



# Tax Year Rates and Allowances 2025/2026

# Introduction

We know tax can be complicated so we've designed this document to help you understand the tax rates and allowances that apply for the 2025/2026 tax year. It will hopefully help you work out what will apply to you and when.

The information below is for the 2024/2025 and 2025/2026 tax years, which run from 6 April to 5 April inclusive.

Allowances	2024/2025 rate	2025/2026 rate
<b>Annual Allowance<sup>1</sup></b>	£60,000	£60,000
<b>Money Purchase Annual Allowance (MPAA)<sup>2</sup></b>	£10,000 (applicable when someone takes a 'flexible payment' from money purchase benefits)	£10,000 (applicable when someone takes a 'flexible payment' from money purchase benefits)
<b>Annual Allowance charge<sup>3</sup></b>	Marginal rate of income tax	Marginal rate of income tax
<b>Lump Sum Allowance (LSA)<sup>4</sup></b>	£268,275	£268,275
<b>Lump Sum and Death Benefit Allowance (LSDBA)<sup>5</sup></b>	£1,073,100	£1,073,100
<b>Overseas Transfer Allowance (OTA)<sup>6</sup></b>	£1,073,100	£1,073,100

**Important notes:**

1. The annual allowance is the maximum amount you and your employer can pay in any one year before incurring a tax charge. There is a tapered reduction in the annual allowance for individuals with income (including the value of any pension contributions) of over £260,000 a year, where their income (excluding pension contributions) is in excess of £200,000.
2. The MPAA is the maximum amount you can pay into your money purchase (also known as defined contribution) pension in a tax year after you have started to take money from your pension pot in certain ways. Your pension scheme or provider will tell you if the MPAA applies to you when a payment is made.
3. This is the rate of tax you pay for any contributions over your Annual Allowance or MPAA in a tax year.
4. When you access your pension, you can usually take up to 25% of it as a tax-free lump sum. Your 'Lump Sum Allowance' is the maximum amount of money you can take as tax-free lump sums from all the pensions you have. While you can still take out money over this allowance, you will need to pay income tax on it. The Lump Sum Allowance is £268,275. It will be higher if you have any protected tax-free lump sums, or a protected lifetime allowance.
5. Your 'Lump Sum Death Benefit Allowance' (LSDBA) is the total amount of tax-free money you can take across all the pensions you have as a:
  - tax-free lump sum
  - tax-free serious ill-health lump sum, paid out before you turn 75, or
  - tax-free lump sum death benefit, paid out if you pass away before you turn 75.The LSDBA is £1,073,100. It will be higher if you have any protected tax-free lump sums, or a protected lifetime allowance. Income tax will need to be paid on any funds paid above the LSDBA, by whoever receives the payment.
6. The 'Overseas Transfer Allowance' is the maximum amount you can transfer from any registered UK pension schemes you have, to any Qualifying Recognised Overseas Pensions Schemes (QROPS). The Overseas Transfer Allowance is £1,073,100. A 25% overseas transfers charge will be taken from any transfers over this.

For more information on lifetime allowance protection please go to:  
[gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance](https://www.gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance)

<b>Automatic enrolment earnings triggers</b>	<b>2024/2025 rate</b>	<b>2025/2026 rate</b>
<b>Annual earnings trigger</b>	£10,000	£10,000
<b>Monthly earnings trigger</b>	£833	£833
<b>Four-weekly earnings trigger</b>	£768	£768
<b>Weekly earnings trigger</b>	£192	£192

<b>Automatic enrolment qualifying earnings – lower limits</b>	<b>2024/2025 rate</b>	<b>2025/2026 rate</b>
<b>Annual qualifying earnings lower limit</b>	£6,240	£6,240
<b>Monthly qualifying earnings lower limit</b>	£520	£520
<b>Four-weekly qualifying earnings lower limit</b>	£480	£480
<b>Weekly qualifying earnings lower limit</b>	£120	£120

<b>Automatic enrolment qualifying earnings – upper limits</b>	<b>2024/2025 rate</b>	<b>2025/2026 rate</b>
<b>Annual qualifying earnings lower limit</b>	£50,270	£50,270
<b>Monthly qualifying earnings lower limit</b>	£4,189	£4,189
<b>Four-weekly qualifying earnings lower limit</b>	£3,867	£3,867
<b>Weekly qualifying earnings lower limit</b>	£967	£967

Income tax (UK)	2024/2025 rate	2025/2026 rate
Basic rate	20%	20%
Higher rate	40%	40%
Additional rate	45%	45%
Personal Allowance (UK, Scotland and Wales)	£12,570	£12,570
Taxable earnings at basic rate (UK rate)	£12,571* – £50,270*	£12,571* – £50,270*
Taxable earnings at higher rate (UK rate)	£50,271* – £125,140	£50,271* – £125,140
Additional rate threshold (UK rate)	Over £125,140**	Over £125,140**

