THE ADVANCED DIPLOMA IN INTERNATIONAL TAXATION

June 2026

MODULE 2.09 – UNITED KINGDOM OPTION

ADVANCED INTERNATIONAL TAXATION (JURISDICTION)

TIME ALLOWED – 3¼ HOURS

This exam paper has **three** parts: **Part A**, **Part B** and **Part C**.

You need to answer **five** questions in total. You will **not** receive marks for any additional answers.

You must answer:

- **Both** questions in **Part A** (25 marks each)
- **One** question from **Part B** (20 marks)
- **Two** questions from **Part C** (15 marks each)

Further instructions

- All workings should be made in Pounds Sterling, unless otherwise stated. Any monetary calculations should be made to the nearest whole Pound. Any necessary time apportionments in your calculations should be made to the nearest whole month.
- You must provide appropriate line breaks between each question, and clearly indicate the start of each new question using the formatting tools available.
- Marks may be allocated for clarity of presentation of your answers.
- The time you spend answering questions should correspond broadly to the number of marks available for that question. You should therefore aim to spend approximately half of your time answering Part A, and the other half answering questions in Parts B and C.
- There is no separate reading time, so you can start typing your answers as soon as the exam begins. However, we recommend that you set aside some time to thoroughly read each question and plan each of your answers.

For your information this paper includes:

ADIT Examinations 2026 Tax Tables

PART A

You are required to answer BOTH questions from this Part.

1. Streamflow Digital Ltd (Streamflow) is an independent company incorporated in the United Kingdom.

Streamflow operates a global social media platform, and its revenues arise from targeted online advertising and monetisation of user data associated with their activity on the platform. For the year ending 31 December 2025, Streamflow generated worldwide revenues of around £750 million.

Due to a significant development and marketing spend, Streamflow made an operating loss of £15 million (before taxes). A detailed analysis suggests that £200 million of the worldwide revenues are attributable to UK users.

A few years ago, Streamflow relocated its head office, senior management and development teams to Aurelia, a jurisdiction with which the UK has a double tax agreement (DTA) based on the OECD Model Tax Convention. Streamflow is treated as resident in Aurelia under the DTA.

Streamflow currently has no employees or other agents working on its behalf in the UK.

Streamflow's only physical presence in the UK is a freehold commercial building in London which it acquired on 1 January 2025 for £35 million. The building is let to an unrelated company at an annual rent of £2.4 million (paid gross). Streamflow provides no additional services in relation to the property. Streamflow incurs annual management and maintenance costs of £500,000 in relation to the property.

Streamflow acquired the property as an investment and potential future UK sales office for its digital platform business. The board has indicated that they may decide to sell the UK property instead of occupying it, depending on market conditions. In either case, Streamflow's board and senior management teams will remain in Aurelia.

Streamflow's finance directors are seeking advice on its potential UK tax exposure.

You are required to prepare a briefing for the board of Streamflow, advising on:

1) **Streamflow's current exposure to UK Corporation Tax and associated reporting requirements;** (8)

2) **Streamflow's exposure to the UK's Digital Services Tax and associated reporting requirements; and** (9)

3) **Any additional UK Corporation Tax exposures that may arise from Streamflow's future plans to either sell their UK property or occupy it as their sales office.** (8)

Total (25)

2. Your client, Karl Fischer, is a very wealthy United Kingdom resident but non-domiciled individual who is in the process of emigrating to Italy, following the abolition of the non-domiciled regime. He is a German citizen who, prior to his move to the UK, had resided in Berlin. Karl became UK-resident on 6 April 2014.

Karl has requested your written advice regarding his tax affairs. In advance of your meeting, he has emailed you with a reminder of the following facts:

- He is 50 years old and works part time for A1 Byte Ltd, a UK incorporated company of which he is a director and directly holds 50% of the share capital.
- Karl left the UK on 6 April 2026 and will be required to undertake approximately 50 UK 'workdays' per UK tax year going forward.
- Karl has retained his home in Berlin, where his ex-wife and two minor children currently live. He has no other relatives in the UK.
- Karl wishes to keep his London property for use whilst visiting the UK and for occasional visits by other family members.
- In addition to workdays, Karl estimates that he would like to spend approximately ten days each tax year attending prestigious UK sporting events.
- Karl acquired an Italian property in April 2026 and expects to spend at least 190 days in Italy each year.
- From April 2027 Karl's oldest child, who will be 12 years old in the 2027/28 tax year, will attend a UK boarding school.
- Karl directly holds 100% of the shares in a British Virgin Islands company, Opus Ltd, which has been very profitable in recent years. The company has generated very large cash reserves and Karl would like these to be paid as a dividend after he has become non-resident.

You are required to:

1) Determine and explain Karl's expected UK tax residence status for the 2026/27, 2027/28, 2028/29 and 2029/30 tax years under the Statutory Residence Test. (13)

2) Outline any exposure that Karl may have to UK Income Tax, Capital Gains Tax and Inheritance Tax after he becomes non-UK resident, including a consideration of the temporary non-residence rules. (12)

Total (25)

PART B

You are required to answer ONE question from this Part.

3. Oakridge Inc. (Oakridge) is a company resident in the United States. It has expanded into the United Kingdom by incorporating two wholly-owned subsidiaries, Pine Ltd and Walnut Ltd. Both subsidiaries are incorporated and tax resident in the United Kingdom and began trading on 1 January 2025.

