



Double Entry newsletter: 2025 Q1

Summary of the major tax and wage changes for the 2025 – 26 tax year

Salutations!!!

Welcome to the first quarterly newsletter for the 2025 – 26 tax year.

First of all, I would like to thank you for following Amcotshire on whichever social media platform it may be and I hope you find the following information useful.

Spring 2025 is here and along with it comes the new tax year!

The main purpose of the quarterly newsletters is to provide a summary of the main relevant tax updates and also provide in depth analysis on topics relevant to yourself regarding personal or business tax.

If you have any further questions on the information in the newsletter or have suggestions for topics, you would like me to talk about in the second quarter (July 2025 – September 2025) then feel free to email me or comment on any of the social media posts.

Take care,

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“Your Chartered Accountant for the present and future.”

Personal Tax updates

PAYE Tax rates for England and Wales for 2025 – 26 remain the same from the 2024 – 25 tax year.

| PAYE tax rate | Rate of tax | Annual earnings the rate applies to (above the PAYE threshold) |
|---------------------|-------------|--|
| Basic tax rate | 20% | Up to £37,700 |
| Higher tax rate | 40% | From £37,701 to £125,140 |
| Additional tax rate | 45% | Above £125,140 |

The employee class 1 primary national insurance rates for England and Wales for 2025 – 26 remain the same from the 2024 – 25 tax year.

| Category letter | Primary threshold up to upper earnings limit | Above upper earnings limit |
|-----------------|--|----------------------------|
| A | 8% | 2% |
| B | 1.85% | 2% |

Increase in national minimum wage

There is an increase in the minimum wage across all category of worker for the 2025 – 26 tax year.

| Category of worker | 2025 - 26 | 2024 - 25 | Increase in amount | Increase as a percentage on prior year |
|---|-----------|-----------|--------------------|--|
| Aged 21 and above (national living wage rate) | £12.21 | £11.44 | ↑ £0.77 | ↑ 6.7% |
| Aged 18 to 20 inclusive | £10 | £8.60 | ↑ £1.40 | ↑ 16.3% |
| Aged under 18 (but above compulsory school leaving age) | | | | |
| Apprentices aged under 19 | £7.55 | £6.40 | ↑ £1.15 | ↑ 18% |
| Apprentices aged 19 and over, but in the first year of their apprenticeship | | | | |

Increase in Statutory Maternity, Paternity, Adoption, Shared Parental and Parental Bereavement Pay

There is an increase in employee Statutory Maternity, Paternity, Adoption, Shared Parental and Parental Bereavement Pay for the 2025 – 26 tax year.

| Category | 2025 - 26 | 2024 - 25 | Increase in amount | Increase as a percentage on prior year |
|---|---|--|--------------------|--|
| Statutory Maternity Pay – weekly rate for first 6 weeks. | 90% of employee's average weekly earnings | 90% of employee's average weekly earnings | NIL | NIL |
| Statutory Maternity Pay – weekly rate for remaining weeks. | Lower of £187.18 Or 90% of employee's average weekly earnings. | Lower of £184.03 Or 90% of employee's average weekly earnings | ↑ £3.15 | ↑ 1.71% |
| Statutory Paternity Pay (SPP) – weekly rate. | Lower of £187.18 Or 90% of employee's average weekly earnings. | Lower of £184.03 Or 90% of employee's average weekly earnings | ↑ £3.15 | ↑ 1.71% |
| Statutory Adoption Pay (SAP) – weekly rate for first 6 weeks. | Lower of £187.18 Or 90% of employee's average weekly earnings. | Lower of £184.03 Or 90% of employee's average weekly earnings | ↑ £3.15 | ↑ 1.71% |
| SAP – weekly rate for remaining weeks | Lower of £187.18 Or 90% of employee's average weekly earnings. | Lower of £184.03 Or 90% of employee's average weekly earnings | ↑ £3.15 | ↑ 1.71% |
| Statutory Shared Parental Pay (ShPP) – weekly rate. | Lower of £187.18 Or 90% of employee's average weekly earnings. | Lower of £184.03 Or 90% of employee's average weekly earnings | ↑ £3.15 | ↑ 1.71% |
| Statutory Parental Bereavement Pay (SPBP) – weekly rate. | Lower of £187.18 Or 90% of employee's average weekly earnings. | Lower of £184.03 Or 90% of employee's average weekly earnings | ↑ £3.15 | ↑ 1.71% |

