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Selected national insurance contributions (NICs) rates and apprenticeship levy

Individuals		Employers	
Employee Earnings (Class 1)	Weekly earnings of £242.01 – £967: 8%	Employer NICs	Weekly earnings over £96: 15%
	Weekly earnings over £967: 2%		Deductible against corporation tax.
Self-employed individuals (Class 4)	Annual profits of £12,570 – £50,270: 6%	Employee Benefits in kind (Class 1A)	15% on most benefits-in-kind that are subject to income tax.
	Annual profits over £50,270: 2%		
Not applicable		Apprenticeship levy	<p>0.5% of the employers' annual pay bill.</p> <p>Annual allowance of £15,000 (meaning the levy is only payable by employers with an annual pay bill over £3m).</p> <p>The levy is collected under the UK's PAYE system.</p>

Capital gains tax (CGT)

Annual exempt amount

Individuals	£3,000	Most trustees	£1,500
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CGT rates

Main rate	
Basic rate taxpayers	Where total taxable income and gains are within upper limit of the income tax basic rate band (£37,700): 18%
Higher and additional rate taxpayers	To the extent that total taxable income and gains exceed upper limit of the income tax basic rate band (£37,700): 24%
Gains on disposals of chargeable residential property	
Basic rate taxpayers	18%
Higher and additional rate taxpayers	24%
Receipts of carried interest * **	
Basic, higher and additional rate taxpayers	32%

Specific reliefs

Business asset disposal relief†	14%* on first £1,000,000 of lifetime gains.
Investors' relief	14%* on first £1,000,000 of lifetime gains.
Historic employee shareholders only – ESS status now withdrawn	CGT exemption on disposal of qualifying shares for arrangements entered into before 17 March 2016. (Transitional rules apply from 17 March – before 1 December 2016).

* In the Autumn 2024 Budget, fundamental changes to the tax treatment of carried interest were announced. These are being introduced on a phased basis with the first stage being the increase in the CGT tax rate applicable to basic, higher and additional rate taxpayers to **32%** for the tax year 2025/26. In the second stage, from 6 April 2026, carried interest will be subject to tax and NICs as trading income but "qualifying" carried interest will benefit from the application of a multiplier that will result in only **72.5%** of it being within the charge.

** Exercise caution: carried interest (and co-investment) returns can potentially be taxed as trading income under the disguised investment management fees (DIMF) and income based carried interest rules.

† Previously known as Entrepreneurs' Relief.

* For the tax year 2026/27, this will be **18%**.

Primary business taxes

Corporation tax

Tax rate	Main rate: 25%	
	Small profits rate: 19%	Companies with profits up to £50,000*
	Marginal relief	Companies with profits between £50,000 and £250,000*

Comments

Corporation tax is payable (electronically) within nine months and one day from the end of the accounting period.

Large companies (with annual taxable profits exceeding £1.5m*) and very large companies (with annual taxable profits exceeding £20m*) must pay in four instalments based on estimated liability.

There is a complex participation regime that can result in tax exemption for gains (and losses) on a disposal of holdings in certain companies.

Exemption from corporation tax on dividends received is often available.

*Thresholds reduced by reference to number of associated companies

VAT

	Rate	Comment
Standard rate	20%	
Reduced rate	5%	Limited goods and services including power for domestic and non-business charity use; certain residential conversions and renovations.
Zero rate	0%	Limited goods and services including most food, books, and children's clothes.
VAT registration threshold	£90,000	
VAT deregistration threshold	£88,000	

Non-residents

(subject to applicable Double Tax Treaties)

Source	Rate	Comments
UK-source dividends	0%	Note: Special rules apply to non-resident trustees.
UK-source annual payments and royalties	Tax due may be collected through 20% withheld at source.	
Income from letting UK property (rent)	Tax due may be collected through 20% withheld at source.	Note: Ordinary income tax rates for individuals (of up to 45%) apply. Note: Rent received by non-resident corporates subject to corporation tax at main rate (25%).
UK trading income	Tax due if trade carried on in the UK (typically through a permanent establishment).	
UK CGT	Tax due only on sale of UK property, interests in a vehicle that is UK property rich, or UK assets used for a trade in the UK (typically through a permanent establishment).	
UK source employment income and directors' fees	Ordinary income tax rates apply (See pages 3 and 4).	Note: Certain exemptions may be available for short-term business visitors or short-term secondments to the UK.

