

THE ADVANCED DIPLOMA IN INTERNATIONAL TAXATION

December 2025

MODULE 2.09 – UNITED KINGDOM OPTION

ADVANCED INTERNATIONAL TAXATION (JURISDICTION)

TIME ALLOWED – 3½ 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 2025 Tax Tables

PART A

You are required to answer BOTH questions from this Part.

1. Garden Ltd is a company incorporated in the United Kingdom that specialises in selling outdoor furniture. Over the past five years, Garden Ltd has experienced rapid growth in Europe, which now accounts for over 60% of its revenue.

The company has recently opened a regional headquarters in Jardinia (an EU state) and is considering appointing a local managing director. The chief finance officer, currently based in the UK, may also relocate to Jardinia.

Board meetings are currently held in both the UK and Jardinia, with strategic decisions increasingly made in Jardinia. The board is considering whether to formally migrate the company's head office to Jardinia.

Garden Ltd currently holds the following assets:

- a UK warehouse with a market value of £2 million, which Garden Limited acquired for £800k, and has subsequently spent a further £400k on improvement works;
- an EU distribution centre (located in Jardinia) with a market value of £1.5 million, which was acquired three years ago for a mixture of cash and debt totalling £1 million and which has an annual upkeep cost of £100k; and
- IP rights, with a market value of £3 million which was acquired for £5m nine years ago, on which amortisation of 10% on a straight line basis is recognised per year for tax and accounting.

As it considers the appropriate next steps, Garden Ltd's board has asked for advice on the potential UK tax implications of its expansion plans, including any associated tax costs.

You should assume that Jardinia has a double tax agreement with the UK which is aligned with the OECD Model Treaty.

You are required to:

- 1) **Discuss the tax residence of Garden Ltd under UK domestic law and the UK-Jardinia double tax agreement.** (13)
- 2) **Explain the UK Corporation Tax consequences of Garden Ltd ceasing to be UK tax resident.** (12)

Total (25)

2. Jake is a successful freelance digital designer, who was born in the United States and is US domiciled.

He acquired a house in the United Kingdom during 2005/06, his first year of UK residency, with his wife, Ella, who was born in the UK and has a UK domicile of origin. They were non-UK resident from 2011/12 to 2013/14, before resuming UK residency and spending the majority of their time in the UK, from 2014/15.

Jake's brother unexpectedly died during 2022/23 and, as result of the change in family situation, Jake and Ella retired and were non-UK resident in 2023/24. During 2024/25, they spent between 30 and 90 days in family homes in each of the US, Canada and Italy, but were not considered resident or treaty resident in any jurisdiction.

Jake and Ella's daughter, Rose, is 16 and is enrolled at a boarding school in the UK. Rose remained in the UK for the school holidays during 2024/25. The house in the UK has not been rented to third parties, to provide a base for Rose in case of emergencies.

Jake and Ella were keen to not become UK resident for 2024/25. To maximise their time with Rose, they made day trips to the UK from France, ensuring they left the UK before midnight. Jake and Ella did this 50 times during 2024/25, meeting Rose and occasionally friends at a private members' club in London using their yearly membership. On one occasion, they were delayed leaving the UK due to a train cancellation and stayed overnight in a hotel. Jake and Ella also resided at the family home with Rose for 26 nights. Neither Jake nor Ella worked in any jurisdiction during 2024/25.

Jake has always claimed the remittance basis, including paying the remittance basis charge, due to his significant income from overseas investments. During 2023/24, while non-resident, he remitted £100,000 from his US bank account from interest income accumulated while UK resident, and a £50,000 inheritance from his brother's estate in the US.

Ella received a £400,000 dividend during 2023/24 from Star Designs Ltd, a close company of which Ella is a director and has a 10% shareholding. The dividend was paid from accumulated reserves.

Jake is concerned that he and Ella may have been UK resident during 2024/25. Jake recalls that his previous tax adviser warned that, if he returned to the UK, his tax treatment may be less favourable.

