

**Tax Allowances and Thresholds for 2024/25 Tax Year**

There are a number of changes happening on 6th April – here’s a quick summary of the ones most relevant to pensions and employment.

For a more comprehensive overview of the budget, please see the full PK Budget Bulletin [here.](https://www.pkgroup.co.uk/wp-content/uploads/2024/03/PK-Group-Budget-Report-March-2024-v2-1.pdf)

**Pensions**

**Lifetime Allowance (LTA) – ABOLISHED from 24/25 onwards.**

This is the maximum amount of pension savings that may be accrued without being subject to an extra tax charge. So, from now on, the only tax restriction to how much you can accumulate in a pension is the Annual Allowance.

**PLEASE NOTE:** the maximum Pension Commencement Lump Sum (Tax-Free Cash) will be kept at the current level of £268,275. **Please also bear in mind that taxation rules are always subject to change.**

**Annual Allowance (AA) – remaining at £60,000 p.a. for 24/25.**

This is the maximum amount of pension savings in any one Tax Year that may qualify for Income Tax relief.

This is subject to not exceeding 100% of relevant taxable income.

Restrictions apply for higher earners – see our [Annual Allowance factsheet 24-25](https://www.pkgroup.co.uk/wp-content/uploads/2024/03/Factsheet-Pensions-Annual-Allowance-Factsheet-24-25.pdf)

**Income Tax and National Insurance (NI) Thresholds (England, Wales and N Ireland)**

|  |  |  |
| --- | --- | --- |
| **Income** | **Tax Rate** | **Employee NI rate** |
| Up to £12,570 | NIL | NIL |
| £12,570 - £50,270 | 20% | 8% |
| £50,270 - £125,140 | 40% | 2% |
| £125,140 and above | 45% | 2% |

**Income Tax Thresholds (Scotland) – NI rates are as per rest of UK**

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| --- | --- |
| **Income** | **Tax Rate** |
| Up to £12,570 | NIL |
| £12,570 - £14,876 | 19% |
| £14,877 - £26,561 | 20% |
| £26,562 - £43,662 | 21% |
| £43,663 - £75,000 | 42% |
| £75,001 - £125,140 | 45% |
| £125,140 and above | 48% |

**IMPORTANT:** Your tax rates determine how much tax relief that you receive on pension contributions. If you contribute via Salary Sacrifice, you save personal NI as well.

The tax-free Personal Allowance of £12,570 is ‘lost’ on an incremental basis on income above £100,000 p.a. This creates an effective tax charge of 60% on income between £100,000 and £125,140. Those with income in this range may therefore receive effective tax relief of up to 60% on pensions contributions.

**National Living wage**

Increased to **£11.44 per hour**.

**Capital Gains Tax (CGT)**

**Annual Exemption Allowance -** £3,000 (down from £6,000).

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| --- | --- | --- |
|  | **CGT Rate** | **Additional Rate for Residential Property** |
| **Higher Rate** | 10% | +8% |
| **Basic Rate** | 20% | +4% |



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This document is generic information only and not specific advice tailored in any way to individual circumstances and should be read with this in mind.

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