PLAIN ENGLISH GUIDE TO ALL UK TAXES

HOW TO SAVE TAX 2025/26

TAX Cafe®

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About the Author & Taxcafe

Dr Nick Braun founded Taxcafe in 1999, along with his partner Aileen Smith. As the driving force behind the company, their aim is to provide affordable plain-English tax information for private individuals, business owners and professional advisers.

Since then Taxcafe has become one of the best-known tax publishers in the UK and has won several prestigious business awards.

Nick has been a specialist tax writer since 1989, first in South Africa, where he edited the monthly *Tax Breaks* publication, and since 1999 in the UK, where he has authored several tax books including *Tax-Free Cash*, *Small Business Tax Saving Tactics, Pension Magic* and *Salary versus Dividends*.

Nick also has a PhD in economics from the University of Glasgow, where he was awarded the prestigious William Glen Scholarship and later became a Research Fellow.

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Introduction

Welcome to Taxcafe's *How to Save Tax 2025/26*, our comprehensive tax planning guide for individuals and business owners.

This guide covers all the major tax announcements made in the October 2024 Autumn Budget, the March 2025 Spring Statement and all other important tax changes made in recent times.

In Part 1 you will find out how much income tax and national insurance you will pay during the current tax year, plus lots of tax saving tips for salary earners, the self-employed, landlords and company directors.

You will also find out how to reduce the child benefit charge and how to cut your income tax bill by thousands of pounds by splitting your income with your spouse or partner and other members of your family.

Part 2 covers recent changes to the other big taxes: capital gains tax, inheritance tax, corporation tax and stamp duty land tax. Each chapter contains useful tax-saving tips.

Part 3 shows you how to enjoy bigger tax savings from tax shelters like ISAs and pensions.

You will also find a chapter containing a detailed list of amounts that are always TAX FREE!

Finally, in Part 4 we take a detailed look at all the other recent tax changes announced in recent Budgets, plus other important changes coming into force this year or in the near future.

The Current Tax Year

Some of the tax planning strategies discussed in this guide require action before the end of the tax year. The latest tax year runs from 6th April 2025 to 5th April 2026. I refer to it in this guide as 2025/26 and sometimes simply as "this tax year" or "this year".

Scottish Taxpayers

The Scottish Parliament has the power to set its own income tax rates and thresholds, although it cannot change the personal allowance or the tax rates applying to interest income or dividends.

The vast majority of the information in this guide is relevant to Scottish taxpayers. However, unless stated to the contrary, all examples, tables, calculations and illustrations are based on the assumption that the taxpayer concerned is not a Scottish taxpayer.

The Big Freeze

The income tax personal allowance (currently £12,570) and the higher-rate threshold where you start paying 40% tax (currently £50,270) were frozen by the previous Government until 5th April 2028 – a total of seven years.

Letting inflation push people into higher tax brackets is a simple (albeit sneaky) way to raise tax revenue.

If they had been increased with inflation the personal allowance would be around £16,000 today and the higher-rate threshold would be around £65,000.

There were fears the new Chancellor Rachel Reeves would extend the freeze by several more years. However, in her October 2024 Budget speech she said: *"There will be no extension of the freeze in income tax and national insurance thresholds beyond the decisions of the previous government. From 2028/29, personal tax thresholds will be uprated in line with inflation once again."*

One income tax threshold that has never been increased since it was introduced many years ago (and we do not expect it to be increased in the near future) is the £100,000 threshold where your personal allowance starts to be withdrawn.

The £100,000 threshold was introduced in April 2010. It seemed like a lot more money back then than it does today. If it had gone up with inflation you would only start losing your personal allowance with an income of around £175,000 today.

Another threshold that was frozen for many years is the one applying to the child benefit charge. The child benefit charge was introduced in 2013 and the £50,000 threshold where it kicked in remained the same until 6th April 2024.

At present you only start paying the child benefit charge when your income exceeds £60,000. Furthermore, the charge is levied much more gradually – you will only pay the maximum charge when your income reaches £80,000.

In Chapter 7 we take a closer look at the new child benefit charge and how you can protect this valuable tax-free benefit.

Other Taxes Hit by the Big Freeze

It's not just income tax thresholds that have been frozen for many years. The inheritance tax nil rate band (currently £325,000) has remained the same since 6th April 2009.

In the October 2024 Budget Rachel Reeves announced that she will extend the freeze for a further two years until 5th April 2030.

This means the £325,000 nil rate band will have remained the same for a total of 21 years. It would be over £600,000 today if it had been increased with inflation.

The VAT registration threshold was frozen at £85,000 from 1st April 2017 to 31st March 2024 – a total of seven years. Thanks to inflation, this means more and more businesses have been dragged into the VAT net.

Being forced to register for VAT decimates the profits of many small businesses because they have to start handing over one sixth of their *turnover* to the taxman. Many find it difficult to raise their prices to limit the damage.

Fortunately, in the March 2024 Budget the VAT registration threshold was raised from £85,000 to £90,000 from 1st April 2024, a measure that provides some respite for small business owners. However, if the VAT registration threshold had kept up with inflation it would be around £120,000 today.

Recent National Insurance Changes

You start paying national insurance when your earnings exceed £12,570 (the same threshold as for income tax).

The main rate of national insurance paid by salary earners was reduced from 12% to 8% (from 6th April 2024).