On 1 January 2025, Pine Ltd borrowed £100 million from Oakridge Inc. to fund the acquisition of premises in the UK. The loan carries interest at a rate of 6% per annum. The loan is subject to an Advance Thin Capitalisation Agreement (ATCA) with HMRC under which, for UK transfer pricing purposes, the maximum arm's length amount of related-party debt is £80 million and the arm's length interest rate is 6% per annum.

For the year ending 31 December 2025, Pine Ltd paid related party interest totalling £6 million and third party bank interest of £1.5 million. Walnut Ltd had no interest expense but received interest income of £500,000. The UK group's tax-EBITDA for the year was £15 million.

The Oakridge worldwide group had adjusted net group-interest expense (ANGIE) of £40 million and worldwide group EBITDA of £200 million. The worldwide group's qualifying net group-interest expense (QNGIE) is £35 million.

For the year ending 31 December 2026, Pine Ltd's related-party loan balance will reduce and not exceed £50 million (the interest rate remaining at 6% per annum). Pine Ltd expects to pay related-party interest of £3 million and third-party bank interest of £2 million. Walnut Ltd will have no interest expense but will receive interest income of £500,000. The UK group's tax-EBITDA for the year is expected to be £20 million.

The worldwide group's ANGIE, QNGIE and EBITDA in 2026 are expected to remain the same as in 2025.

You are required to advise Oakridge's tax director on:

1) **The transfer pricing treatment of Pine Ltd's related party loan; and** (4)

2) **The application of the Corporate Interest Restriction rules to the UK group entities for 2025 and 2026.** (16)

Total (20)

4. Jennifer Brookfield was born in the United Kingdom in 1980 and lived there until 2010, when she moved to the United States, on a work assignment in New York. Although Jennifer changed job several times, she remained living in New York, which she regarded as her new home. In April 2026 Jennifer returned to live in the UK and will spend at least 183 days in the UK per year going forward.

Jennifer has explained she owns 60% of a US company (AI Inc), and her business partner Sam holds the remaining 40%. The company pays her a substantial dividend and salary. She considers that there is potential for the business to be sold in the future, either perhaps to Sam or a third party. She mentioned that, even if the business was to be sold, she would continue to work for the business as an employee, and that this work would be performed in both the UK and the US.

In addition to her shares in her company, Jennifer also owns an investment portfolio, currently valued at $1 million, and plans to liquidate the portfolio and use the proceeds to purchase a UK home. Jennifer also expects to sell her US property within the next ten years, in the meantime intending to rent it out to third party tenants once she has settled in London.

You are required to write a memo advising Jennifer on how the new Foreign Income and Gains regime, including Overseas Workday Relief, might apply to her circumstances. You may assume that Jennifer has retained her UK domicile. (20)

PART C

You are required to answer TWO questions from this Part.

5. Northbridge Ltd (Northbridge) is a company resident in the United Kingdom and within the charge to UK Corporation Tax. Northbridge is wholly owned by Euronia HoldCo (EHC), a company resident in Euronia, a newly formed EU member state.

EHC wholly owns Delaware Funding LLC (DFLLC), a limited liability company established in Delaware, United States. Under Delaware law, DFLLC has a separate legal personality, holds assets and enters into contracts in its own name, and may retain profits. Company distributions are made at the discretion of DFLLC's management.

On 1 January 2025 DFLLC lent £100 million to Northbridge on arm's length terms. Interest is payable annually at a rate of 6%.

For US federal income tax purposes, DFLLC is treated as fiscally transparent (and has not elected to be treated as a corporation).

Under Euronian tax law, DFLLC is treated as a separate (opaque) taxable entity.

You are required to:

1) Comment on whether DFLLC is likely to be treated as opaque for UK tax purposes. (5)

2) Explain how the UK hybrid and other mismatch rules in Part 6A of the Taxation (International and Other Provisions) Act 2010 apply to the interest payments, in the event that DFLLC is to be treated as opaque for UK tax purposes. (10)

You may assume that no amount of interest is brought into charge to tax in any territory, that no withholding tax applies and that, in the absence of any hybrid mismatch counteraction, the interest will be deductible for UK Corporation Tax purposes.

Total (15)

6. Atlas UK Ltd (Atlas UK) is a company resident in the United Kingdom and within the charge to UK Corporation Tax. Atlas UK is part of a multinational group headed by Atlas ParentCo, resident in the Netherlands. The Atlas group's consolidated revenue exceeds €750 million.

On 1 January 2025 Atlas UK incorporated a wholly owned subsidiary, Atlas SubCo, resident in Germany. Atlas UK funds Atlas SubCo with £20 million in equity and a £60 million intra-group loan carrying interest at a rate of 8%.

Atlas SubCo has also borrowed £40 million from an unconnected bank for a five-year term. Atlas UK guarantees the bank loan. The interest rate is 4.5%; without the guarantee, the bank would have charged a rate of 6%. Atlas UK does not charge Atlas SubCo any fee for providing the guarantee.

In order to fund the investment in Atlas SubCo and the general working capital requirements of its UK business, Atlas UK has borrowed £100 million from Atlas ParentCo. The loan is unsecured, has a seven-year term and carries an interest rate of 4%, payable annually. £80 million of the loan will be used to fund the investment in Atlas SubCo and the remaining £20 million will be used for the general working capital requirements. A recent treasury analysis concluded that third-party lenders would only have been prepared to extend a maximum of £70 million of loan financing to a borrower with the same characteristics as Atlas UK.

The Atlas group's documented financing policy is that working capital requirements are normally funded using short-term revolving credit facilities renewed annually, while acquisition funding requirements are funded using longer-term loans (typically between three and ten years).

