A4G Chartered Accountants
We're all about the advice, not just the numbers

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2027/28 Personal Taxes

Income tax

	2027/28	2026/27
Starting rate for savings only income 0%	£5,000	£5,000
Dividend allowance 0%	£500	£500
Basic rate 20% (24% for property & savings, 10.75% for dividends)	£37,700	£37,700
Higher rate 40%(44% for property & savings, 35.75% for dividends)	£37,701-£125,140	£37,701-£125,140
Additional rate 45% (49% for property & savings, 39.35% for dividends)	£125,141+	£125,141+

Personal savings allowance - 0% for basic rate tax payers on £1,000, £500 for higher rate tax payers

Personal Allowances

	2027/28	2026/27
Everyone	£12,570*	£12,570*

No longer any age related additional allowances

* Reduced by £1 for every £2 above income limit, where income exceeds £100,000

Dividends vs Salary - The best director pay mix

5 Steps for an effective tax planning strategy

NI Contributions

Class 1

Employer

Weekly earnings	2027/28 % of all earnings
£0 - £96	0.0%
Over £96	15.0%

Employee

Weekly earnings	2027/28 % of all earnings
£0 - £133	NIL
£134-£242	0%
£243-£967	8% *
Over £967	2%

The above rates apply to those not contracted out of S2P. * Previously 12%, 10% applies from 6th January 2024 to 5th April 2024

Class 1A	Employer	15.0%
Class 2*	S/Employed	£3.80 pw *
Class 3	Voluntary	£19.05 pw
Class 4	S/Employed	
£0-£12,570		0%
£12,571 - £50,270		6.00%
Over £50,270		2.00%

*** Payable on a voluntary basis only (23/24 payable on net earnings over £12,570)**

Capital Gains Tax

	2027/28	2026/27
Individual Exemption	£3,000	£3,000
Chattels Exemption	£6,000	£6,000
Trusts exemption	£1,500	£1,500

Transfers between husband and wife living together are exempt.

Main Rate	24%	24%
Basic Rate	18%	18%
Entrepreneurs Rate*	18%	18%

* Available on first £500,000 of eligible gains in lifetime where disposal is post 5th April 2027

Pensions

Annual allowance 100% of net relevant earnings or £3,600 if higher

Capped at	2027/28	2026/27
	£60,000	£60,000

Note: Ability to utilise unused annual allowances of up to £60,00 for 2027, 2026, 2025 & 2024 if member of defined benefit or contribution scheme in previous 3 years. Amount is tapered if adjusted annual income exceeds £260,000 (£240,000 in 2023). Money purchase annual allowance (if in drawdown) £10,000

Lifetime limit Unlimited

Amounts exceeding £1,073,100 taxed at marginal rates if extracted as a lump sum

Inheritance Tax

Exempt transfers:

Gifts to UK domiciled spouse

Gifts to charity

Overseas domiciled spouse up to £325,000

Annual exemption £3,000

Small gifts £250

Wedding gifts - £5,000 child, £2,500 grandchild or remoter issue, £1,000 other

Non UK assets held by a non domiciled individual

Nil rate band: £325,000

Rate of tax at death 40%*

*36% where 10% of estate left to charity

Residence Nil Rate band £175,000

Lifetime tax rate 20%

No IHT on transfers to individuals unless death within 7 years

Reduced tax charge on gifts made when death is within 7 years

Years:	0-3	3-4	4-5	5-6	6-7
% taxable	100	80	60	40	20

How to spare your loved ones an Inheritance tax bill

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2027/28 Business Taxes

Corporation Tax

Profits	1st April 2027	1st April 2026
£0 - £50,000	19.0%	19.0%
£50,001 - £250,000	26.5%	26.5%
£250,001 +	25.0%	25.0%

Where an owner or director of the company has affiliations with other "Associated" companies the bandings above are divided between the number of associated companies

Value Added Tax

Standard Rate
From 1st April 2027 — 20.00%

VAT fraction
From 1st April 2027 — 1/6

Turnover registration limit — £90,000
Turnover deregistration limit — £88,000
Cash/annual accounting registration limit — £1.35m excl. VAT
Cash/annual accounting deregistration limit — £1.6m excl. VAT
Flat rate scheme income registration limit — £150,000 excl. VAT
Flat rate scheme income deregistration limit — £230,000 incl. VAT

VAT Scale Charge: Now based upon the CO2 Emissions of the vehicle concerned

Should you be VAT registered?