Scottish rate of income tax (SRIT)	2024/2025 rate	2025/2026 rate
Starter rate	19%	19%
Basic rate	20%	20%
Intermediate rate	21%	21%
Higher rate	42%	42%
Advanced rate	45%	45%
Top rate	48%	48%
Taxable earnings at start rate (SRIT)	£12,571 – £14,876	£12,571 – £15,397
Taxable earnings at basic rate (SRIT)	£14,877 – £26,561	£15,398 – £27,491
Taxable earnings at intermediate rate (SRIT)	£26,562 – £43,662	£27,492 – £43,662
Taxable earnings at higher rate (SRIT)	£43,663 – £75,000*	£43,663 – £75,000*
Taxable earnings at advanced rate	£75,001 – £125,140	£75,001 – £125,140
Top rate threshold (SRIT)	Over £125,140**	Over £125,140**

Welsh rates of income tax	2024/2025 rate	2025/2026 rate
Basic rate	20%	20%
Higher rate	40%	40%
Additional rate	45%	45%
Taxable earnings at basic rate (Welsh rate)	£12,571* – £50,270*	£12,571* – £50,270*
Taxable earnings at higher rate (Welsh rate)	£50,271* – £125,140	£50,271* – £125,140
Additional rate threshold (Welsh rate)	Over £125,140**	Over £125,140**

**Important:**

\* Assumes you are in receipt of the Standard UK Personal Allowance.

\*\* Personal Allowance reduced by £1 for every £2 earned over £100,000.

ISAs	2024/2025 rate	2025/2026 rate
Adult ISA annual allowance	£20,000	£20,000
Junior ISA annual allowance	£9,000	£9,000

National Insurance primary thresholds	2024/2025 rate	2025/2026 rate
Annual primary threshold	£12,570	£12,570
Monthly primary threshold	£1,048	£1,048
Four-weekly primary threshold	£968	£968
Weekly primary threshold	£242	£242

<b>National Insurance lower earnings limits</b>	<b>2024/2025 rate</b>	<b>2025/2026 rate</b>
<b>Annual lower earnings limit</b>	£6,396	£6,500
<b>Monthly lower earnings limit</b>	£533	£542
<b>Four-weekly lower earnings limit</b>	£492	£500
<b>Weekly lower earnings limit</b>	£123	£125

<b>National Insurance upper earnings limits</b>	<b>2024/2025 rate</b>	<b>2025/2026 rate</b>
<b>Annual upper earnings limit</b>	£50,270	£50,270
<b>Monthly upper earnings limit</b>	£4,189	£4,189
<b>Four-weekly upper earnings limit</b>	£3,868	£3,868
<b>Weekly upper earnings limit</b>	£967	£967

<b>State Pension</b>	<b>2024/2025 rate</b>	<b>2025/2026 rate</b>
<b>Basic State Pension (per week)</b>	£169.50	£176.45
<b>Basic Flat-Rate State Pension</b>	£221.20	£230.25

Miscellaneous rates and allowances	2024/2025 rate	2025/2026 rate
Individual Capital Gains Tax threshold	£3,000	£3,000
Capped Drawdown limit	150% for existing drawdown customers. Capped drawdown hasn't been available for new drawdown requests since 6 April 2015	150% for existing drawdown customers. Capped drawdown hasn't been available for new drawdown requests since 6 April 2015
Hourly National Minimum Wage (age 18–20)	£8.60	£10.00
Hourly National Minimum Wage (age 21 and over)	£11.44	£12.21
Pension tax relief limit without relevant UK earnings	£3,600	£3,600
Trivial commutation limit	£30,000 (for Defined Benefit schemes only)	£30,000 (for Defined Benefit schemes only)

How can your pension be passed on?	2024/2025 rate	2025/2026 rate
<b>If you die before age 75</b>		
Lump sum	Free of income tax*	Free of income tax*
Income	Tax-free	Tax-free
<b>If you die after age 75</b>		
Lump sum	Taxed as income**	Taxed as income**
Income	Income is taxable**	Income is taxable**

Please see the notes on the next page.



**Important:**

Please note that the government has announced its intention to include the value of deaths benefit paid from most unused pension funds within the value of your estate for inheritance tax purposes if you were to die on or after 6 April 2027. The exact rules are currently under consultation by the government.

\* A lump sum is subject to the Lump Sum and Death Benefit Allowance (LSDBA). It will also only be free of income tax if it's within this allowance and is paid within two years from when the scheme is first notified of your death. Any lump sum older than two years will be taxed in the same way as payments made if you die aged 75 or older.

\*\* Income is taxed at the beneficiary's/beneficiaries' marginal rate of income tax.

[legalandgeneral.com/workplacepensions](https://legalandgeneral.com/workplacepensions)

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