You are required to draft a memo to the tax partner at your firm, advising on the following:

- 1) **Determine and explain Jake's UK tax residence position under the Statutory Residence Test for 2024/25.** (10)
- 2) **Explain the UK tax implications for Jake and Ella's income and remittances if they are considered UK resident in 2024/25.** (12)
- 3) **Outline the significant tax changes for 2025/26 that may affect Jake and Ella.** (3)

Total (25)

PART B**You are required to answer ONE question from this Part.**

3. You act as a tax adviser to the large multinational Corinth Group, headquartered in the United Kingdom. Certain entities which are 100% owned by the group, and have GBP accounting functional currencies, have entered into the following transactions during the year ending 31 December 2025:

- Alpha Ltd, a UK tax resident company, has two outstanding loan receivables, which are evidenced by bilateral loan agreements and were advanced to provide funding for capital expenditure:
 - £2 million owed by Delta Ltd, a UK tax resident company; and
 - £1 million owed by Gamma Ltd, a non-UK entity.

The amounts were originally intended to be settled within five years. However, during the course of 2025, Alpha Ltd has agreed to waive the loans in full.

- Alpha Ltd transfers a \$3 million USD-denominated loan receivable, owed by Epsilon SA (a non-UK group company), to Zeta Ltd (another UK group company) with a fair value of \$1 million.

The tax and treasury teams are also considering how best to manage their foreign currency risks within the group. They are considering whether they may meet the conditions to make a designated currency election under s9A/9B CTA 2010, or alternatively whether Zeta Ltd may enter into a foreign currency forward contract in relation to the loan with Epsilon SA in order to hedge any interest rate risk.

You are required to prepare a memo to advise the Corinth Group's tax director. This memo should:

1) Explain the UK Corporation Tax treatment of the loans.	(8)
2) Describe the tax treatment of a foreign exchange hedge, including any potential elections which Zeta Ltd could make.	(12)

Total (20)

4. The Thunder Trust was established many years ago. The settlor of the trust was neither resident nor domiciled in the United Kingdom at the time of the trust's creation or the addition of assets to the trust. The trust contains numerous assets, including:

- UK land purchased in April 2020; and
- Paintings and antiques purchased in April 2012.

Jane and Robert, who are UK residents, have always acted as trustees for the Thunder Trust. However, the management of the trust has become a significant undertaking and they wish to retire. Before retirement they are considering various options for replacement trustees.

The trust deed provides the express power to appoint non-UK resident trustees or a professional trustee. Jane and Robert are keen to explore both options, and accordingly have two proposals for replacement trustees:

- a) Appoint Fernando and Alice, who are non-UK residents, to work alongside John and Maria, who are UK residents. All decisions regarding the management of the trust would be taken jointly by all trustees.
- b) Appoint David Jones to be the sole trustee of the Thunder Trust. Mr Jones is situated overseas and carries on the business of providing trustee services for a fee. Mr Jones has an office in the UK, with employees working for him undertaking tasks related to his professional business. Mr Jones has explained that he would not undertake the activities of the Thunder Trust from the UK; however, he would travel to the UK to meet with the trust beneficiaries regularly.

Jane and Robert wish to explore these options further with the tax partner at your firm, and consider the implications for the Thunder Trust.

It should be assumed that it is currently early 2024 and these changes would apply for the 2024/25 tax year.

You are required to draft a memo to the tax partner, advising on the following:

1) Determine and explain the residency status of the Thunder Trust under both proposals.	(10)
2) Explain the tax implications of migration of the Thunder Trust overseas. There is no requirement to consider the tax implications for the settlor or beneficiaries.	(10)

Total (20)

PART C

You are required to answer TWO questions from this Part.

5. A United Kingdom resident company, Apex Ltd, currently carries on two profitable trades: procurement of building supplies and provision of restaurant management services. There are no real estate assets associated with the restaurant management trade, but Apex Ltd holds a number of factories and warehouses as part of its building supply trade.

Apex Ltd has two shareholders, Bravo Ltd (a UK incorporated tax resident company) and Corner Inc. (a non-UK company). Apex Ltd has only ordinary shares, of which Bravo Ltd holds 90% and Corner Inc. holds 10%. Apex Ltd has been trading throughout the last five years, and Bravo Ltd has held at least 50% of the shares throughout that period.

Apex Ltd's board has undertaken a strategic review and decided to dispose of the company's interests in the restaurant management service trade to a third party.

In order to complete the sale, Apex Ltd plans to incorporate a new company, RAM Ltd, into which the relevant assets will be transferred; the shares in RAM Ltd will then be purchased by the third party. Corner Inc. will then sell its shareholding in Apex Ltd to Bravo Ltd.