| Capital Gains Tax - On disposal of non-residential assets | |
|---|---|
| Prior law/scheme | Capital Gains Tax (CGT) 10% (On disposal of non-residential assets) CGT 20% (On disposal of non-residential assets) |
| New law/scheme | As of the 6 th April 2025 CGT 18% (On disposal of non-residential assets) As of the 6 th April 2025 CGT 24% (On disposal of non-residential assets) |
| How will it affect me? | After annual CGT allowance (currently £3,000) As of the 6 th April 2025 non-residential assets sold that would qualify for BADR will incur an additional 8% tax charge. |

| | |
|--|---|
| | <p>E.g. Profit on asset sold after CGT allowance £10,000. Current scheme, £10,000 x 10%/20% CGT = £1,000/£2,000. From the 6th April 2025, £10,000 x 18%/24% CGT = £1,800/£2,400. CGT liability increase of £800/£400.</p> |
|--|---|

| Business Asset Disposal Relief | |
|---------------------------------------|--|
| Prior law/scheme | Business Asset Disposal Relief (BADR) 10% |
| Current law/scheme | BAPR 14% - from the 6 th April 2025 BAPR 18% - from the 6 th April 2026 |
| How will it affect me? | <p>As of the 6th April 2025 any asset(s) sold that would qualify for BADR will incur an additional 4% tax charge on the first £1M.</p> <p>From the 6th April 2026 an additional 4% compared to 2025 – 26.</p> <p>E.g. prior scheme £1M x 10% = CGT of £100,000 $2025 - 26 \text{ CGT will be } £1M \times 14\% = £140,000$ $2026 - 27 \text{ CGT will be } £1M \times 18\% = £180,000$</p> |

| Inheritance Tax (IHT) is paid on an inherited pension | |
|--|---|
| current law/scheme | No Inheritance Tax (IHT) is paid on an inherited pension. |
| Future law/scheme | From the 6 th April 2027 IHT is payable on an inherited pension. |
| How will it affect me? | <p>If you inherit a pension from the 6th April 2027 onwards, the amount received will now be subject to IHT. This could amount to up to 40% of the amount received.</p> <p>E.g. Currently any inherited pension is not subject to IHT. From the 6th April 2027, £50,000 pension inherited IHT 40% = £20,000. Therefore only 60% of the pension will be inherited as opposed to the 100% under the current scheme.</p> |

| Stamp Duty Land Tax (SDLT) surcharge on second homes | |
|---|---|
| Prior law/scheme | Stamp Duty Land Tax (SDLT) surcharge on second homes – 2% up to the 30 th October 2024. |
| Current law/scheme | SDLT surcharge on second homes – 5%. |
| How will it affect me? | <p>If you are subject to English tax law and decide to buy a second home in England, the SDLT surcharge will now be 2.5x more than before.</p> <p>E.g Pre 31st October 2024, the property amount subject to SDLT, £500,000 x 2% = £10,000 From the 31st October 2024 SDLT on the same property will now be £25,000.</p> |

| Carried interest (Private Equity) | |
|--|---|
| Prior law/scheme | Carried interest (Private Equity) CGT 28% |
| Current law/scheme | Carried interest (PE) CGT 32% as of the 6 th April 2025 |
| How will it affect me? | <p>Carried interest is the share of profits received by fund managers on the overall profits of a private investment fund. It is charged as under CGT rather than income tax.</p> <p>E.g. Current scheme carried interest £13,750,000 x 28% CGT liability = £3,850,000 As of the 6th April 2025, £13,750,000 x 32% CGT liability = £4,400,000</p> |

| | |
|--|---|
| | Therefore, the additional £550,000 in CGT will be payable. |
|--|---|

Business Tax updates

Employee mileage allowance payments

The employee mileage allowance payment rates for business travel remain unchanged from the 2024 – 25 tax year.

| Vehicle type | 2025 – 26 | 2024 – 25 |
|---------------------|---|---|
| Car | First 10,000 miles – 45p Each mile after 10,000 – 25p For national insurance purposes – 45p for all business miles. | First 10,000 miles – 45p Each mile after 10,000 – 25p For national insurance purposes – 45p for all business miles. |
| Motorcycle | For both tax and National Insurance purposes and for all business miles – 25p | For both tax and National Insurance purposes and for all business miles – 25p |
| Cycle | For both tax and National Insurance purposes and for all business miles – 20p | For both tax and National Insurance purposes and for all business miles – 20p |

Company cars fuel rates

Where a business provides an employee with a company car the following mileage rates are to be used to calculate the cost.