You are required to:

1) Consider the UK transfer pricing implications of the transactions described. (9)

2) Summarise the information that should be included in Atlas UK's local file, in respect of these financial transactions. (6)

Total (15)

7. Orion UK Ltd (Orion) is a trading company resident in the United Kingdom and within the charge to UK Corporation Tax. Orion recently expanded its operations into Freedonia, an EU member state, where it has traded through a permanent establishment (PE) since 1 January 2024. Orion is likely to expand its operations and create permanent establishments in other countries in the coming years.

In the year ending 31 December 2024, the Freedonia PE made a loss of £1 million (computed on UK tax principles) which Orion has relieved against its UK trading profits for UK corporation tax purposes.

For the year ending 31 December 2025, Orion has recorded total taxable trading profits of £8 million, of which £2 million relates to the Freedonia PE (computed on UK tax principles). The corporate tax rate in Freedonia is 20%. Orion paid £400,000 of corporate tax in Freedonia in relation to its PE profits. Orion expects the Freedonia PE to remain profitable in future years.

Orion is considering whether it will be beneficial to elect for foreign PE profits to be exempt from UK Corporation Tax.

The double tax agreement between Freedonia and the UK reflects the OECD Model Tax Convention.

You are required to:

1) Explain how double tax relief applies to the Freedonia PE profits for 2025. (7)

2) Explain whether Orion is likely to benefit from making an election for the foreign PE exemption regime. (8)

Total (15)

8. Michael Osborne is a longstanding client of your firm. Born in New South Wales, Australia, in 1984, he came to the United Kingdom in May 2012 and has lived in London ever since. Michael has always filed on the remittance basis; however, HMRC have recently opened an enquiry into Michael's domicile in respect of his 2024/25 tax return.

Michael has met with you to discuss the enquiry and has confirmed the following facts:

- Michael's parents were from the UK, and moved to Australia on a work assignment just prior to Michael's birth.
- His parents lived in New South Wales for three years, before moving to New Zealand for two years, again on work assignment.
- They returned to Australia after the New Zealand assignment ended. They are currently considering a move back to the UK, where they have maintained close ties, and retained a flat, which they both view, as possibly their final home.
- Though he lived in Australia until he was 21, after completing university Michael spent several years living in Japan, and then moved directly from Tokyo to London.

Michael has confirmed that, while he has not acquired an Australian residential property, he is considering returning to Australia at some time in the future. However, Michael mentioned that this contemplated move will not take place, at the earliest, until his two children had finished university several years from now.

Michael also emphasised that his spouse, Jenny, who he met in London, is English domiciled, and is quite happy to continue to live in the UK. Michael has not yet decided in which city he would live if he were to return to Australia, and in any event he expects to retain a UK home and keep in touch with his English friends, and the societies he supports.

You are required to explain Michael's domicile position, so that he may respond to HMRC's investigation. (15)

9. Laurent Lefebvre is a non-domiciled taxpayer who became United Kingdom-resident on 6 April 2020 and immediately claimed the remittance basis. He explains that, until January 2020, he had never had an intention of coming to the UK; however, tax changes in his then-country of residence meant he sought to cease residence in that country as soon as possible. Whilst non-UK resident he incorporated Lefebvre Inc., a Panamanian company, to hold international real estate.

Lefebvre Inc's real estate is predominately situated in Europe and the United States, and produces substantial rental income and capital gains. Mr Lefebvre has recently received an email from a rival accountancy firm outlining the implications of the abolition of the non-domicile regime. He was surprised to learn that, from 6 April 2025, the remittance basis is no longer available and that from that date he is to be subject to the full force of the UK's anti-avoidance legislation.

Mr Lefebvre has explained that Lefebvre Inc. was incorporated on 1 January 2014, and on that date he subscribed £100 million for 100 $1 A ordinary shares. On 14TH January 2014, the company purchased a central London office block which it held for several years, before selling the property in September 2018 at a significant gain. Mr Lefebvre remembers that the structuring of the acquisition of that property was meticulously planned to avoid several UK taxes including Stamp Duty Land Tax (SDLT) and involved a number of steps inserted purely for UK tax avoidance motives. These steps were designed to remove SDLT and any UK tax on rental income. As a consequence of the UK avoidance planning, the company did not pay any UK SDLT, Income Tax or Capital Gains Tax, in respect of the UK property. Mr Lefebvre confirms that, since September 2018, the company has no longer held UK property, and that it has been agreed with HMRC that Lefebvre Inc is non-UK resident.

You are required to advise Mr Lefebvre on how the income arising in Lefebvre Inc. may be taxed prior to 5 April 2025, and from 6 April 2025. You may assume that Lefebvre Inc. will not acquire UK property in the future. (15)

ADIT EXAMINATIONS
2026
TAX TABLES

INCOME TAX - RATES AND THRESHOLDS

	2025/26	2024/25
Rates	%	%
Starting rate for savings income only	0	0
Basic rate for non-savings and savings income only	20	20
Higher rate for non-savings and savings income only	40	40
Additional and trust rate for non-savings and savings income	45	45
Dividend ordinary rate	8.75	8.75
Dividend upper rate	33.75	33.75
Dividend additional rate and trust rate for dividends	39.35	39.35
Thresholds	£	£
Savings income starting rate band	1 – 5,000	1 – 5,000
Basic rate band	1 – 37,700	1 – 37,700
Higher rate band	37,701 – 125,140	37,701– 125,140
Dividend allowance	500	500
Savings allowance		
– Taxpayer with basic rate income	1,000	1,000
– Taxpayer with higher rate income	500	500
– Taxpayer with additional rate income	Nil	Nil
Scottish Tax Rates(1)	%	%
Starter rate	19	19
Scottish basic rate	20	20
Intermediate rate	21	21
Higher rate	42	42
Advanced rate	45	45
Top rate	48	48
Scottish Tax Thresholds(1)	£	£
Starter rate	1 – 2,827	1 – 2,306
Scottish basic rate	2,828 – 14,921	2,307 – 13,991
Intermediate rate	14,922 – 31,092	13,992 – 31,092
Higher rate	31,093 – 62,430	31,093 – 62,430
Advanced rate	62,431 – 125,140	62,431 – 125,140
Top rate	125,140+	125,140+