Mileage Allowances

The maximum tax-free mileage allowances for employees using their own cars for business are as follows:

2027/28	First 10,000 Miles	10,000+ miles
Car & Van	55p	35p
Motorcycle	24p	24p
Bicycle	20p	20p

Notes:
1 Payments in excess of approved rates are taxable
2 Where payments are made at rates less than the approved rates, employees can claim tax relief on shortfall

Vehicle Benefits

Chargeable on all directors and employees

Car benefit*: This is now calculated as a percentage of the original list price of the vehicle

Car fuel benefit*:This is now calculated as a percentage of a fixed sum of £30,200

* Percentage used will be dependent on the level of CO_2 vehicle emissions

Van benefit: £4,310 if there is any private use. Travel between home and work is not considered private use

Van fuel benefit: £825

Main Capital Allowances

Motor Cars (based on CO2 emissions)
0g/km CO2: 100% FYA only if purchased new & unused
Less than 50g/km CO_2 - 12% rb;
51g/km CO2 or more- 6% rb;

Plant & Machinery * - 12% rb ~
Computer Equipment * - 12% of rb
Integral features - 6% rb
Goodwill - 4% on certain unconnected party transactions only

Structures and Buildings Allowance (SBA) - 3% sl

* Annual Investment Allowance- 100% allowance on certain capital expenditure up to £1mill from 1st January 2019 onwards

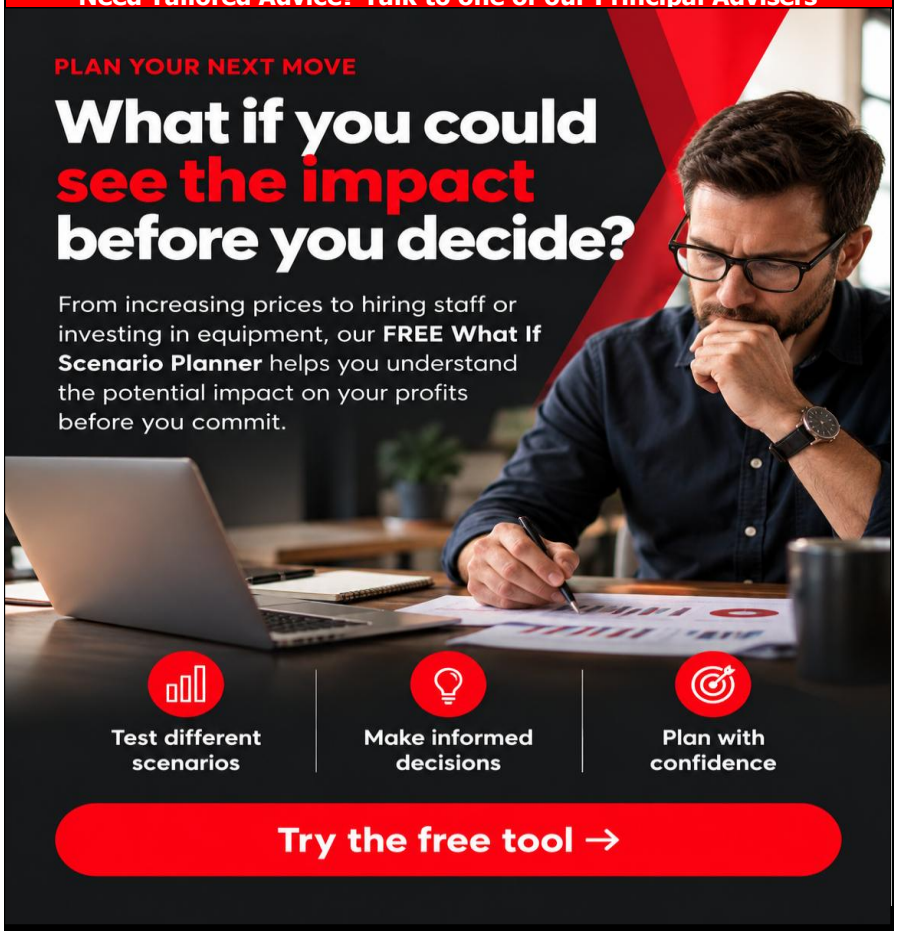
rb = reducing balance sl=straight line basis

~Full Expensing rate on P&M - 100% FYA. **Full Expensing special rate** 50% FYA

New zero emission goods vehicles, new electric charge point equipment - 100%

Is buying a company car worth it?

Need Tailored Advice? Talk to one of our Principal Advisers



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