You are required to explain the UK Corporation Tax, VAT and Stamp Duty treatment of the steps to complete the sale, including:

1)	The initial transfer from Apex Ltd to RAM Ltd;	(5)
2)	The sale of shares in RAM Ltd by Apex Ltd; and	(7)
3)	The sale of shares in Apex Ltd by Corner Inc.	(3)
		Total (15)

6. Harper Engineering Ltd (Harper) is a United Kingdom resident company which specialises in industrial machinery, and forms part of the wider Wizards multinational group.

Harper's board have identified that there is a potential market in Hessovia and is considering expanding into this market. As part of their research, they have noted that Wizards GmbH, a group company established in Germany which sells agricultural machinery, has recently entered this market successfully and is operating through a permanent establishment (PE).

Initially, Harper would lease a warehouse to store goods, with UK-based marketing staff travelling to Hessovia to conduct initial sales conversations and undertake marketing campaigns.

If this proves successful, Harper would establish a full local supply chain, including manufacturing activities and a machinery showroom.

These activities could either be undertaken by Harper directly or through a newly incorporated Hessovian subsidiary.

You should assume that Hessovia's domestic PE definition mirrors the OECD Model Tax Convention, and that Hessovia has a double tax agreement with the UK based on the OECD Model.

You are required to prepare a report for Harper's corporate tax director, addressing the following:

1)	Explain whether the proposed activities could create a permanent establishment in Hessovia.	(7)
2)	Discuss the UK Corporation Tax implications of operating in Hessovia through a PE versus a Hessovian subsidiary, from a UK tax perspective only.	(8)

Total (15)

7. Craig is a highly successful investment banker, resident in Singapore. Craig is a United Kingdom national, who was born in the UK with a UK domicile of origin. He has been non-UK resident since 2008/09.

Craig has acquired a large portfolio of assets, many of which are situated in the UK. In 2024/25, Craig decided to make the following disposals:

- A house in southern England that was acquired on 5 April 2011 at a cost of £500,000 with a further £50,000 of acquisition costs. Craig has never lived in the house, but decided to extend the property in April 2014, incurring costs of £100,000. The house was valued at £800,000 in April 2015. The property was sold to a third party on 6 August 2024 for £950,000, incurring disposal costs of £20,000.
- Shares in Bricks Ltd, a UK incorporated, tax resident company that holds property for residential letting. Craig acquired a 20% holding in the company in June 2023 for £100,000. He disposed of the entire holding in September 2024 for £180,000, with incidental costs of disposal amounting to £5,000.
- A painting that Craig purchased in the UK in June 2006 for £150,000. Craig left the painting on display at his parents' home, before selling it at an auction in the UK in March 2025 for £180,000.

Craig incurred a capital loss of £40,000 on disposal of a separate UK residential property in 2023/24 and has £25,000 of taxable UK income for 2024/25.

You are required to draft a memo to Craig explaining with calculations, the UK tax implications of the disposals and his expected UK CGT liability for 2024/25. (15)

8. Grace died on 7 June 2024, while United Kingdom resident. Grace was a UK domiciled actress, who had spent most of the preceding twenty years living and working in Asia. Grace was married to Neil, a businessman who does not have a UK domicile or deemed domicile.

Grace and Neil moved to the UK permanently in August 2022, as Grace had been diagnosed with a terminal illness that required extensive medical care. They stayed in a rented house, near Grace's family.

Neil continued to manage his investments while in the UK, and took the opportunity to acquire a sizeable holding in a UK open-ended investment company.

Grace's assets on death were as follows:

	£
Overseas apartment	1,650,000
UK government stocks	450,000
Cash (held in UK)	400,000
<u>Quoted shares (UK)</u>	30,000
Total assets	2,530,000

The overseas apartment had foreign tax charged on death of £150,000. Grace had gifted Neil cash of £200,000 in May 2015, but had otherwise made no lifetime transfers.

Grace left her entire estate in her will to Neil. Neil is undecided on his future plans, and is considering remaining in the UK or returning to Thailand to be nearer his family.

Neil has approached the senior partner at your tax practice for advice on dealing with the inheritance tax arising on Grace's estate.

