



Echo Accountants



TAX RATES 2026 / 2027

A POCKET GUIDE



020 8087 3107



www.echoaccountants.co.uk



info@echoaccountants.co.uk



Stockley Park, 4 Longwalk
Uxbridge UB11 1FE

Income Tax

Rates and bands (other than savings and dividend income)

(2026/27 and 2025/26)

Band £	Rate %
0 – 37,700	20
37,701 – 125,140	40
Over 125,140	45

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

Savings Income	2026/27 and 2025/26
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	2026/27	2025/26
Dividend allowance	£500	£500
Dividend ordinary rate	10.75%	8.75%
Dividend upper rate	35.75%	33.75%
Dividend additional rate	39.35%	39.35%

Devolved Income Tax

Scotland — rates and bands

Band (£) — 2026/27	Rate %	Band (£) — 2025/26	Rate %
0 – 3,967	19% Starter	0 – 2,827	19% Starter
3,968 – 16,956	20% Basic	2,828 – 14,921	20% Basic
16,957 – 31,092	21% Intermediate	14,922 – 31,092	21% Intermediate
31,093 – 62,430	42% Higher	31,093 – 62,430	42% Higher
62,431 – 125,140	45% Advanced	62,431 – 125,140	45% Advanced
Over 125,140	48% Top	Over 125,140	48% Top

Wales — rates and bands (2026/27 and 2025/26 — unchanged)

Band £	Rate %
0 – 37,700	20%
37,701 – 125,140	40%
Over 125,140	45%

Income Tax Allowances

	2026/27	2025/26
Personal allowance	£12,570	
Personal allowance income limit	£100,000	
Marriage allowance	£1,260	
Married couple’s allowance	£11,700	£11,270
- minimum amount	£4,530	£4,360
- income limit	£39,200	£37,700
Blind person’s allowance	£3,250	£3,130

Capital Gains Tax

Annual Exempt Amount	
Individuals	£3,000
Trusts (standard)	£1,500
Trusts (vulnerable beneficiary)	£3,000

CGT Rates	
Basic rate taxpayer	18%
Higher / additional rate taxpayer	24%
Trustees and personal representatives	24%

Business Asset Disposal Relief (BADR)	2026/27	2025/26
BADR rate (lifetime limit £1m)	18%	14%
Investors' Relief rate (lifetime limit £1m)	18%	14%

Inheritance Tax

Death Rate	Lifetime Rate	Chargeable transfers 2026/27 and 2025/26
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.

Pensions

(2026/27 and 2025/26)

Capital Allowances	£268,275
Lump sum and death benefit allowance	£1,073,100
Annual allowance	£60,000
Money purchase annual allowance	£10,000

Individual Savings Accounts

(2026/27 and 2025/26)

Overall investment limit	£20,000
Junior account investment limit	£9,000

Tax Relief for Individuals

2026/27

Enterprise Investment Scheme (EIS)

Relief on investments in certain unquoted trading companies up to £1m per annum (£2m for knowledge intensive companies):

- Income tax relief at 30%
- Capital gains exemption on disposal

Unlimited amounts of capital gains from the disposal of other assets may be able to be deferred by making an EIS investment.

Seed Enterprise Investment Scheme (SEIS)

Relief on investments in certain unquoted trading companies up to £200,000 per annum:

- Income tax relief at 50%
- Capital gains exemption on disposal

Capital gains from the disposal of other assets may be exempt up to £100,000 per annum by making an SEIS investment.

Venture Capital Trusts (VCTs)

Relief on investments in certain quoted companies up to £200,000 per annum:

- Income tax relief at 20% for 2026/27 | 30% for 2025/26
- Capital gains exemption on disposal

Dividends received from VCTs may be exempt from income tax.

National Insurance

2026/27 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 £129 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.

National Insurance

Class 1A (employers)	15% on employee taxable benefits
Class 1B (employers)	15% on PAYE Settlement Agreements
Class 2 (self-employed)	nil (£3.65 per week where those with profits below £7,105 wish to make a voluntary contribution)
Class 3 (voluntary)	flat rate per week £18.40
Class 4 (self-employed)	6% on profits between £12,570 and £50,270 plus 2% on profits over £50,270

NLW & National Minimum Wage

Age	NLW	18-20	16-17	Apprentices
From 1 April 2026	£12.71	£10.85	£8	£8

Applies to apprentices under 19 or 19 and over in the first year of apprenticeship.
NLW applies to those aged 21 and over.

Car, Van & Fuel Benefits

2026/27		
CO2 emissions g/km		% of list price taxed
0		4
1-50		
Electric Range	130 or more	4
	70-129	7
	40-69	10
	30-39	14
	under 30	16
51-54		17
For every extra 5 (other than the 75-79 bracket)		+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.

2026/27	
Car fuel benefit	£29,200
Van benefit	£4,170
Van fuel benefit	£798

State Pension & Statutory Pay

	2026/27	2025/26
Weekly benefit	£	£
New State Pension	241.30	230.25
Old State Pension	184.90	176.45
Statutory pay standard rates		
Sick Pay	123.25	118.75
Maternity/Adoption Pay	194.32	187.18
Shared Parental Pay	194.32	187.18
Paternity Pay	194.32	187.18

Value Added Tax

Standard Rate	20%
Reduced Rate	5%
Annual Registration Limit	£90,000
Annual Deregistration Limit	£88,000

Corporation Tax

	2026/27	2025/26
Years to 31.3.26 and 31.3.27	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.

Capital Allowances

First Year Allowance (FYA) on certain plant, machinery and cars of og/km (for cars purchased before 1 April 2027 (6 April 2027 for income tax))

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%

FYA for all businesses on certain new, unused plant and machinery for expenditure incurred from 1 January 2026

40%

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%/14%*

Structures and Buildings Allowance

3%

* The 14% rate applies from 1 April 2026 (6 April 2026 for income tax), subject to transitional rules for chargeable periods which straddle those dates.

Property Taxes

Across the whole of the UK, residential rates may be increased by 5% (8% in Scotland and up to 8.5% in Wales) where further residential properties are acquired.

Stamp Duty Land Tax Land and buildings in England and N. Ireland

Residential Band £	Rate %	Non-residential Band £	Rate %
0 – 125,000	0	0 – 150,000	0
125,001 – 250,000	2	150,001 – 250,000	2
250,001 – 925,000	5	Over 250,000	5
925,001 – 1,500,000	10		
Over 1,500,000	12		

First-Time Buyer relief may apply to residential purchases up to £500,000.

Property Taxes

Land and Buildings Transaction Tax 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 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		

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020 8087 3107



www.echoaccountants.co.uk



info@echoaccountants.co.uk



Stockley Park, 4 Longwalk
Uxbridge UB11 1FE