INCOME TAX - RELIEFS

	2025/26	2024/25
	£	£
Personal allowance(2)	12,570	12,570
Married couple's allowance(3)	11,270	11,080
– Maximum income before abatement of relief - £1 for £2	37,700	37,000
– Minimum allowance	4,360	4,280
Transferable Tax allowance for married couples and civil partners(4)	1,260	1,260
Blind person's allowance	3,130	3,070
Enterprise investment scheme relief limit(5)	1,000,000	1,000,000
Venture capital trust relief limit	200,000	200,000
Seed enterprise investment scheme relief limit	200,000	200,000
De minimis trusts amount	500	500

Notes:
(1) Scottish taxpayers pay Scottish income tax on non-savings income.
(2) The personal allowance of any individual with adjusted net income above £100,000 is reduced by £1 for every £2 of adjusted net income above the £100,000 limit.
(3) Only available where at least one partner was born before 6 April 1935. Relief restricted to 10%.
(4) The recipient must not be liable to tax above the basic rate. The recipient is eligible for a tax reduction of 20% of the transferred amount.
(5) The limit is £2 million, where over £1 million is invested in knowledge intensive companies.

ADIT EXAMINATIONS
2026
TAX TABLES

ISA limits	**2025/26**	**2024/25**
Maximum subscription:	£	£
'Adult' ISAs	20,000	20,000
Junior ISAs	9,000	9,000

Pension contributions

	Annual allowance(1)	**Minimum pension age**
2025/26 and 2024/25	£60,000	55

Basic amount qualifying for tax relief	£3,600
Lump sum allowance	£268,275

Note: (1) Tapered by £1 for every £2 of adjusted income above £260,000 for individuals with threshold income above £200,000. It cannot be reduced below £10,000.

ITEPA mileage rates

Car or van(2)	First 10,000 business miles	45p
	Additional business miles	25p
Motorcycles		24p
Bicycles		20p
Passenger payments		5p

Note: (2) For NIC purposes, a rate of 45p applies irrespective of mileage.

INCOME TAX - BENEFITS

Car benefits – 2025/26

Emissions	**Electric range (miles)**	**Car benefit %**	
0g/km	N/A	3%	
1-50g/km	≥130	3%	
1-50g/km	70-129	6%	
1-50g/km	40-69	9%	
1-50g/km	30-39	13%	
1-50g/km	<30	15%	
51-54g/km		16%	
55-59g/km		17%	
60-64g/km		18%	
65-69g/km		19%	
70-74g/km		20%	
75g/km or more		21%	+ 1% for every additional whole 5g/km ab 75g/km
155g/km or more		37%	

	2025/26	**2024/25**
	£	£
Fuel benefit base figure	28,200	27,800

Van benefits		
No CO_2 emissions	Nil	Nil
CO_2 emissions > 0g/km	4,020	3,960
Fuel benefit for vans	769	757

	from 6 April 2025	**from 6 April 2024**
Official rate of interest (assumed)	3.75%	2.25%

ADIT EXAMINATIONS
2026
TAX TABLES

CAPITAL ALLOWANCES

Annual investment allowance for plant and machinery (AIA)(1)	100%
WDA on plant and machinery in main pool(2)	18%
WDA on plant and machinery in special rate pool(3)	6%
WDA on patent rights and know-how	25%
WDA on structures and buildings (SBA) (4)	3%

Notes: (1) On first £1,000,000 of investment in plant & machinery (not cars).
(2) The main pool rate applies to cars with CO_2 emissions of not more than 50g/km (prior to April 2021 not more than 110g/km).
(3) The special pool rate applies to cars with CO_2 emissions greater than 50g/km (prior to April 2021 greater than 110g/km).
(4) A 10% rate applies in respect of special tax site expenditure.

100% First year allowances (FYA) available to all businesses

Capital expenditure incurred on research and development.
New zero-emission goods vehicles (until 31 March/5 April 2025).
New cars that either emit 0g/km of CO_2 (50g/km prior to April 2021) or are electric (until 31 March/ 5 April 2026).
Electric vehicle charging points (until 31 March/5 April 2026).

First year allowances (FYA) available to companies only

	Main pool assets	Special rate pool assets
Expenditure on new plant and machinery (other than cars) from 1 April 2023 onwards (5)	100%	50%
Expenditure on new plant and machinery (other than cars) in a special tax site	100%	100%

Notes: (5) 130% for main pool expenditure and 50% for special rate pool expenditure between 1 April 2021 and 31 March 2023.