You are required to draft a memo to the senior partner, prior to her meeting with Neil, explaining:

- 1) **The Inheritance Tax liability arising from Grace's estate, with supporting computations.** (8)
- 2) **Any elections Neil could consider making to mitigate the liability, and the factors to consider when determining whether such planning would be beneficial.** (7)

Total (15)

9. Gemma is a national of Astraland and is not domiciled in the United Kingdom. Gemma works as a lawyer for an international listed group, Energy Hubz. Due to a reorganisation, Energy Hubz has seconded Gemma to the UK to undertake a project for the group's UK subsidiary, while remaining under her overseas employment contract. The internal tax department at Energy Hubz assists all seconded employees in filing their tax returns.

Gemma is UK resident for 2024/25 and has emailed the tax department at Energy Hubz, with the following concerns:

Dear Tax Department,

I am very worried about the consequences of being UK resident for tax purposes for 2024/25, I have never been UK resident before.

Please can you outline how I will be taxed in the UK, and any UK tax exposure of my offshore income?

My role has required me to spend 200 days working in the UK and a further 30 days working in Astraland. All of my salary was paid into my overseas bank account and UK PAYE has been deducted. While staying in the UK, Energy Hubz has provided me with a rented house and a car for commuting to the office. I have continued to make pension contributions into my Astraland private pension (which is a regulated pension scheme) and always obtained tax relief previously. Will the same relief be available in the UK?

As you know, Energy Hubz granted me share options a few years ago; these were exercised during 2024/25 as the relevant performance targets were met. I assume there won't be any UK tax due on the gain as the company is registered in Astraland?

Best regards,
Gemma

The tax department at Energy Hubz has requested your specialist advice on resolving Gemma's concerns.

There is no double tax agreement between the UK and Astraland.

You are required to draft a memo to the internal tax department at Energy Hubz, with advice on the points raised by Gemma. There is no requirement to consider National Insurance contribution implications. (15)

ADIT EXAMINATIONS

2025

Tax Tables

INCOME TAX - RATES AND THRESHOLDS

	2024/25	2023/24
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	1,000
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
Standard rate band for trusts	N/A	1,000
Scottish Tax Rates⁽¹⁾	%	%
Starter rate	19	19
Scottish basic rate	20	20
Intermediate rate	21	21
Higher rate	42	42
Advanced rate	45	N/A
Top rate	48	47
Scottish Tax Thresholds⁽¹⁾	£	£
Starter rate	1 – 2,306	1 – 2,162
Scottish basic rate	2,307 – 13,991	2,163 – 13,118
Intermediate rate	13,992 – 31,092	13,119 – 31,092
Higher rate	31,093 – 62,430	31,093 – 125,140
Advanced rate	62,431 – 125,140	N/A
Top rate	125,140+	125,140+

INCOME TAX - RELIEFS

	2024/25	2023/24
	£	£
Personal allowance ⁽²⁾	12,570	12,570
Married couple's allowance ⁽³⁾	11,080	10,375
– Maximum income before abatement of relief - £1 for £2	37,000	34,600
– Minimum allowance	4,280	4,010
Transferable Tax allowance for married couples and civil partners ⁽⁴⁾	1,260	1,260
Blind person's allowance	3,070	2,870
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	N/A

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

2025

Tax Tables

ISA limits	2024/25	2023/24
Maximum subscription:	£	£
'Adult' ISAs	20,000	20,000
Junior ISAs	9,000	9,000

Pension contributions

	Annual allowance⁽¹⁾	Minimum pension age
	£	
2023/24	60,000	55
2024/25	60,000	55
Basic amount qualifying for tax relief	£3,600	
Lump sum allowance	£268,275	

Note: (1) The annual allowance is 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.

Employer Supported Childcare	2024/25	2023/24
Exemption – basic rate taxpayer ⁽²⁾	£55 per week	£55 per week

Note: (2) For schemes joined on or after 6 April 2011 the exempt childcare amounts for higher and additional rate taxpayers (based on the employer's earning assessment only) are £28 and £25 respectively.

ITEPA mileage rates

Car or van ⁽³⁾	First 10,000 business miles	45p
	Additional business miles	25p
Motorcycles		24p
Bicycles		20p
Passenger payments		5p

Note: (3) For NIC purposes, a rate of 45p applies irrespective of mileage.

