

EXAMINABLE DOCUMENTS – Exams in June 2025 to March 2026

Taxation – United Kingdom (TX-UK)

The following notes refer to Taxation – United Kingdom (TX-UK) only. Guidance for other variant exams, where available, is published on the ACCA website.

Examinations falling within the period 1 June to 31 March generally examine the Finance Act which was passed in the previous year. Exams falling in the period 1 June 2025 to 31 March 2026 will examine the Finance Act 2024 (which received Royal Assent on 22 February 2024) and the Finance (No. 2) Act 2024 (which received Royal Assent on 24 May 2024).

Finance Acts

The latest Finance Act which will be examined in TX-UK in examinations falling within the period 1 June 2025 to 31 March 2026 is the Finance (No. 2) Act 2024.

With regard to prospective legislation where, for example, provisions included in the Finance Acts will only take effect at some date in the future, such legislation will not normally be examined until such time as it actually takes effect. The same rule applies to the effective date of the provisions of an Act introduced by statutory instrument.

Articles

The following relevant articles have been published in *Student Accountant* and are also available on the ACCA website:

TX-UK:

- Finance Act 2024
- Examiner’s approach to Taxation – United Kingdom (TX-UK)
- Adjustment of profit questions
- Objective test questions
- Higher skills
- TX-UK – A guide to using the examiner’s reports
- TX-UK – A guide to reflection for retake students

The following articles are updated each year for changes in the Finance Act

- Inheritance tax (Parts 1 & 2)
- Chargeable gains (Parts 1 & 2)
- Value added tax (Parts 1 & 2)
- Groups
- Benefits
- Cars

Supplementary Instructions and Tax Rates and Allowances

The following supplementary instructions and tax rates and allowances will be reproduced in the exam in examinations in the period 1 June 2025 to 31 March 2026.

SUPPLEMENTARY INSTRUCTIONS			
1.	Calculations and workings need only be made to the nearest £.		
2.	All apportionments should be made to the nearest month.		
3.	All workings should be shown in Section C.		
TAX RATES AND ALLOWANCES			
The following tax rates and allowances are to be used in answering the questions.			
Income tax			
		Normal rates	Dividend rates
Basic rate	£1 - £37,700	20%	8.75%
Higher rate	£37,701 - £125,140	40%	33.75%

Additional rate	£125,141 and over	45%	39.35%
Savings income nil rate band	- Basic rate taxpayers		£1,000
	- Higher rate taxpayers		£500
Dividend nil rate band			£500
A starting rate of 0% applies to savings income where it falls within the first £5,000 of taxable income.			
Personal allowance			
			£
Personal allowance			12,570
Transferable amount			1,260
Income limit			100,000
Where adjusted net income is £125,140 or more, the personal allowance is reduced to zero.			
Residence status			
Days in UK	Previously resident	Not previously resident	
Less than 16	Automatically not resident	Automatically not resident	
16 to 45	Resident if 4 UK ties (or more)	Automatically not resident	
46 to 90	Resident if 3 UK ties (or more)	Resident if 4 UK ties	
91 to 120	Resident if 2 UK ties (or more)	Resident if 3 UK ties (or more)	
121 to 182	Resident if 1 UK tie (or more)	Resident if 2 UK ties (or more)	
183 or more	Automatically resident	Automatically resident	
Child benefit income tax charge			
Where income is between £60,000 and £80,000, the charge is 1% of the amount of child benefit received for every £200 of income over £60,000			
Car benefit percentage			
The relevant base level of CO ₂ emissions is 55 grams per kilometre.			
The percentage rates applying to petrol cars (and diesel cars meeting the RDE2 standard) with CO ₂ emissions up to this level are:			
51 grams to 54 grams per kilometre		15%	
55 grams per kilometre		16%	
The percentage for electric cars with zero CO ₂ emissions is 2%.			
For hybrid-electric cars with CO ₂ emissions between 1 and 50 grams per kilometre, the electric range of the car is relevant:			
Electric range			
130 miles or more		2%	
70 to 129 miles		5%	
40 to 69 miles		8%	
30 to 39 miles		12%	
Less than 30 miles		14%	
Car fuel benefit			
The base figure for calculating the car fuel benefit is £27,800.			
Company van benefits			
The company van benefit scale charge is £3,960, and the van fuel benefit is £757. Vans producing zero emissions have a 0% benefit.			
Individual savings accounts (ISAs)			
The overall investment limit is £20,000.			
Rent-a-room relief			
The rent-a-room relief limit is £7,500.			
Pension scheme limits			
Annual allowance - 2021-22 and 2022-23			£40,000
- 2023-24 and 2024-25			£60,000
Minimum allowance			£10,000
Income limit			£260,000
The maximum contribution which can qualify for tax relief without any earnings is £3,600			

