

What is my personal tax allowance?

Your personal allowance is how much you can earn before paying income tax. For people who earn less than £100,000 per year, this has stayed at £12,570 for the 2023/24 tax year.

If you earn between £100,000 and £125,000, the allowance decreases by £1 for every £2 you earn above £100,000, until it reaches £0. This means if you earn above £125,000, you won't have a personal allowance.

Anything you earn above your personal allowance will be subject to income tax.

What income tax band am I in?

How much income tax you pay depends on what band you fall into. For the 2023/24 tax year these are:

20% basic rate on taxable income up to £37,700

40% higher rate on the next slice of taxable income over £37,701

45% additional rate on taxable income over £125,140

Income tax bands are different if you live in Scotland.

What tax do I pay on savings and dividend income?

Income tax on savings

The personal savings allowance is how much interest you can earn on your savings without paying tax. Your allowance depends on your tax bracket:

Basic-rate taxpayers = £1,000 allowance

Higher-rate taxpayers = £500 allowance

Additional rate = £0 allowance

You may be able to earn up to £5,000 interest without paying tax. This is known as your starting rate for savings.

If your other income (wages or pension) is £17,570 or more you're not eligible for the starting rate for savings.

If your other income is less than £17,570 your starting rate for savings is a maximum of £5,000. Every £1 of other income above your personal allowance reduces your starting rate for savings by £1.

Tax on dividend income

Here you can see the tax rates on dividend income for the 2023/24 tax year. You'll get a £2,000 tax-free dividend allowance, but for anything above that you'll need to pay the following:

Type of tax

2023/24

Tax rates on dividend income:

Basic rate

Higher rate

Additional rate

8.75%

33.75%

39.35%

Rates applicable to trusts:

Standard rate band generally

Dividends

Other income

£1,000

38.1%

45%

If you have a Stocks and Shares ISA, your dividends are sheltered from UK tax so these rates won't apply.

What is the ISA allowance for 2023/2024?

For ISAs, how much you can save or invest across the 2023/24 tax year has remained the same as 2022/23:

Type of ISA

2023/24

Total ISA limit excluding Junior ISAs (JISAs)

£20,000

Lifetime ISA

£4,000

JISA and Child Trust Fund

£9,000

For other tax incentivised investments, there are investment limits for which you can claim tax relief. For the 2023/24 tax year, these are:

Type of investment

2023/24

Venture Capital Trust (VCT) at 30%

£200,000

Enterprise Investment Scheme (EIS) at 30%*

£2,000,000

EIS eligible for CGT deferral relief

No limit

Seed EIS (SEIS) at 50%

£200,000

SEIS CGT reinvestment relief

50%

* At least £1,000,000 must be invested in knowledge-intensive companies for the maximum tax relief to apply. Otherwise, the maximum amount you can claim relief on is £1,000,000.

How much tax relief can I get on pension contributions?

If you're saving into a pension, you're likely aware of the tax break benefits. Depending on your tax band, you'll get a certain percentage of tax relief on your pension contributions:

Tax band

% of tax relief

Basic rate

20%

Higher rate

40%

Top rate

45%

Tax relief is limited to relief on contributions up to the higher of:

100% of your UK taxable earnings

£3,600

There is a limit to how much you can contribute to all your pensions before facing a tax charge:

Pension contribution limits

2023/24

Annual allowance*

£60,000

Money purchase annual allowance

£10,000

* Reduced by £1 for every £2 of adjusted income over £260,000 to a minimum of £10,000, subject to threshold income being over £200,000.

What are the capital gains tax rates?

If you sell or give away an asset worth more than £6,000, you might have to pay capital gains tax. For example, on a property that's not your main home or certain business assets.

For the 2023/24 tax year, a few of the rates have changed. The new rates are:

Tax rates

2023/24

Individuals: below UK higher rate income tax band

10%

Individuals: within UK higher and additional rate income tax bands

20%

Trusts and estates

20%

Surcharge for residential property and carried interest

8%

Annual exempt amount (for individuals, estates, etc.)

£6,000

Annual exempt amount (for trusts generally)

£3,000

There's also the Business Asset Disposal Relief, which allows those eligible to pay tax at a reduced rate on the profit made from the sale of their company. You'll need to have held the business or company in question for at least two years with a minimum 5% participation. If eligible, you'll pay 10% tax on a lifetime limit of £1,000,000.

What are the current inheritance tax rates?

Inheritance tax may be paid on your estate when you die, reducing how much value will pass to your beneficiaries. It applies to estates worth more than £325,000, with everything over this threshold taxed at 40%. You can learn more about this in our guide to inheritance tax planning. For the main rates for 2023/24, see the table below.

Inheritance tax rates

2023/24

Nil-rate band*

£325,000

Residence nil-rate band**

£175,000

Rate of tax on excess

40%

Rate if at least 10% of net estate left to charity

36%

Lifetime transfers to and from certain trusts

20%

Overseas domiciled spouse/civil partner exemption

£325,000

* Up to 100% of the unused proportion of a deceased spouse's/civil partner's nil-rate band and/or residence nil-rate band can be claimed on the survivor's death

** Estates over £2,000,000: the value of the residence nil-rate band is reduced by 50% of the excess over £2,000,000

Bear in mind that pension and tax rules can change and benefits depend on your circumstances.