INCOME TAX - BENEFITS

Car benefits – 2024/25

Emissions	Electric range (miles)	Car benefit %⁽⁴⁾
0g/km	N/A	2%
1-50g/km	>130	2%
1-50g/km	70-129	5%
1-50g/km	40-69	8%
1-50g/km	30-39	12%
1-50g/km	<30	14%
51-54g/km		15%
55-59g/km		16%
60-64g/km		17%
65-69g/km		18%
70-74g/km		19%
75g/km or more		20%
160g/km or more		37%
		+ 1% for every additional whole 5g/km above 75g/km

Note: (4) 4% supplement for diesel cars excluding those that meet the Real Driving Emissions Step 2 (RDE2) standard (not to exceed maximum of 37%).

Fuel benefit base figure	2024/25	2023/24
	£	£
	27,800	27,800

ADIT EXAMINATIONS

2025

Tax Tables

Van benefits	2024/25	2023/24
	£	£
No CO ₂ emissions	Nil	Nil
CO ₂ emissions > 0g/km	3,960	3,960
Fuel benefit for vans	757	757

Official rate of interest	2.25%	2.25%
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INCOME TAX - CHARGES

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

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 CO₂ 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 CO₂ 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 by a person on research and development.

New zero-emission goods vehicles (until 1 or 6 April 2025).

New cars that either emit 0g/km of CO₂ (50g/km prior to April 2021) or are electric (until 1 April 2025). Electric vehicle charging points (until 1 or 6 April 2025).

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

	2024/25	2023/24
	£	£
'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

2025

Tax Tables

NATIONAL INSURANCE CONTRIBUTIONS

Class 1 limits	2024/25			2023/24		
	Annual	Monthly	Weekly	Annual	Monthly	Weekly
Lower earnings limit (LEL)	£6,396	£533	£123	£6,396	£533	£123
Primary threshold (PT)	£12,570	£1,048	£242	£12,570	£1,048	£242
Secondary threshold (ST)	£9,100	£758	£175	£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%	12%
Earnings above UEL	2%	2%

Class 1 secondary contribution rates

Earnings above ST ⁽¹⁾	13.8%	13.8%
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Note: (1) Rate of secondary NICs between the ST and the UST, AUST & special tax sites upper secondary threshold is 0%.

	2024/25	2023/24
Employment allowance		
Per year, per employer	£5,000	£5,000
Class 1A contributions	13.8%	13.8%
Class 1B contributions	13.8%	13.8%
Class 2 contributions		
Rate	£3.45 pw	£3.45 pw
Small profits threshold (SPL) ⁽²⁾	£6,725	£6,725
Lower profits limit (LPL)	N/A	£12,570

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	£17.45 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%	9%
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 £184.03 and 90% of AWE
Statutory shared parental pay /paternity pay/parental bereavement pay	For each qualifying week, the lower of 90% of AWE and £184.03
Statutory sick pay	£116.75 per week

ADIT EXAMINATIONS

2025

Tax Tables

Student Loan	Plan 1:	9% of earnings exceeding £24,990 per year (£2,082.50 per month/ £480.57 per week)
	Plan 2:	9% of earnings exceeding £27,295 per year (£2,274.58 per month /£524.90 per week)
	Plan 4:	9% of earnings exceeding £31,395 per year (£2,616.25 per month /£603.75 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 2024 onwards)

Category of Worker	Rate per hour	Category of Worker	Rate per hour
	£		£
Workers aged 21 and over	11.44	16–17 year olds	6.40
18–20 year olds	8.60	Apprentices	6.40

Accommodation Offset £9.99 per day

HMRC INTEREST RATES (assumed)

Late payment interest	7.75%
Interest on underpaid corporation tax instalments	6.25%
Repayment interest	4.25%
Interest on overpaid corporation tax instalments	5.00%

CAPITAL GAINS TAX

	2024/25	2023/24
Annual exempt amount for individuals	£3,000	£6,000

CGT rates for individuals, trusts and estates

Gains qualifying for business asset disposal ⁽¹⁾ /investors' relief	10%	10%
Gains for individuals falling within remaining basic rate band ⁽²⁾	10%	10%
Gains for individuals exceeding basic rate band and gains for trusts and estates ⁽³⁾	20%	20%

Notes: (1) Formerly called entrepreneurs' relief

(2) The rate is 18% if the gain is in respect of a residential property

(3) The rate is 24% (28% in 2023/24) if the gain is in respect of a residential property

Business Asset Disposal relief	2024/25	2023/24
Relevant gains (lifetime maximum) ⁽⁴⁾	£1 million	£1 million

Investors' relief

Relevant gains (lifetime maximum)	£10 million	£10 million
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Note: (4) For qualifying disposals made before 11 March 2020 the lifetime limit was £10 million.