INCOME TAX - SIMPLIFICATION MEASURES

	2025/26	**2024/25**
	£	£
'Rent-a-room' limit	7,500	7,500
Property allowance/Trading allowance	1,000	1,000

Flat Rate Expenses for Unincorporated Businesses

Motoring expenses			
Cars or vans	First 10,000 business miles		45p per mile
	Additional business miles		25p per mile
Motorcycles			24p per mile
Business use of home	25 – 50 hours use		£10 per month
	51 – 100 hours use		£18 per month
	101+ hours use		£26 per month
Private use of business premises	No of persons living there:	1	£350 per month
		2	£500 per month
		3+	£650 per month

ADIT EXAMINATIONS
2026
TAX TABLES

NATIONAL INSURANCE CONTRIBUTIONS

Class 1 limits	2025/26			2024/25		
	Annual	Monthly	Weekly	Annual	Monthly	Weekly
Lower earnings limit (LEL)	£6,500	£542	£125	£6,396	£533	£123
Primary threshold (PT)	£12,570	£1,048	£242	£12,570	£1,048	£242
Secondary threshold (ST)	£5,000	£417	£96	£9,100	£758	£175
Upper earnings limit (UEL)	£50,270	£4,189	£967	£50,270	£4,189	£967
Upper secondary threshold for under 21 (UST)	£50,270	£4,189	£967	£50,270	£4,189	£967
Apprentice upper secondary threshold for under 25 (AUST)	£50,270	£4,189	£967	£50,270	£4,189	£967
Special tax sites upper secondary threshold	£25,000	£2,083	£481	£25,000	£2,083	£481

Class 1 primary contribution rates		
Earnings between PT and UEL	8%	8%
Earnings above UEL	2%	2%
Class 1 secondary contribution rates		
Earnings above ST (1)	15%	13.8%

Note: (1) Rate of secondary NICs between the ST and the UST, AUST & special tax sites upper secondary threshold is 0%.

	2025/26	2024/25
Employment allowance		
Per year, per employer	£10,500	£5,000
Class 1A contributions	15%	13.8%
Class 1B contributions	15%	13.8%
Class 2 contributions		
Rate	£3.50 pw	£3.45 pw
Small profits threshold (SPL) (2)	£6,845	£6,725
Lower profits limit (LPL)	N/A	N/A

Note: (2) From 2024/25, self-employed individuals with profits below the small profits threshold can pay Class 2 NICs voluntarily to get access to contributory benefits including the State Pension.

Class 3 contributions	£17.75 pw	£17.45 pw
Class 4 contributions		
Annual lower profits limit (LPL)	£12,570	£12,570
Annual upper profits limit (UPL)	£50,270	£50,270
Percentage rate between LPL and UPL	6%	6%
Percentage rate above UPL	2%	2%

OTHER PAYROLL INFORMATION

Statutory maternity/adoption pay	First 6 weeks @ 90% of AWE Next 33 weeks @ the lower of £187.18 and 90% of AWE
Statutory shared parental pay /paternity pay/parental bereavement pay/neonatal pay	For each qualifying week, the lower of 90% of AWE and £187.18
Statutory sick pay	£118.75 per week

ADIT EXAMINATIONS
2026
TAX TABLES

Student Loan	Plan 1:	9% of earnings exceeding £26,065 per year (£2,172.08 per month/ £501.25 per week)
	Plan 2:	9% of earnings exceeding £28,470 per year (£2,372.50 per month /£547.50 per week)
	Plan 4:	9% of earnings exceeding £32,745 per year (£2,728.75 per month /£629.71 per week)
Postgraduate Loan		6% of earnings exceeding £21,000 per year (£1,750 per month/£403.84 per week)

National living/minimum wage (April 2025 onwards)

Category of Worker	**Rate per hour** £	**Category of Worker**	**Rate per hour** £
Workers aged 21 and over	12.21	16–17 year olds	7.55
18–20 year olds	10	Apprentices	7.55

Accommodation Offset £10.66 per day

CHILD BENEFIT

Year to 5 April 2026	**Weekly rate** £
First child	26.05
Each subsequent child	17.25

Child benefit charge	**Withdrawal rate**
Adjusted net income >£60,000	1% of benefit per £200 of income between £60,000 and £80,000
Adjusted net income >£80,000	Full child benefit amount assessable in that tax year

HMRC INTEREST RATES (assumed)

Late payment interest	7%
Interest on underpaid corporation tax instalments	5.50%
Repayment interest	3.50%
Interest on overpaid corporation tax instalments	4.25%

CAPITAL GAINS TAX

	2025/26	**2024/25**
Annual exempt amount for individuals	£3,000	£3,000
CGT rates for individuals, trusts and estates		
Gains qualifying for business asset disposal(1)/investors' relief(1)	14%	10%
Gains for individuals falling within remaining basic rate band(2)	18%	18%
Gains for individuals exceeding basic rate band and gains for trusts and estates(3)	24%	24%

Notes: (1) From 6 April 2026 the rate will be 18%
(2) For disposals prior to 30 October 2024, the rate was 10% for assets other than residential property
(3) For disposals prior to 30 October 2024, the rate was 20% for assets other than residential property

Business Asset Disposal relief(4)/Investors' relief(5)	**2025/26**	**2024/25**
Relevant gains (lifetime maximum)	£1 million	£1 million

Note: (4) For qualifying disposals made before 11 March 2020 the lifetime limit was £10 million.
(5) For qualifying disposals made before 30 October 2024 the lifetime limit was £10 million.

