

Technical Insights - Quick Reference Guide

2026/27 UK Tax rates and Allowances for Individuals.

This is a high-level summary of the main UK tax rates and allowances for individuals during the 2026/27 tax year.

Income tax

Bands

England, Wales, and Northern Ireland (also applies to savings and dividend income in Scotland)

	<i>Band</i>	<i>Main rate</i>	<i>Savings Income Rate</i>	<i>Dividend Rate</i>
Basic Rate	£12,571* - £37,700	20%	20%	10.75%
Higher Rate	£37,701 - £125,140	40%	40%	35.75%
Additional Rate	£125,141 +	45%	45%	39.35%

Scotland (earned / pension income only)

<i>Scottish taxpayers (non-dividend, non-savings income only)</i>	<i>2026/27 Band</i>	<i>2026/27 Rate</i>
Starter - First taxable income above the personal allowance	£12,571* - £16,537	19%
Basic	£16,538 - £29,526	20%
Intermediate	£29,527 - £43,662	21%
Higher	£43,663 - £75,000	42%
Advanced	£75,001 - £125,140	45%
Top	Above £125,140	48%

*Assumes individuals are in receipt of the standard personal allowance.

Allowances

England, Wales, Northern Ireland, and Scotland

<i>Allowance</i>	<i>Amount</i>
Personal allowance	£12,570
0% Starting rate for savings income	£5,000
Personal savings allowance	£1,000
Dividend allowance	£500

Income tax relief schemes

<i>Scheme</i>	<i>Relief</i>	<i>Maximum investment</i>
Venture Capital Trust (VCT)	20% of investment	£200,000
Enterprise Investment Scheme (EIS)	30% of investment	£1,000,000 or £2,000,000 for 'knowledge -intensive' investments

Suitable for financial advice professionals only

National Insurance Contributions (NIC)

Class 1 (standard rates)

Pay			Rate
Weekly	Monthly	Annually	Employee
£0 - £242	£0 - £1,048	£0 - £12,570	0%
£242 - £967	£1,048 - £4,189	£12,570 - £50,270	8%
£967+	£4,189+	£50,270+	2%

Employer annual threshold:

Up to £5,000 - 0%

Above - 15%

Classes 2,3 and 4

Class 2	Profits under £7,105	3.65 per week	Self employed
Class 3		£18.40 per week	Voluntary contributions
Class 4	Profits between £12,570 and £50,270	6%	Self employed
	Profits over £50,270	2%	

Capital Gains Tax (CGT)

Capital gains over the annual exempt amount and allowable losses are added on top of the individual's income for the tax year of the gain. The UK income tax bands are used to decide the rate of tax which applies.

Rates	2026/27	
	Basic Rate	Higher Rate
Main rate	18%	24%
Business Asset Disposal Relief - Rate within lifetime limit	18%	

Allowances	2026/27
Annual Exempt Amount	£3,000
Business Asset Disposal Relief - Lifetime limit	£1,000,000

Registered Pensions

	2026/27
Individual Lump Sum Allowance	£268,275
Individual Lump Sum and Death Benefit Allowance	£1,073,100
Overseas transfer allowance	£1,073,100
Money purchase annual allowance	£10,000
Annual allowance*	£60,000

The effect of income on bands and allowances

Income Milestone	Impact
£12,570	<ul style="list-style-type: none"> - Reduction of the £5,000 starting rate for savings income where non-savings income exceeds this threshold. - Reduction at a rate of £1 for each £1 over
£50,270 (£37,700 - £50,270 where personal allowance is tapered)	<ul style="list-style-type: none"> - Capital gains exceeding the annual exempt amount are taxed at the higher rate - Personal Savings allowance reduces to £500
£60,000	<ul style="list-style-type: none"> - High income child benefit charge threshold - 1% of child benefit is repaid for each £200 over the threshold
£80,000	<ul style="list-style-type: none"> - Child benefit is fully repaid. No advantage to claiming the benefit
£100,000	<ul style="list-style-type: none"> - Personal allowance tapering begins - £1 allowance lost for every £2 over the threshold
£125,140	<ul style="list-style-type: none"> - Personal allowance lost completely - Personal savings allowance lost completely
£260,000	<ul style="list-style-type: none"> - Reduction of pension annual allowance by £1 for each £2 over £260,000 - Minimum annual allowance is £10,000 - Taper only applies if 'threshold income' exceeds £200,000 - - Threshold income is: <ul style="list-style-type: none"> • Total income, PLUS • Salary sacrifice, MINUS • Gross personal pension contributions