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		

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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

CORPORATION TAX

Financial year	2024	2023
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		Extended definition for R&D expenditure
Employees ⁽¹⁾	Small ⁽²⁾ < 50	Medium ⁽²⁾ < 250
Turnover ⁽¹⁾	≤ €10m	≤ €50m
Balance sheet assets ⁽¹⁾	≤ €10m	≤ €43m
		≤ 500
		≤ €100m
		≤ €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.

ADIT EXAMINATIONS

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Tax Tables

Research and development expenditure

Financial year	2023
Total relief for Small & medium enterprises (SMEs)	186%
R&D tax credit for SME losses	10%
Large companies – RDEC	20%

Financial year	2024
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%
RDEC (merged scheme RDEC) ⁽¹⁾	20%

Note: (1) From 1 April 2024 the merged scheme RDEC is available to all companies.

VALUE ADDED TAX

	Standard rate	VAT fraction
Rate	20%	1/6
Limits	2024/25	2023/24
	£	£
Annual registration limit	90,000	85,000
De-registration limit	88,000	83,000
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 (as at 1 March 2024)

Engine size	Petrol	LPG	Engine size	Diesel
1400cc or less	13p	11p	1600cc or less	12p
1401cc to 2000cc	15p	13p	1601cc to 2000cc	14p
Over 2000cc	24p	21p	Over 2000cc	19p

Electricity rate	9p
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OTHER INDIRECT TAXES

	2024/25	2023/24
Insurance premium tax⁽²⁾		
Standard rate	12%	12%
Higher rate	20%	20%

Notes: (2) Premium is tax inclusive ($\frac{3}{28}$ for 12% rate and $\frac{1}{6}$ for 20% rate).

Landfill Tax (pro rated for part tonnes)		
Standard rate	£103.70 per tonne	£102.10 per tonne
Lower rate	£3.30 per tonne	£3.25 per tonne

Landfill Communities Fund (LCF) ⁽³⁾	5.3% x landfill tax liability	5.3% x landfill tax liability
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Notes: (3) Relief for 90% of qualifying contributions

Aggregates Levy (pro rated for part tonnes)	£2.03 per tonne	£2 per tonne
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Plastic Packaging Tax (PPT) (pro rated for part tonnes)	£217.85 per tonne	£210.82 per tonne
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ADIT EXAMINATIONS

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Tax Tables

Climate Change Levy (CCL)⁽¹⁾

Electricity	0.775p per kWh	0.775p per kWh
Natural gas	0.775p per kWh	0.672p per kWh
Liquified petroleum gas (LPG)	2.175p per kg	2.175p per kg
Any other taxable commodity	6.064p per kg	5.258p 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 22.11.2023	From 15.03.2023
Cigarettes	16.5% x retail price + £316.70 per thousand cigarettes (or £422.80 per thousand cigarettes ⁽²⁾)	16.5% x retail price + £294.72 per thousand cigarettes (or £393.45 per thousand cigarettes ⁽²⁾)
Cigars	£395.03 per kg	£367.61 per kg
Hand-rolling tobacco	£412.32 per kg	£351.03 per kg
Other smoking/chewing tobacco	£173.68 per kg	£161.62 per kg
Tobacco for heating	£325.53 per kg	£302.93 per kg