ADIT EXAMINATIONS
2026
TAX TABLES

Lease percentage table

Years	Percentage	Years	Percentage	Years	Percentage	Years	Percentage
50+	100.000	37	93.497	24	79.622	11	50.038
49	99.657	36	92.761	23	78.055	10	46.695
48	99.289	35	91.981	22	76.399	9	43.154
47	98.902	34	91.156	21	74.635	8	39.399
46	98.490	33	90.280	20	72.770	7	35.414
45	98.059	32	89.354	19	70.791	6	31.195
44	97.595	31	88.371	18	68.697	5	26.722
43	97.107	30	87.330	17	66.470	4	21.983
42	96.593	29	86.226	16	64.116	3	16.959
41	96.041	28	85.053	15	61.617	2	11.629
40	95.457	27	83.816	14	58.971	1	5.983
39	94.842	26	82.496	13	56.167	0	0.000
38	94.189	25	81.100	12	53.191		

Retail Prices Index

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1982	–	–	79.44	81.04	81.62	81.85	81.88	81.90	81.85	82.26	82.66	82.51
1983	82.61	82.97	83.12	84.28	84.64	84.84	85.30	85.68	86.06	86.36	86.67	86.89
1984	86.84	87.20	87.48	88.64	88.97	89.20	89.10	89.94	90.11	90.67	90.95	90.87
1985	91.20	91.94	92.80	94.78	95.21	95.41	95.23	95.49	95.44	95.59	95.92	96.05
1986	96.25	96.60	96.73	97.67	97.85	97.79	97.52	97.82	98.30	98.45	99.29	99.62
1987	100.0	100.4	100.6	101.8	101.9	101.9	101.8	102.1	102.4	102.9	103.4	103.3
1988	103.3	103.7	104.1	105.8	106.2	106.6	106.7	107.9	108.4	109.5	110.0	110.3
1989	111.0	111.8	112.3	114.3	115.0	115.4	115.5	115.8	116.6	117.5	118.5	118.8
1990	119.5	120.2	121.4	125.1	126.2	126.7	126.8	128.1	129.3	130.3	130.0	129.9
1991	130.2	130.9	131.4	133.1	133.5	134.1	133.8	134.1	134.6	135.1	135.6	135.7
1992	135.6	136.3	136.7	138.8	139.3	139.3	138.8	138.9	139.4	139.9	139.7	139.2
1993	137.9	138.8	139.3	140.6	141.1	141.0	140.7	141.3	141.9	141.8	141.6	141.9
1994	141.3	142.1	142.5	144.2	144.7	144.7	144.0	144.7	145.0	145.2	145.3	146.0
1995	146.0	146.9	147.5	149.0	149.6	149.8	149.1	149.9	150.6	149.8	149.8	150.7
1996	150.2	150.9	151.5	152.6	152.9	153.0	152.4	153.1	153.8	153.8	153.9	154.4
1997	154.4	155.0	155.4	156.3	156.9	157.5	157.5	158.5	159.3	159.5	159.6	160.0
1998	159.5	160.3	160.8	162.6	163.5	163.4	163.0	163.7	164.4	164.5	164.4	164.4
1999	163.4	163.7	164.1	165.2	165.6	165.6	165.1	165.5	166.2	166.5	166.7	167.3
2000	166.6	167.5	168.4	170.1	170.7	171.1	170.5	170.5	171.7	171.6	172.1	172.2
2001	171.1	172.0	172.2	173.1	174.2	174.4	173.3	174.0	174.6	174.3	173.6	173.4
2002	173.3	173.8	174.5	175.7	176.2	176.2	175.9	176.4	177.6	177.9	178.2	178.5
2003	178.4	179.3	179.9	181.2	181.5	181.3	181.3	181.6	182.5	182.6	182.7	183.5
2004	183.1	183.8	184.6	185.7	186.5	186.8	186.8	187.4	188.1	188.6	189.0	189.9
2005	188.9	189.6	190.5	191.6	192.0	192.2	192.2	192.6	193.1	193.3	193.6	194.1
2006	193.4	194.2	195.0	196.5	197.7	198.5	198.5	199.2	200.1	200.4	201.1	202.7
2007	201.6	203.1	204.4	205.4	206.2	207.3	206.1	207.3	208.0	208.9	209.7	210.9
2008	209.8	211.4	212.1	214.0	215.1	216.8	216.5	217.2	218.4	217.7	216.0	212.9
2009	210.1	211.4	211.3	211.5	212.8	213.4	213.4	214.4	215.3	216.0	216.6	218.0
2010	217.9	219.2	220.7	222.8	223.6	224.1	223.6	224.5	225.3	225.8	226.8	228.4
2011	229.0	231.3	232.5	234.4	235.2	235.2	234.7	236.1	237.9	238.0	238.5	239.4
2012	238.0	239.9	240.8	242.5	242.4	241.8	242.1	243.0	244.2	245.6	245.6	246.8
2013	245.8	247.6	248.7	249.5	250.0	249.7	249.7	251.0	251.9	251.9	252.1	253.4
2014	252.6	254.2	254.8	255.7	255.9	256.3	256.0	257.0	257.6	257.7	257.1	257.5
2015	255.4	256.7	257.1	258.0	258.5	258.9	258.6	259.8	259.6	259.5	259.8	260.6
2016	258.8	260.0	261.1	261.4	262.1	263.1	263.4	264.4	264.9	264.8	265.5	267.1
2017	265.5	268.4	269.3	270.6	271.7	272.3	272.9	274.7	275.1	275.3	275.8	278.1

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CORPORATION TAX

Financial year	**2025**	**2024**
Main rate	25%	25%
Standard small profits rate	19%	19%
Augmented profit limit for standard small profits rate	£50,000	£50,000
Augmented profit limit for marginal relief	£250,000	£250,000
Standard marginal relief fraction	3/200	3/200
Marginal rate	26.5%	26.5%
Patent rate	10%	10%

EU definition of small and medium sized enterprises

	Small [2]	Medium [2]	Extended definition for R&D expenditure
Employees[1]	< 50	< 250	<500
Turnover[1]	≤ €10m	≤ €50m	≤ €100m
Balance sheet assets[1]	≤ €10m	≤ €43m	≤ €86m

Notes: (1) Must meet employees criteria and either turnover or balance sheet assets criteria.
(2) Thresholds apply for transfer pricing and distributions received by small companies.

