

Capital Gains Tax (CGT)

- The annual CGT exemption for 2025-26 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 UK higher rate Income Tax threshold
- Chargeable gains in excess of the UK higher rate Income Tax threshold: 24%
- £1,500 CGT exemption for trusts, 24% rate applies thereafter
- The higher rate of CGT on residential property is 28% to 24% and the lower rate is 18%
- Lifetime Allowance on gains eligible for Business Asset Disposal Relief is £1m
- 60 days to pay CGT in respect of residential property (buy-to-let) disposals.

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 investments in certain quoted companies up to £200,000 per annum
- Income Tax relief at 30%, provided shares held at least five years
- Capital Gains Tax exemption on disposal (only if Income Tax relief received)
- 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%, provided shares held for at least three years
- Capital Gains Tax exemption on disposal, provided shares held for at least three years
- Can be left to beneficiaries free of IHT, provided held for at least 2 years at time of death

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

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 normally 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 up to £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 a corresponding percentage.

Chargeable lifetime transfers and potentially exempt transfers attract taper relief on tax payable on the gift, 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 per recipient 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.

Self Assessment dates



**31 Jul
2025**

Second payment on account for 2024-25 due to HMRC



**05 Oct
2025**

Deadline to notify chargeability and advise HMRC of need to register for Self Assessment



**31 Oct
2025**

Deadline for submitting paper Self Assessment returns to HMRC



**30 Dec
2025**

Deadline for filing online return with HMRC if tax is to be collected through PAYE



**31 Jan
2026**

Deadline for filing 2024-25 returns, balancing payment due for 2024-25, first payment due for 2025-26

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TAX GUIDE
2025-26

Tax on residential property purchase

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

Residential property (first property only):

LBTT - Scotland	Rate
0 – £145,000	0%
£145,001 – £250,000	2%
£250,001 – £325,000	5%
£325,001 – £750,000	10%
£750,001+	12%

- Buyers purchasing their first property in Scotland benefit from a first-time buyers relief, which increases the residential nil-rate band of LBTT from £145,000 to £175,000
- The LBTT Additional Dwelling Supplement (ADS) on additional residential properties (such as second homes and buy-to-let property) over £40,000 is charged at 8%.

Personal Allowances

	2025-26
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; the Personal Savings Allowance is not available to additional rate taxpayers
- Married Couple's Allowance is given at 10%, claimants must be born before 6 April 1935; the full allowance is £11,080
- Marriage Allowance: 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 2025-26 for Scotland

Rate of tax		2025-26
Starter rate	19%	£12,571* – £15,397
Basic rate	20%	£15,398 – £27,491
Intermediate rate	21%	£27,492 – £43,662
Higher rate	42%	£43,663 – £75,000
Advanced rate	45%	£75,001 – £125,140
Top rate	48%	Over £125,140
Basic rate on dividends	8.75%	Over the £500 Dividend Allowance
Higher rate on dividends	33.75%	
Additional rate on dividends	39.35%	

- Income Tax is paid on the amount of taxable income remaining after allowances have been deducted
- *assumes individuals are in receipt of the Standard UK Personal Allowance.

National Insurance Contributions

Class 1 2025-26	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	Flat rate per week (voluntary)	£3.50 (£182.00 pa)
Self-employed	Small profits threshold	£6,845
Class 4	On annual profits of	£12,570 to £50,270 - 6% Over £50,270 - 2%
Self-employed Class 3	Voluntary flat rate per week	£17.75 (£923.00 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 and death benefits will be included within the value of a person's estate for IHT purposes. After an initial consultation, the government will publish a response document and carry out a technical consultation on draft legislation.

State Pension entitlement

- A flat rate, single tier State Pension of £230.25 per week is payable from 6 April 2025 (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 £176.45 applies (30 qualifying years needed for full rate), plus any additional state pension.

Principal state benefits

Weekly benefits	2025-26
Statutory Sick Pay	£118.75
Statutory Maternity Pay – first 6 weeks	90% of weekly earnings
Statutory Maternity Pay – next 33 weeks	£187.18*
Ordinary Statutory Paternity Pay – 2 weeks	£187.18*
Additional Statutory Paternity Pay – variable period	£187.18*

* or 90% of earnings, if lower

NOTE:

The information contained in this leaflet is based on our understanding of the Scottish Budget 2024 and the Autumn Budget 2024, which are 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. Different tax rates may apply in different areas of the UK.