Alcohol Duty⁽³⁾

From 1 August 2023 to 1 February 2025

	Duty in £ for each litre of pure alcohol in the product	Duty in £ for each litre of pure alcohol in the product
Beer (ABV)		Spirits/Spirit based products (ABV)
0 to 1.2%	0.00	0 to 1.2% 0.00
1.3% to 3.4%	9.27	1.3% to 3.4% 9.27
3.5% to 8.4%	21.01	3.5% to 8.4% 24.77
8.5% to 22%	28.50	8.5% to 22% 28.50
Stronger than 22%	31.64	Stronger than 22% 31.64
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%	9.27	1.3% to 3.4% 9.27
3.5% to 8.4%	9.67	3.5% to 8.4% 24.77
8.5% to 22%	28.50	8.5% to 22% 28.50
Stronger than 22%	31.64	Stronger than 22% 31.64
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%	9.27	1.3% to 3.4% 9.27
3.5% to 5.5%	9.67	3.5% to 8.4% 24.77
5.6% to 8.4%	24.77	8.5% to 22% 28.50
8.5% to 22%	28.50	Stronger than 22% 31.64
Stronger than 22%	31.64	

Notes:

- (1) For holders of a Climate Change agreement (CCA), the rate charged is a percentage of the main rate given in the table. For 2024/25 (2023/24 in brackets) for electricity the rate is 8% (8%), for gas it is 11% (12%), for LPG it is 23% (23%) and 11% (12%) for any other taxable commodity
- (2) The £422.80/£393.45 per thousand cigarettes is a minimum excise duty (if higher than the first calculation)
- (3) There are reduced rates for qualifying draught products

ADIT EXAMINATIONS

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Tax Tables

INHERITANCE TAX

Death rate	40% ⁽³⁾	Lifetime rate	20%
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Note: (3) 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 2026	£325,000

Residence nil rate bands⁽⁴⁾

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 2026	£175,000

Note: (4) 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	£5,000
Child	
Grandchild or remoter issue or other party to marriage	£2,500
Other	£1,000

ANNUAL TAX ON ENVELOPED DWELLINGS (ATED)

Residential property value	From 1.4.24	From 1.4.23
>£0.5m - ≤ 1m	£4,400	£4,150
> £1m - ≤ 2m	£9,000	£8,450
> £2m - ≤ 5m	£30,550	£28,650
> £5m - ≤ 10m	£71,500	£67,050
> £10m - ≤ 20m	£143,550	£134,550
> £20m	£287,500	£269,450

STAMP DUTY/SDRT

Stamp duty ⁽¹⁾	- On shares transferred by physical stock transfer form	0.5%
Stamp duty reserve tax (SDRT) ⁽²⁾	- On agreements to transfer shares ⁽²⁾	0.5%
	- On shares transferred to depositary receipt schemes	1.5%

Notes: (1) Does not apply to UK securities traded on a recognised growth market (eg AIM).
(2) Does not apply to units in UK unit trust schemes or shares in UK OEICS bought from fund managers.

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STAMP DUTY LAND TAX (SDLT)

Qualifying purchases in a Freeport receive full SDLT relief

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

Basic Rate % ⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	Residential ⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	Rate %	Non-Residential
0	£0 - £250,000	0	£0 - £150,000
5	£250,001 - £925,000	2	£150,001 - £250,000
10	£925,001 - £1,500,000	5	£250,001 +
12	£1,500,001+		

Notes:

- (3) The basic rates are increased by 3% (the 'higher rates') where the purchase is of an additional residential property for individuals. Companies and trusts pay the additional 3% on all purchases of residential properties, subject to Note 4 below.
- (4) Companies (and certain other entities) pay 15% on purchases of residential property valued > £500,000 (subject to exceptions).
- (5) 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 not be due on properties up to £425,000. For homes between £425,000 and £625,000, SDLT will be payable at 5% on the amount above the £425,000 threshold. Homes bought for more than £625,000 will incur the rates as per column 1 in above table.
- (6) 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 3), and the 15% rate (where applicable, in Note 4).

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

Rate (%)	Net present value of rent	
	Residential	Non-residential
0	Up to £250,000	Up to £150,000
1	Excess over £250,000	£150,001-£5m
2	N/A	Over £5m

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

Basic Rate % ⁽¹⁾⁽²⁾⁽³⁾	Residential	Rate % ⁽¹⁾	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:

- (1) 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.
- (2) The 'Additional Dwelling Supplement' of 6% 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.
- (3) 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 ⁽⁴⁾	
	Non-residential	
Zero	Up to £150,000	
1%	£150,001 to £2,000,000	
2%	£2,000,001+	

Note: (4) Residential leases are generally exempt