Research and development expenditure

Financial year	**2025 and 2024**
RDEC	20%
Enhanced R&D Intensive Support (ERIS) - total relief for loss making R&D intensive SMEs	186%
R&D tax credit for R&D intensive SME losses	14.5%

VALUE ADDED TAX

	Standard rate	**VAT fraction**
Rate	20%	1/6

Limits	**2025/26**	**2024/25**
	£	£
Annual registration limit	90,000	90,000
De-registration limit	88,000	88,000

Thresholds	**Cash accounting**	**Annual accounting**
	£	£
Turnover threshold to join scheme	1,350,000	1,350,000
Turnover threshold to leave scheme	1,600,000	1,600,000

ADVISORY FUEL RATES (from 1 March 2025)

Engine size	**Petrol**	**LPG**	**Engine size**	**Diesel**
1400cc or less	12p	11p	1600cc or less	12p
1401cc to 2000cc	15p	13p	1601cc to 2000cc	13p
Over 2000cc	23p	21p	Over 2000cc	17p

Electricity rate 7p

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OTHER INDIRECT TAXES

	2025/26	2024/25
Insurance premium tax(1)		
Standard rate	12%	12%
Higher rate	20%	20%

Notes: (1) Premium is tax inclusive ($^3/_{28}$ for 12% rate and $^1/_6$ for 20% rate).

Landfill Tax (pro rated for part tonnes)		
Standard rate	£126.15 per tonne	£103.70 per tonne
Lower rate	£4.05 per tonne	£3.30 per tonne
Landfill Communities Fund (LCF) (2)	5.3% x landfill tax liability	5.3% x landfill tax liability

Notes: (2) Relief for 90% of qualifying contributions

Aggregates Levy (pro rated for part tonnes)	£2.08 per tonne	£2.03 per tonne
Plastic Packaging Tax (PPT) (pro rated for part tonnes)	£223.69 per tonne	£217.85 per tonne

Climate Change Levy (CCL)(3)	**2025/26**	**2024/25**
Electricity	0.775p per kwh	0.775p per kwh
Natural gas	0.775p per kwh	0.775p per kwh
Liquified petroleum gas (LPG)	2.175p per kg	2.175p per kg
Any other taxable commodity	6.064p per kg	6.064p per kg
Carbon Price Support (CPS) rates		
Natural gas	0.331 per kwh	0.331 per kwh
LPG	5.28p per kg	5.28p per kg
Coal & other taxable solid fossil fuels	£1.5479 per GJ on GCV	£1.5479 per GJ on GCV

Tobacco products duty	**From 6pm 30.10.2024**	**Before 6pm 30.10.2024**
Cigarettes	16.5% x retail price + £334.58 per thousand cigarettes (or £446.67 per thousand cigarettes (4))	16.5% x retail price + £316.70 per thousand cigarettes (or £422.80 per thousand cigarettes (4))
Cigars	£417.33 per kg	£395.03 per kg
Hand-rolling tobacco	£476.83 per kg	£412.32 per kg
Other smoking/chewing tobacco	£183.49 per kg	£173.68 per kg
Tobacco for heating	£343.91 per kg	£325.53 per kg

Notes: (3) For holders of a Climate Change agreement (CCA), the rate charged is a percentage of the main rate given in the table. For 2025/26 (2024/25 in brackets) for electricity the rate is 8% (8%), for gas it is 11% (11%), for LPG it is 23% (23%) and 11% (11%) for any other taxable commodity

(4) The £446.67/£422.80 per thousand cigarettes is a minimum excise duty (if higher than the first calculation)

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Alcohol Duty(1) **From 1 February 2025**

Beer (ABV)	Duty in £ for each litre of pure alcohol in the product	Spirits/Spirit based products (ABV)	Duty in £ for each litre of pure alcohol in the product
0 to 1.2%	0.00	0 to 1.2%	0.00
1.3% to 3.4%	9.61	1.3% to 3.4%	9.61
3.5% to 8.4%	21.78	3.5% to 8.4%	25.67
8.5% to 22%	29.54	8.5% to 22%	29.54
Stronger than 22%	32.79	Stronger than 22%	32.79

Cider (not sparkling) (ABV)		Wine/sparkling wine (ABV)	
0 to 1.2%	0.00	0 to 1.2%	0.00
1.3% to 3.4%	9.61	1.3% to 3.4%	9.61
3.5% to 8.4%	10.02	3.5% to 8.4%	25.67
8.5% to 22%	29.54	8.5% to 22%	29.54
Stronger than 22%	32.79	Stronger than 22%	32.79

Sparkling cider (ABV)		Other fermented products like fruit ciders (ABV)	
0 to 1.2%	0.00	0 to 1.2%	0.00
1.3% to 3.4%	9.61	1.3% to 3.4%	9.61
3.5% to 5.5%	10.02	3.5% to 8.4%	25.67
5.6% to 8.4%	25.67	8.5% to 22%	29.54
8.5% to 22%	29.54	Stronger than 22%	32.79
Stronger than 22%	32.79		

Notes: (1) There are reduced rates for qualifying draught products

ANNUAL TAX ON ENVELOPED DWELLINGS (ATED)

Residential property value	From 1.4.25	From 1.4.24
>£0.5m - ≤ 1m	£4,450	£4,400
> £1m - ≤ 2m	£9,150	£9,000
> £2m – ≤ 5m	£31,050	£30,550
> £5m – ≤ 10m	£72,700	£71,500
> £10m – ≤ 20m	£145,950	£143,550
> £20m	£292,350	£287,500

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INHERITANCE TAX

Death rate	40%[1]	**Lifetime rate**	20%

Note: (1) 36% rate if 10% or more of the deceased person's net chargeable estate is left to charity.

