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UK TAX TABLES SUMMARY 2027/28

RATES OF INCOME TAX

2026/27				
BAND	TAXABLE INCOME RATE	"EARNED" RATE	SAVINGS RATE**	DIVIDEND RATE***
Starting Rate*	Up to £5,000	20%	0%	10.75%
Basic Rate	Up to £37,700	20%	20%	10.75%
Higher Rate	£37,701 to £125,140	40%	40%	35.75%
Add'l Rate	Over £125,140	45%	45%	39.35%

2027/28				
BAND	TAXABLE INCOME RATE	"EARNED" RATE	SAVINGS RATE**	DIVIDEND RATE***
Starting Rate*	Up to £5,000	20%	0%	10.75%
Basic Rate	Up to £37,700	20%	24%	10.75%
Higher Rate	£37,701 to £125,140	40%	44%	35.75%
Add'l Rate	Over £125,140	45%	49%	39.35%

* If an individual's non-savings taxable income exceeds £5,000 then the starting rate for savings income will not be available.

** In general, to determine the rate of tax the gross savings income is added to other taxable income.

*** In general, to determine the rate of tax, the dividend income is treated as the top-slice of income after deducting the dividend allowance.

INCOME TAX ALLOWANCES

	2026/27	2027/28
PERSONAL ALLOWANCE	£12,570	£12,570
DIVIDEND ALLOWANCE	£500	£500
PERSONAL SAVINGS ALLOWANCE:		
Basic Rate Taxpayer	£1,000	£1,000
Higher Rate Taxpayer	£500	£500
MARRIED COUPLE'S ALLOWANCE*	£11,700	£12,110
BLIND PERSON'S ALLOWANCE	£3,250	£3,370
INCOME LIMIT FOR AGE-RELATED ALLOWANCES	£39,200	£40,600

* Relief is restricted to 10%.

Where an individual's "adjusted net income" is above the income limit of £100,000 p.a., the amount of the personal allowance will be reduced by £1 for every £2 of income above the limit until it is eliminated.

Married Couple's Allowance (MCA) is only available for married couples where at least one of the parties was born before 6 April 1935. However, where a person born before 6 April 1935 gets married they or their spouse will be able to claim MCA.

The age-related allowances are reduced by £1 for every £2 of the individual's income above the income limit subject to the minimum personal allowances of those aged up to 65.

For those still entitled to the age-related Married Couple's Allowance, the minimum amount will be £4,690.

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INDIVIDUAL SAVINGS ACCOUNT

Up to £20,000 can be contributed to an ISA for 2027/28 (including Cash ISA) with £9,000 the maximum contribution into a Junior ISA. The Government will introduce a new First Time Buyers ISA which will provide a 25% government bonus on the final account balance, up to a maximum payment of £20,000 when used towards the purchase of a first property worth up to £450,000.

CAPITAL GAINS TAX (CGT)

Net gains in excess of the annual exemption of £3,000 are taxable at 18% for 2027/28 for individuals whose total income and capital gains fall within the basic rate limit for income tax purposes.

A rate of 24% applies to gains (or part gains thereof) for individuals above the basic rate limit.

Gains on residential property for basic rate taxpayers are also taxed at 18% whilst gains for higher rate taxpayers are taxed at 24%.

There is a new founders' relief rate of 10% from 06 April 2027. The relief will apply a 10% rate of CGT to qualifying disposals of shares, up to a lifetime limit of £10 million of gains per individual.

INHERITANCE TAX

RATE OF TAX FROM 06/04/26 TO 06/04/2031	TAXABLE ESTATE ON DEATH**
Nil	On first £325,000
40%*	Over £325,000

* For deaths on or after 6 April 2012, a lower rate of 36% applies where 10% or more of the deceased's net estate is left to charity.

** Until 2030/2031 the Resident Nil Rate Band (RNRB) may also be available for qualifying estates. The RNRB is £175,000 and is tapered away by £1 for every £2 that the estate exceeds £2,000,000.

MAIN EXEMPTIONS	
GIFTS TO SPOUSE LONG TERM RESIDENT IN THE UK	£ unlimited
ANNUAL ALLOWANCE	£3,000
SMALL GIFTS	£250
GIFTS IN CONSIDERATION OF MARRIAGE:	
By parent	£5,000
By grandparent or fiancé	£2,500
By any other person	£1,000
GIFTS TO CHARITY	£ unlimited

NORMAL EXPENDITURE OUT OF INCOME EXEMPTION MAY ALSO BE AVAILABLE

LIFETIME GIFTS

Taper relief may be available to reduce the tax payable for non-exempt lifetime gifts made between three and seven years before the death of the donor. Where tax is payable on chargeable lifetime gifts, tax is initially charged at 20%.

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NATIONAL INSURANCE CONTRIBUTIONS

CLASS 1 - EMPLOYED EARNERS

Class 1 (primary) - 0% below PT, 8% between PT & UEL and 2% above the UEL
Class 1A (secondary) – 0% below ST and 15% above with no lower amount or limit (paid by employers)

2027/28 THRESHOLDS - EMPLOYED EARNERS

	WEEK	MONTH	YEAR
PRIMARY THRESHOLD (PT)	£242/week	£1,048/ month	£12,570/ year
SECONDARY THRESHOLD (ST)	£96/week	£417/month	£5,000/ year
UPPER EARNINGS LIMIT (UEL)	£967/week	£4,189/ month	£50,270/ year

Reduced rate for certain widows and married women: 1.85% of earnings between the PT and the UEL plus 2% of earnings above the UEL.

CLASS 2/4 – SELF EMPLOYED

Can pay flat rate of £3.80 p.w if earnings from 6 April 2027 are less than £7,355 p.a (Class 2). Plus 6% of profits between £12,570 and £50,270 p.a and 2% above £50,270 p.a (Class 4).

CLASS 3 – VOLUNTARY

Flat rate of £19.05 per week.

PERSONAL RETIREMENT PROVISION

Tax relief is available in respect of personal contributions made to a registered pension scheme provided the individual is a relevant UK individual for the tax year in question.

The maximum amount of contribution that qualifies for tax relief in any tax year is the greater of:

› The basic amount – currently set at £3,600, and › 100% of the individual's relevant UK earnings chargeable to income tax.

The limits are cumulative across all pension schemes rather than relating to one individual scheme.

In addition to the personal contribution limit each individual also has an annual allowance limit encompassing all pension contributions made in the tax year on behalf of the individual. The annual allowance for 2027/28 is set at £60,000, although it may be possible to carry forward the allowance for the previous three tax years.

Once contributions paid exceed the annual allowance then the individual becomes subject to an annual allowance tax charge on the excess.

There is no lifetime allowance limit for 2027/28. However, the maximum Pension Commencement Lump Sum for those without relevant protections will be £268,275 which was 25% of the 2022/23 lifetime allowance.

OTHER

CORPORATION TAX

FOR FINANCIAL YEAR 2027/28	RATE
MAIN RATE	25%
SMALL PROFITS RATE	19%
LOWER THRESHOLD	£50,000
UPPER THRESHOLD	£250,000

A sliding scale of tax between 19% and 25% will operate between the lower and upper thresholds.

VALUE ADDED TAX

STANDARD RATE	20%
REGISTRATION LEVEL	£90,000 per annum from 1 April 2027

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