The rates were updated on the 1st March 2025 and are continued to be used for the 2025 – 26 tax year.

| Engine size | Petrol amount per mile | LPG amount per mile | Diesel amount per mile |
|--------------------|-------------------------------|----------------------------|-------------------------------|
| 1400cc or less | 12p | 11p | 12p |
| 1401cc to 1600cc | 15p | 13p | 12p |
| 1600cc to 2000cc | 15p | 13p | 13p |
| Over 2000cc | 23p | 21p | 17p |

NB: Hybrid cars are treated as either petrol or diesel cars for the above purpose. E.g a Porsche Cayenne Turbo S E-Hybrid Coupé would be treated as a petrol car.

Also, electric cars have a flat rate of 7p per mile as, electricity is not classed as fuel for benefit purposes.

Apprenticeship Levy

The Apprenticeship Levy allowance and charges unchanged from the 2024 – 25 tax year.

| Allowance or charge | 2025 – 26 | 2024 – 25 |
|-------------------------------|------------------|------------------|
| Apprenticeship Levy allowance | £15,000 | £15,000 |
| Apprenticeship Levy charge | 0.5% | 0.5% |

Increase in Statutory Maternity, Paternity, Adoption, Shared Parental and Parental Bereavement employer costs

There is an increase in employer Statutory Maternity, Paternity, Adoption, Shared Parental and Parental Bereavement costs for the 2025 – 26 tax year.

| Category | 2025 - 26 | 2024 - 25 | Increase in amount | Increase as a percentage on prior year |
|---|---|--|--------------------|--|
| Statutory Maternity Pay – weekly rate for first 6 weeks. | 90% of employee's average weekly earnings | 90% of employee's average weekly earnings | NIL | NIL |
| Statutory Maternity Pay – weekly rate for remaining weeks. | Lower of £187.18 Or 90% of employee's average weekly earnings. | Lower of £184.03 Or 90% of employee's average weekly earnings | ↑ £3.15 | ↑ 1.71% |
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However, the above costs are caveated by an increase in the employer costs that can be recovered by a business from HMRC subject to meeting the requirement set out below.

| Category | 2025 - 26 | 2024 - 25 | Increased by: | Increase as a percentage on prior year |
|--|---|---|-------------------|--|
| SMP, SPP, ShPP, SAP or SPBP – proportion of your payments employers can recover from HMRC. | 92% if your total Class 1 National Insurance (both employee and employer contributions) is above £45,000 for the previous tax year 108.5% if your total Class 1 National Insurance for the previous tax year is £45,000 or lower | 92% if your total Class 1 National Insurance (both employee and employer contributions) is above £45,000 for the previous tax year 103% if your total Class 1 National Insurance for the previous tax year is £45,000 or lower | NIL ↑ 5.5% | NIL ↑ 5.33% |

| Employer National Insurance rates | |
|--|---|
| Prior law/scheme | Prior scheme Employer National Insurance (NI) 13.8% Threshold £9,100. |
| Current law/scheme | From the 6 th April 2025, Employer NI 15% (1.2% increase) Threshold £5,000. |
| How will it affect me? | <p>The 1.2% increase from the 6th April 2025 has a twofold effect on a business. The threshold for NI liability has been lowered by 45.1% (£4,100/£9,100) and the NI has been increased by 8.7% (1.2/13.8). The additional cost to a business will be £615 per employee (on a salary equal to or above £9,100) per year.</p> <p>Therefore, the additional annual NI cost to a business per employee will be £615.</p> |

| National Insurance Employer allowance | |
|--|---|
| Prior law/scheme | Employer allowance £5,000 |
| Current law/scheme | From the 6 th April 2025 Employer allowance £10,500 |
| How will it affect me? | <p>Any company that is eligible for the NI employer allowance will see that increase by £5,500. However, the increase in the employer NI, will mean the net effect is a loss to a business with 9 or more employees.</p> <p>E.g. Each employee earning £9,100 or more will cost a business an extra £615 per year from April 2025, the additional £5,500 from the employer allowance will cover up to 8 employees (£5,500/£615 = 8.94).</p> <p>NB. The employer allowance is not given for each employee it is a set amount of £10,500.</p> |

| Business rates discount | |
|--------------------------------|---|
| Prior law/scheme | Business rates discount – 75% for retail, hospitality and leisure relief |
| New law/scheme | From the 6 th April 2025 Business rates discount – 40% up to max £110K. |
| How will it affect me? | <p>The cost to businesses eligible for this relief is an increase of 47% which is the amount the discount has been reduced by.</p> <p>E.g. Business rate is £10,000, 75% discount, rate costs you £2,500. From 6th April 2025, £10,000 with a now 40% discount the rate cost is now £6,000.</p> <p>Therefore, the additional cost to the business for the year is £3,500.</p> |