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Tax Year Rates and Allowances 2024/2025

Introduction

We know tax can be complicated so we've designed this document to help you understand the tax rates and allowances that apply for the 2024/2025 tax year. It will hopefully help you work out what will apply to you and when.

The information below is for the 2023/2024 and 2024/2025 tax years, which run from 6 April to 5 April inclusive.

The allowances before 6 April 2024

Allowances	2023/2024 rate
Annual Allowance ¹	£60,000
Money Purchase Annual Allowance (MPAA) ²	£10,000 (applicable when someone takes a 'flexible payment' from money purchase benefits)
Annual Allowance charge ³	Marginal rate of income tax
Lifetime Allowance	£1,073,100

The allowances after 6 April 2024

The Lifetime Allowance was abolished on the 6 April 2024.

Allowances	2024/2025 rate
Annual Allowance ¹	£60,000
Money Purchase Annual Allowance (MPAA) ²	£10,000 (applicable when someone takes a 'flexible payment' from money purchase benefits)
Annual Allowance charge ³	Marginal rate of income tax
Lump Sum Allowance (LSA) ⁴	£268,275
Lump Sum and Death Benefit Allowance (LSDBA) ⁵	£1,073,100
Overseas Transfer Allowance (OTA) ⁶	£1,073,100

Please see the notes for each allowance and the charge on the next page.

Important note:

1. There is a tapered reduction in the annual allowance for individuals with income (including the value of any pension contributions) of over £260,000 a year, where their income (excluding pension contributions) is in excess of £200,000.
2. The MPAA is the maximum amount you can pay into your money purchase (also known as defined contribution) pension in a tax year after you have started to take money from your pension pot in certain ways. Your pension scheme or provider will tell you if the MPAA applies to you when a payment is made.
3. This is the rate of tax you pay for any contributions over your Annual Allowance or MPAA in a tax year.
4. When you access your pension, you can usually take up to 25% of it as a tax-free lump sum. Your 'Lump Sum Allowance' is the maximum amount of money you can take as tax-free lump sums from all the pensions you have. While you can still take out money over this allowance, you will need to pay income tax on it. The Lump Sum Allowance is £268,275. It will be higher if you have any protected tax-free lump sums, or a protected lifetime allowance.
5. Your 'Lump Sum Death Benefit Allowance' (LSDBA) is the total amount of tax-free money you can take across all the pensions you have as a:
 - tax-free lump sum
 - tax-free serious ill-health lump sum, paid out before you turn 75, or
 - tax-free lump sum death benefit, paid out if you pass away before you turn 75.The LSDBA is £1,073,100. It will be higher if you have any protected tax-free lump sums, or a protected lifetime allowance. Income tax will need to be paid on any funds paid above the LSDBA, by whoever receives the payment.
6. The 'Overseas Transfer Allowance' is the maximum amount you can transfer from any registered UK pension schemes you have, to any Qualifying Recognised Overseas Pensions Schemes (QROPS). The Overseas Transfer Allowance is £1,073,100. A 25% overseas transfers charge will be taken from any transfers over this.

For more information on lifetime allowance protection please go to:

[gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance](https://www.gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance)

Automatic enrolment earnings triggers	2023/2024 rate	2024/2025 rate
Annual earnings trigger	£10,000	£10,000
Monthly earnings trigger	£833	£833
Four-weekly earnings trigger	£768	£768
Weekly earnings trigger	£192	£192

Automatic enrolment qualifying earnings – lower limits	2023/2024 rate	2024/2025 rate
Annual qualifying earnings lower limit	£6,240	£6,240
Monthly qualifying earnings lower limit	£520	£520
Four-weekly qualifying earnings lower limit	£480	£480
Weekly qualifying earnings lower limit	£120	£120

Automatic enrolment qualifying earnings – upper limits	2023/2024 rate	2024/2025 rate
Annual qualifying earnings lower limit	£50,270	£50,270
Monthly qualifying earnings lower limit	£4,189	£4,189
Four-weekly qualifying earnings lower limit	£3,867	£3,867
Weekly qualifying earnings lower limit	£967	£967

Income tax (UK)	2023/2024 rate	2024/2025 rate
Basic rate	20%	£10,000
Higher rate	40%	£833
Additional rate	£768	£768
Personal Allowance (UK, Scotland and Wales)	45%	£192
Taxable earnings at basic rate (UK rate)	£12,571* – £50,270*	£12,571* – £50,270*
Taxable earnings at higher rate (UK rate)	£50,271* – £125,140	£50,271* – £125,140
Additional rate threshold (UK rate)	Over £125,140**	Over £125,140**

