



# Tax Year Updates

2024/25 Changes



## 2024/25 UPDATE OF TAX BANDS, PENSION ALLOWANCES, STATE PENSION PARAMETERS, NATIONAL INSURANCE RATES, ISA ALLOWANCES, MORTALITY IMPROVEMENTS AND ONS DATA

The following tables show the parameters that EV will use for the 2024/25 tax year. These updates will be made across all tools where applicable. Although please note that some of these updates may not apply to your specific instance. The figures in the brackets throughout this document denote the 2023/24 tax year figures for comparison.

The income tax thresholds (UK & Scottish) are to be frozen up until April 2028.

### ***UK (excluding Scotland) Income tax***

Band (for earnings up to)		Tax rate %	
12,570	(12,570)	0	(0)
50,270	(50,270)	20	(20)
100,000	(100,000)	40	(40)
125,140	(125,140)	60	(60)
999,999,999	(999,999,999)	45	(45)

### ***Scottish Rates of Income tax***

Band (for earnings up to)		Tax rate %	
12,570	(12,570)	0	(0)
14,732	(14,732)	19	(19)
25,688	(25,688)	20	(20)
43,662	(43,662)	21	(21)
75,000	(N/A)	42	(N/A)
100,000	(100,000)	45	(42)
125,140	(125,140)	67.5	(63)
999,999,999	(999,999,999)	48	(47)



### **State pension parameters**

The New State Pension full rate is £221.20 per week (£203.85). This equates to £11,541.90 p.a. (£10,636.60).

### **Capital gains tax**

The annual exempt amount will reduce to £3,000 (£6,000).

### **Annual allowance**

The annual allowance for pension contributions will remain unchanged at £60,000. The Threshold Income limit in respect of tapered annual allowance limits will remain unchanged at £200,000, while the Adjusted Income limit also remains unchanged at £260,000.

### **National insurance contribution rates (employee)**

Band (for earnings up to)		NIC %	
12,570	(9,570)	0	(0)
50,270	(50,270)	8	(12)*
999,999,999	(999,999,999)	2	(2)

\*This 2023/24 rate reduced by 2% with effect from 6 January 2024.

### **National insurance contribution rates (Class 4 self-employed)**

Band (for earnings up to)		NIC %	
12,570	(9,570)	0	(0)
50,270	(50,270)	6	(9)*
999,999,999	(999,999,999)	2	(2)

\*This 2023/24 rate reduced by 1% with effect from 6 January 2024.

### **National insurance contribution rates (Class 2 self-employed)**

The flat NIC rate (of £3.45 a week) for Class 2 self-employed will be entirely abolished.



## Chargeable Gains

Band (for earnings up to)		Onshore Tax rate %		Offshore Tax rate %	
12,570	(12,570)	0	(0)	0	(0)
50,270	(50,270)	0	(0)	20	(20)
100,000	(100,000)	20	(20)	40	(40)
125,140	(125,140)	40	(40)	60	(60)
999,999,999	(999,999,999)	25	(25)	45	(45)

## ISA Allowances

The ISA allowance remains at £20,000 for the 2024/25 tax year.

The Junior ISA limit remains at £9,000.

The Lifetime ISA limit remains at £4,000.

## Inheritance Tax

The Inheritance tax limit remains at £325,000.

The Inheritance Tax Boost remains at £175,000.

## Mortality Improvements

In line with AS TM1: Statutory Money Purchase Illustrations v5.1 coming into effect from 6 April 2024, we will update our mortality improvement factors to be based on the CMI\_2022 improvements. The base mortality tables will remain as the 16 Series Annuitant mortality tables.

## ONS Data

The Office of National Statistics (ONS) data that is used within the Target Builder has been updated. This is to reflect the most recent data available for household expenses in the UK. The average spending total after-tax across all three categories has been estimated to be around £38,989 (£29,774).