Withholding taxes

(subject to applicable Double Tax Treaties)

Payment	Detail
UK-source interest	Withholding tax at 20% (subject to a number of exceptions). Note: where double tax treaty relief is available, HMRC must authorise gross payment.
Dividends from UK companies	Not subject to withholding tax. Note: Special rates apply for distributions from certain property funds.
Royalties from UK companies (in relation to certain UK source intellectual property)	Withholding tax at 20% (subject to any exemption).
UK-source rental payment	Non-UK resident landlords receiving UK rent are subject to withholding tax at the basic rate of income tax (20%). Note: Non-UK resident landlords can apply rental income to be paid without deduction of tax.
UK-annual payments	May be subject to 20% withholding tax. Note: Care needed especially on investment fund management fee rebates.

Stamp Taxes

Tax	Detail
Stamp duty and Stamp Duty Reserve Tax (SDRT)*	0.5% of consideration on transfers of shares, stock and marketable securities, as well as partnership interests in certain circumstances. Note: a higher rate of 1.5% applies to some transfers of shares to businesses issuing depository receipts or operators of clearance services.
Stamp duty land tax (SDLT)†	Payable on purchases of residential and commercial property in England and Northern Ireland. Note: The applicable rate depends on the value of the transaction, the type of property purchased, the legal nature of the buyer, whether they are UK resident, and whether exemptions or reliefs are available.

* In April 2025, the government confirmed plans to introduce a new single tax on securities to replace both Stamp Duty and SDRT from 2027.

† For purchases of property in Scotland, Land and building transaction tax (LBTT) applies, and for purchases of property Wales, Land transaction tax (LTT) applies.

Selected employee share plans

Plan	Maximum participation	Tax treatment	Reporting obligations
Enterprise Management Incentives (EMI) (tax advantaged)	£250,000	CGT if qualifying exercise (business asset disposal relief* available).	Online registration, reporting and notification requirements apply.
Long-Term Incentive Plan (non-tax advantaged)	Not applicable	Income tax and, possibly, employee and employer NIC on gain.	Annual returns must be filed electronically by 6 July after the tax year end.

* Previously known as Entrepreneurs' Relief

Selected tax reliefs for individuals

Individual savings account (ISA)	Maximum total annual investment	£20,000
	Benefit	Tax free income and gains for amounts within ISA.
	Annual allowance	£60,000 of taxable earnings. Note: Allowance is tapered down to a minimum of £10,000 for those with high incomes.*
Pension Savings	Lump sum allowance for certain lump sums paid to members (maximum total tax-free lump sum benefits).	£268,275 for most people unless a tax protection applies. Note: Benefits taken in previous tax years may reduce this.
	Lump sum and death benefit allowance for certain lump sums paid to members and certain lump sum death benefits (maximum total tax-free lump sum benefits).	£1,073,100 for most people unless a tax protection applies. Note: Benefits taken in previous tax years may reduce this.

* There is a 3-year "carry forward" for unused annual allowances; a £10,000 "money purchase annual allowance" applies to those who have accessed pension using a flexible option (e.g. drawdown)

Loans

To employees	Income tax on the difference between interest paid and HMRC's official rate of interest (3.75% from 6 April 2025), unless total employer loans are less than £10,000.
To employees from third parties	Care needed to ensure that anti-avoidance rules ("disguised remuneration") do not apply to tax the loan as employment income.
To self-employed individuals from third parties	Care needed to ensure that anti-avoidance rules ("self-employed disguised remuneration") do not apply to tax the loan as trading income.
To investment managers	Depending on fact pattern, may be taxed as trading income under the disguised investment management fee (DIMF) rules.
By a UK close company to a "participator"	Complex rules imposing a corporation tax charge of 33.75% on loans made by a close company to a participator (broadly, someone with an interest in the company's voting, capital or income). These rules only apply to UK companies.



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