

## Knowledge Direct Quick Reference Guide

2024/25 UK Tax rates and Allowances for Individuals.

This document provides a high-level summary of the main tax rates and allowances for individuals during the 2024/25 tax year.

### Income tax

#### Bands

England, Wales, and Northern Ireland

(Also applies to savings and dividend income in Scotland)

UK taxpayers	2023/24	2024/25	2025/26 (where known)
<b>20% basic rate on first slice of taxable income up to</b>	£37,700*	<b>£37,700</b>	£37,700
<b>40% higher rate between £37,701 and £125,140</b>	£112,300	<b>£87,440</b>	£87,440
<b>45% additional rate on taxable income over</b>	£150,000	<b>£125,140</b>	£125,140

Scotland (earned / pension income only)

Scottish taxpayers (non-dividend, non-savings income only)	2023/24 Band	2023/24 Rate	2024/25 Band	2024/25 Rate
<b>Starter</b> - First taxable income above the personal allowance	£12,571* - £14,732	19%	<b>£12,571* - £14,876</b>	<b>19%</b>
<b>Basic</b>	£14,733 - £25,688	20%	<b>£14,877 - £26,561</b>	<b>20%</b>
<b>Intermediate</b>	£25,689 - £43,662	21%	<b>£26,562 - £43,662</b>	<b>21%</b>
<b>Higher</b>	£43,663 - £125,140	42%	<b>£43,663 - £75,000</b>	<b>42%</b>
<b>Advanced</b>	N/A	N/A	<b>£75,001 - £125,140</b>	<b>45%</b>
<b>Top</b>	Above £125,140	47%	<b>Above £125,140</b>	<b>48%</b>

\*Assumes individuals are in receipt of the standard Personal Allowance.

#### Allowances

England, Wales, Northern Ireland, and Scotland.

Allowance	Amount	Reductions
Personal Allowance	£12,570	Tapers £1 for every £2 where adjusted net income is over £100,000
0% Starting rate for savings income	£5,000	Tapers £1 for every £1 non-savings/ dividend income over the personal allowance.
Personal savings allowance	£1,000	Reduces to £500 for Higher Rate and £0 for Additional Rate taxpayers.

#### Income tax relief schemes

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

**For financial advisers only**

## 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	2023/24		2024/25	
	Basic Rate	Higher Rate	Basic Rate	Higher Rate
Main rate	10%	20%	10%	20%
Residential property	18%	28%	18%	24%
Business Asset Disposal Relief - Rate within lifetime limit	10%		10%	

Allowances	2023/24	2024/25	2025/26 (where known)
Annual Exempt Amount	£6,000	£3,000	£3,000
Business Asset Disposal Relief - Lifetime limit	£1,000,000	£1,000,000	£1,000,000

## ISA's

	2023/24	2024/25	Notes
ISA allowance	£20,000	£20,000	Allowance can be shared across the different ISA types: <ul style="list-style-type: none"> <li>- Cash ISA (includes help to buy)</li> <li>- Stocks and Shares</li> <li>- Lifetime ISA (£4,000 limit applies)</li> <li>- Innovative finance ISA</li> </ul>
Junior ISA allowance	£9,000	£9,000	<ul style="list-style-type: none"> <li>- A Child may only have one Junior ISA.</li> <li>- This allowance also applies to the Child Trust Fund (CTF)</li> </ul>

## Registered Pensions

	2023/24	2024/25
Lifetime allowance	No LTA excess charge from this date	N/A
Individual Lump Sum Allowance	N/A	£268,275
Individual Lump Sum and Death Benefit Allowance	N/A	£1,073,100
Overseas transfer allowance	N/A	£1,073,100
Money purchase annual allowance	£10,000	£10,000
Annual allowance*	£60,000	£60,000

Annual allowance charge on excess is at applicable tax rate(s) on earnings

Lifetime Allowance ceased to exist in 2024/25 tax year onwards. This has been replaced with Individual Lump Sum Allowance (ILSA) and Individual Lump Sum and Death Benefit Allowance (ILSDBA). When ILSA and ILSDBA are exceeded and excess is taken as a lump sum this will be taxed at the recipients marginal rate of tax. If excesses are taken as income there is no tax.

\*Reduced by £1 for every £2 of adjusted income over £260,000 to a minimum of £10,000, subject to threshold income being over £200,000.

## Inheritance Tax

### Rates

	<i>Rate</i>	<i>Notes</i>
<b>Death rate</b>	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
<b>Lifetime rate</b>	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>
<b>Nil Rate Band (NRB)</b>	£325,000	Unused NRB can be transferred between spouses/civil partner to be used on second death.
<b>Residence Nil Rate Band (RNRB)</b>	Up to £175,000 <sup>1</sup>	<ul style="list-style-type: none"> <li>- Available where a qualifying main residence<sup>2</sup> is transferred to a direct descendant (includes child, grandchild, and their spouse / civil partner) on death.</li> <li>- Unused RNRB can be transferred between spouses / civil partner to be used on second death.</li> <li>- The available RNRB is tapered where the value of the estate exceeds £2,000,000<sup>3</sup> at a rate of £1 reduction for every £2 over.</li> <li>- Downsizing relief may apply where the main residence has been sold/ downsized on/after 8 July 2015</li> </ul>

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

## National Insurance Contributions (NIC)

### Class 1 (standard rates)

Pay			Rate	
Weekly	Monthly	Annually	Employee	Employer
£0 - £242	£0 - £1,048	£0 - £12,570	0%	0%
£242 - £967	£1,048 - £4,189	£12,570 - £50,270	8%	13.8%
£967+	£4,189+	£50,270+	2%	13.8%

### Classes 2,3 and 4

<b>Class 2</b>	Profits over £6,725	£0.00	Self employed
<b>Class 3</b>	N/A	£17.45 per week	Voluntary contributions
<b>Class 4</b>	Profits between £12,570 and £50,270	6%	Self employed
	Profits over £50,270	2%	

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QIP 21492/109/6571/April 2024