ISAs

	2026/27	Notes
ISA allowance	£20,000	Allowance can be shared across the different ISA types: <ul style="list-style-type: none"> - Cash ISA (includes help to buy) - Stocks and Shares - Lifetime ISA (£4,000 limit applies) - Innovative Finance ISA.
Junior ISA allowance	£9,000	<ul style="list-style-type: none"> - A child may only have one Junior ISA. - This allowance also applies to the Child Trust Fund (CTF).

Inheritance Tax

Rates

	Rate	Notes
Death rate	40% Reduces to 36% where 10% or more of the net estate is left to charity	Rate applied on estate value more than the available NRB and RNRB.
Lifetime rate	20%	Applies to chargeable lifetime transfers (CLT) to certain types of trusts (such as discretionary trusts), where the cumulative total of CLTs in a seven-year period exceed £325,000.

Nil Rate Band

<i>Rate</i>	<i>Notes</i>
Nil Rate Band (NRB)	£325,000 Unused NRB can be transferred between spouses/civil partners to be used on second death.
Residence Nil Rate Band (RNRB)	Up to £175,000 ¹ <ul style="list-style-type: none"> - Available where a qualifying main residence² is transferred on death to a direct descendant (includes child, grandchild, and their spouse / civil partner). - Unused RNRB can be transferred between spouses / civil partners to be used on second death. - The available RNRB is tapered where the value of the estate exceeds £2,000,000³ at a rate of £1 reduction for every £2 over. - Downsizing relief may apply where the main residence has been sold/ downsized on/after 8 July 2015.

1. Depends on the value of the qualifying main residence 2 and /or the availability of any downsizing relief.

2. The definition of the qualifying main residence can be complex. Usually refers to a property anywhere in the world, which was used as the deceased's main residence at some point.

3. £2,000,000 estate valuation before any reliefs or exemptions, including business property relief and the Nil Rate Band. Failed gifts (CLT or PET made within 7 years before death) are excluded in the estate valuation for the purpose of RNRB tapering.

Gifting allowances

<i>Band</i>	<i>Limit</i>	<i>Notes</i>
Annual Exemption	£3,000	<ul style="list-style-type: none"> - Unused allowance can be carried forward one year. - Current year's allowance used before carry forward allowance.
Small Gifts	£250	<ul style="list-style-type: none"> - Per recipient. - Cannot be used in conjunction with any other exemption to the same recipient.
Wedding/ Civil ceremony gifts	<ul style="list-style-type: none"> - £5,000 for a child - £2,500 for a grandchild/ great grandchild - £1,000 for all other situations 	
Gifts out of excess income	Limited to excess income	<ul style="list-style-type: none"> - Must be able to maintain standard living without utilising capital savings. - Must be made from income (including earned, pension, interest, and dividends). - Must be intended to be part of a series of regular or habitual gifts

The information provided in this article is not intended to offer advice.

It is based on Quilter's interpretation of the relevant law and is correct at the date shown. While we believe this interpretation to be correct, we cannot guarantee it. Quilter cannot accept any responsibility for any action taken or refrained from being taken as a result of the information contained in this article.

quilter.com

This communication is issued by Quilter, a trading name of Quilter Investment Platform Limited, who provides an Individual Savings Account (ISA), Junior ISA (JISA), and Collective Investment Account (CIA), and Quilter Life & Pensions Limited, who provides a Collective Retirement Account (CRA) and Collective Investment Bond (CIB).

Quilter Investment Platform Limited and Quilter Life & Pensions Limited are registered in England and Wales under numbers 01680071 and 04163431, respectively.

Registered office at Senator House, 85 Queen Victoria Street, London, EC4V 4AB.

Quilter Investment Platform Limited is authorised and regulated by the Financial Conduct Authority under reference number 165359. Quilter Life & Pensions Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority under reference number 207977.

Approver: Quilter March 2026
QIP 21492/206/15875