Nil rate bands

6 April 1996 – 5 April 1997	£200,000	6 April 2003 – 5 April 2004	£255,000
6 April 1997 – 5 April 1998	£215,000	6 April 2004 – 5 April 2005	£263,000
6 April 1998 – 5 April 1999	£223,000	6 April 2005 – 5 April 2006	£275,000
6 April 1999 – 5 April 2000	£231,000	6 April 2006 – 5 April 2007	£285,000
6 April 2000 – 5 April 2001	£234,000	6 April 2007 – 5 April 2008	£300,000
6 April 2001 – 5 April 2002	£242,000	6 April 2008 – 5 April 2009	£312,000
6 April 2002 – 5 April 2003	£250,000	6 April 2009 – 5 April 2030	£325,000

Residence nil rate bands[2]

6 April 2017 – 5 April 2018	£100,000	6 April 2019 – 5 April 2020	£150,000
6 April 2018 – 5 April 2019	£125,000	6 April 2020 – 5 April 2030	£175,000

Note: (2) An additional nil rate band is available where a main residence is passed on death to a direct descendant. Tapered withdrawal for estates > £2million.

Taper relief

Death within 3 years of gift	Nil%
Between 3 and 4 years	20%
Between 4 and 5 years	40%
Between 5 and 6 years	60%
Between 6 and 7 years	80%

Quick Succession relief

Period between transfers less than one year	100%
Between 1 and 2 years	80%
Between 2 and 3 years	60%
Between 3 and 4 years	40%
Between 4 and 5 years	20%

Lifetime exemptions

Annual exemption		£3,000
Small gifts		£250
Wedding gifts	Child	£5,000
	Grandchild or remoter issue or other party to marriage	£2,500
	Other	£1,000

STAMP DUTY/SDRT

Stamp duty[3]	- On shares transferred by physical stock transfer form	0.5%
Stamp duty reserve tax (SDRT)[4]	- On agreements to transfer shares[2]	0.5%
	- On shares transferred to depositary receipt schemes	1.5%

Notes: (3) Does not apply to UK securities traded on a recognised growth market (eg AIM).
(4) Does not apply to units in UK unit trust schemes or shares in UK OEICS bought from fund managers.

STAMP DUTY LAND TAX (SDLT)

Qualifying purchases in a Freeport receive full SDLT relief

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Stamp Duty Land Tax on purchase price / lease premium / transfer value – England & NI

From 1 April 2025

Basic Rate %(1)(2)(3)(4)	Residential(1)(2)(3)(4)	Rate %	Non-Residential
0	£0 - £125,000	0	£0 - £150,000
2	£125,001-£250,000	2	£150,001 - £250,000
5	£250,001 - £925,000	5	£250,001 +
10	£925,001 - £1,500,000		
12	£1,500,001+		

Notes: (1) The basic rates are increased by 5% (the 'higher rates') where the purchase is of an additional residential property for individuals. Companies and trusts pay the additional 5% on all purchases of residential properties, subject to Note 2 below.

(2) Companies (and certain other entities) pay 17% on purchases of residential property valued > £500,000 (subject to exceptions).

(3) First-time buyers purchasing a single dwelling as their only/main residence may benefit from a reduced rate. (This includes qualifying shared ownership properties.) SDLT will be 0% on the first £300,000, for a property bought for a maximum £500,000 (5% on the excess up to £500,000). No relief is available for a property over £500,000.

(4) Non-resident individuals and companies will pay an additional 2% surcharge for purchases of residential property. This is in addition to the basic rate, the higher rate (where applicable, in Note 1), and the 17% rate (where applicable, in Note 2).

New leases – Stamp Duty Land Tax on lease rentals – England & NI

Rate (%)	Net present value of rent	
	Residential	**Non-residential**
0	Up to £125,000	Up to £150,000
1	Excess over £125,000	£150,001-£5m
2	N/A	Over £5m

Land and Buildings Transaction Tax (LBTT) on purchase price – Scotland

2025/26

Basic Rate %(5)(6)(7)	Residential	Rate %(5)	Non-Residential
0	up to £145,000	0	£0 - £150,000
2	£145,001 - £250,000	1	£150,001 - £250,000
5	£250,001 - £325,000	5	£250,001 +
10	£325,001 - £750,000		
12	£750,001 +		

Notes: (5) Rates are charged on the portion of consideration that falls in each band. The same tax is payable for a premium granted for a land transaction, except for residential leases which are generally exempt. Special rules apply to a premium for non-residential property where the rent exceeds £1,000 a year.

(6) The 'Additional Dwelling Supplement' (ADS) of 8% of the relevant consideration applies broadly to purchases of an additional dwelling by individuals & trusts (over which the beneficiary has substantial rights) & to purchases of a dwelling by certain businesses, companies & other trusts.

(7) There is a relief for first-time buyers where a 0% rate is applied to the first £175,000 of the purchase consideration.

New leases – Land and Buildings Transaction Tax (LBTT) on lease rentals - Scotland

Rate (%)	Net present value of rent(8)
	Non-residential
Zero	Up to £150,000
1%	£150,001 to £2,000,000
2%	£2,000,001+

Note: (8) Residential leases are generally exempt