Approved mileage allowances: cars			
Up to 10,000 miles			45p
Over 10,000 miles			25p
Capital allowances: rates of allowance			
Plant and machinery			
Main pool			18%
Special rate pool			6%
Cars			
New cars with zero CO ₂ emissions			100%
Second-hand cars with zero CO ₂ emissions			18%
CO ₂ emissions between 1 and 50 grams per kilometre			18%
CO ₂ emissions over 50 grams per kilometre			6%
Annual investment allowance			
Rate of allowance			100%
Expenditure limit			£1,000,000
Enhanced capital allowances for companies			
Main pool first year allowance (full expensing)			100%
Special rate pool first year allowance			50%
Structures and buildings allowance			
Straight line allowance			3%
Cap on income tax reliefs			
Unless otherwise restricted, reliefs are capped at the higher of £50,000 or 25% of income.			
Corporation tax			
Financial year	2022	2023	2024
Small profits rate	N/A	19%	19%
Main rate	19%	25%	25%
Lower limit	N/A	£50,000	£50,000
Upper limit	N/A	£250,000	£250,000
Standard fraction	N/A	3/200	3/200
Marginal relief			
$\frac{(\text{Upper limit} - \text{Augmented profits}) \times \text{Standard fraction} \times \text{Taxable total profits}}{\text{Augmented profits}}$			
Quarterly instalments			
Profit threshold			£1,500,000
Value added tax (VAT)			
Standard rate			20%
Registration limit			£90,000
Deregistration limit			£88,000
Penalties for late VAT payments			
Days late	Penalty		
Up to 15 days	None		
16 to 30 days	2%		
More than 30 days	4% plus a daily penalty at an annual rate of 4%		
Inheritance tax: tax rates			
Nil rate band			£325,000
Residence nil rate band			£175,000
Rate of tax on excess – Lifetime rate			20%
– Death rate			40%
Inheritance tax: taper relief			
Years before death:	Percentage reduction		
More than 3 but less than 4 years			20%

More than 4 but less than 5 years		40%	
More than 5 but less than 6 years		60%	
More than 6 but less than 7 years		80%	
Capital gains tax: tax rates			
	Normal rates	Residential property	
Lower rate	10%	18%	
Higher rate	20%	24%	
Annual exempt amount		£3,000	
Capital gains tax: business asset disposal relief and investors' relief			
Lifetime limit - business asset disposal relief		£1,000,000	
- investors' relief		£10,000,000	
Rate of tax		10%	
National insurance contributions			
Class 1 Employee	£1 – £12,570 per year	Nil	
	£12,571 – £50,270 per year	8%	
	£50,271 and above per year	2%	
Class 1 Employer	£1 – £9,100 per year	Nil	
	£9,101 and above per year	13.8%	
	Employment allowance	£5,000	
Class 1A		13.8%	
Class 4	£1 – £12,570 per year	Nil	
	£12,571 – £50,270 per year	6%	
	£50,271 and above per year	2%	
Rates of interest (assumed)			
Official rate of interest		2.25%	
Rate of interest on underpaid tax		7.75%	
Rate of interest on overpaid tax		4.25%	
Standard penalties for errors			
Taxpayer behaviour	Maximum penalty	Minimum penalty - unprompted disclosure	Minimum penalty - prompted disclosure
Deliberate and concealed	100%	30%	50%
Deliberate but not concealed	70%	20%	35%
Careless	30%	0%	15%