Scottish rate of income tax (SRIT)	2023/2024 rate	2024/2025 rate
Starter rate	19%	19%
Basic rate	20%	20%
Intermediate rate	21%	21%
Higher rate	42%	42%
Advanced rate	N/A	45%
Additional rate	47%	48%
Taxable earnings at start rate (SRIT)	£12,571* – £14,732	£12,571 – £14,876
Taxable earnings at basic rate (SRIT)	£14,733 – £25,688	£14,877 – £26,561
Taxable earnings at intermediate rate (SRIT)	£25,689 – £43,662	£26,562 – £43,662
Taxable earnings at higher rate (SRIT)	£43,663 – £125,140**	£43,663 – £75,000*
Taxable earnings at advanced rate	N/A	£75,001 – £125,140
Additional rate threshold (SRIT)	Over £125,140**	Over £125,140**

Welsh rates of income tax	2023/2024 rate	2024/2025 rate
Basic rate	20%	20%
Higher rate	40%	40%
Additional rate	45%	45%
Taxable earnings at basic rate (Welsh rate)	£12,571* – £50,270*	£12,571* – £50,270*
Taxable earnings at higher rate (Welsh rate)	£50,271* – £125,140	£50,271* – £125,140
Additional rate threshold (Welsh rate)	Over £125,140**	Over £125,140**

Important note:

* Assumes you are in receipt of the Standard UK Personal Allowance.

** Personal Allowance reduced by £1 for every £2 earned over £100,000.

ISAs	2023/2024 rate	2024/2025 rate
Adult ISA annual allowance	£20,000	£20,000
Junior ISA annual allowance	£9,000	£9,000

National Insurance primary thresholds	2023/2024 rate	2024/2025 rate
Annual primary threshold	£12,570	£12,570
Monthly primary threshold	£1,048	£1,048
Four-weekly primary threshold	£968	£968
Weekly primary threshold	£242	£242

National Insurance lower earnings limits	2023/2024 rate	2024/2025 rate
Annual lower earnings limit	£6,396	£6,396
Monthly lower earnings limit	£533	£533
Four-weekly lower earnings limit	£492	£492
Weekly lower earnings limit	£123	£123

National Insurance upper earnings limits	2023/2024 rate	2024/2025 rate
Annual upper earnings limit	£50,270	£50,270
Monthly upper earnings limit	£4,189	£4,189
Four-weekly upper earnings limit	£3,868	£3,868
Weekly upper earnings limit	£967	£967

State Pension	2023/2024 rate	2024/2025 rate
Basic State Pension (per week)	£156.20	£169.50
Basic Flat-Rate State Pension	£203.85	£221.20

Miscellaneous rates and allowances	2023/2024 rate	2024/2025 rate
Individual Capital Gains Tax threshold	£6,000	£3,000
Capped Drawdown limit	150% for existing drawdown customers. Capped drawdown hasn't been available for new drawdown requests since 6 April 2015	150% for existing drawdown customers. Capped drawdown hasn't been available for new drawdown requests since 6 April 2015
Hourly National Minimum Wage (age 18–20)	£7.49	£8.60
Hourly National Minimum Wage (age 21 and over)	£10.18	£11.44
Pension tax relief limit without relevant UK earnings	£3,600	£3,600
Trivial commutation limit	£30,000 (for Defined Benefit schemes only)	£30,000 (for Defined Benefit schemes only)

How can your pension be passed on?	2023/2024 rate	2024/2025 rate
If you die before age 75		
Lump sum	Free of income tax*	Free of income tax*
Income	Tax-free	Tax-free
If you die after age 75		
Lump sum	Taxed as income**	Taxed as income**
Income	Income is taxable**	Income is taxable**

Please see the notes on the next page about any lump sum and income to be paid when you die.

Important note:

* A lump sum is subject to the Lump Sum and Death Benefit Allowance (LSDBA). It will also only be free of income tax if it's within this allowance and is paid within two years from when the scheme is first notified of your death. Any lump sum older than two years will be taxed in the same way as payments made if you die aged 75 or older.

** Income is taxed at the beneficiary's/beneficiaries' marginal rate of income tax.

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