The main rate of national insurance paid by the self employed was reduced from 9% to 6% from the same date.

Salaries and profits in excess of the higher-rate threshold (£50,270) are subject to 2% national insurance.

From 6th April 2024 self-employed business owners are also no longer required to pay class 2 national insurance, an additional saving of a couple of hundred pounds per year.

The £12,570 and £50,270 national insurance thresholds are the same as for income tax and will remain frozen until 5th April 2028. Chancellor Rachel Reeves has announced that they will be increased with inflation once again on 6th April 2028 (the start of the 2028/29 tax year).

Employer's National Insurance

Last year (2024/25) employers paid 13.8% national insurance on salaries in excess of £9,100.

In the October 2024 Budget the Government increased the rate to 15% from 6th April 2025 (the start of the current 2025/26 tax year). Furthermore, the £9,100 threshold has been reduced to just £5,000.

This was the Big Tax Increase announced in the Budget and is expected to raise around £25 billion per year eventually.

To help small employers the employment allowance has been increased from £5,000 to £10,500.

Recent Changes Made by the <u>Old</u> Government

- **Additional rate of tax** – currently 45% (39.35% for dividends), the additional rate was always payable when your income exceeded £150,000. Instead of being increased, the threshold was reduced to £125,140 on 6th April 2023.

- **Dividend allowance** – allows you to enjoy some tax-free dividend income. Initially £5,000 it has been continually reduced. From 6th April 2024 the allowance is just £500.

- **Capital Gains Tax Exemption** – allows those selling property, shares and other assets to enjoy some tax-free capital gains. In 2023/24 it was reduced from £12,300 to £6,000. From 6th April 2024 it has been reduced to £3,000.

Changes Made by the <u>New</u> Government in the October 2024 Budget

- **Inheritance tax** – pension pots to be subject to IHT from April 2027; 100% relief under business property relief and agricultural property relief will be limited to a combined cap of £1 million per person from 6th April 2026. The rate of relief will be 50% thereafter (producing an effective IHT rate of 20%). 100% relief for AIM shares will be reduced to 50%.

- **Stamp duty land tax** – the 3% additional rate that typically applies to purchases of rental properties and second homes has been increased to 5%. The new rate applies to transactions with an effective date on or after 31st October 2024.

- **Capital Gains Tax** – the rates applying to shares and commercial property (and most assets other than residential property) have been increased from 10% to 18% (basic-rate taxpayers) and from 20% to 24% (higher-rate taxpayers). The new rates apply to disposals made on or after 30th October 2024.

Note, this is not a comprehensive list of all the announcements made in the October 2024 Budget. Others are covered elsewhere in this guide and in more detail in other Taxcafe publications.

Changes Not Made in the October 2024 Budget

There was a huge amount of speculation about potential tax changes in the run up to the October 2024 Budget.

It's therefore worth pointing out some of the potential tax changes that were NOT made:

- No change to residential property capital gains tax
- No change to corporation tax rates
- No change to dividend tax rates
- No change to pension contribution tax relief
- No change to tax-free cash from pensions
- No reintroduction of the pensions lifetime allowance
- No change to the amount that can be invested in ISAs
- No change to the "CGT uplift on death" which wipes out the capital gains tax on assets left to beneficiaries
- No increase from 7 years for making IHT-free gifts
- No increase in the 40% rate of inheritance tax

Part 1

Income Tax & National Insurance

Chapter 1

Income Tax

For the 2025/26 tax year, starting on 6th April 2025 and ending on 5th April 2026, most individuals pay income tax as follows:

- 0% on the first £12,570 Personal allowance
- 20% on the next £37,700 Basic-rate band
- 40% above £50,270 Higher-rate threshold

If you earn more than £50,270 you are a higher-rate taxpayer, if you earn less you are a basic-rate taxpayer (see below for Scottish rates).

Example – Basic-Rate Taxpayer

John earns a salary of £30,000. His income tax for 2025/26 can be calculated as follows:

- *0% on the first £12,570 = £0*
- *20% on the next £17,430 = £3,486*

Total income tax bill: £3,486

Example – Higher-Rate Taxpayer

Jane is a sole trader and has profits of £60,000. Her income tax for 2025/26 can be calculated as follows:

- *0% on the first £12,570 = £0*
- *20% on the next £37,700 = £7,540*
- *40% on the final £9,730 = £3,892*

Total income tax bill: £11,432

Marriage Allowance

It is possible to transfer 10% of your personal allowance to your spouse or civil partner (£1,260 for the current tax year).

Only basic-rate taxpayers can benefit from this tax break, so the potential tax saving is £252 (£1,260 x 20%).

Unmarried couples are excluded – this was David Cameron's rather feeble attempt to use the tax system to reward marriage.

Married couples can generally only benefit from this tax break if:

- One person earns less than £12,570 (not including savings interest under £5,000) and is therefore wasting some of their personal allowance

- The other person earns less than £50,270 (£43,662 in Scotland)

Both individuals must have been born on or after 6 April 1935.

You have to apply to use it:

www.gov.uk/marriageallowance

Potential winners are married couples where one person does not work (e.g. full-time parents) or only has a part-time job.

Example

In 2025/26 Bill earns a salary of £30,000 and his wife Daphne earns £6,000 working part time. Daphne has £6,570 of unused personal allowance. She can transfer £1,260 of this to Bill which means Bill no longer has to pay tax on £1,260 of his income. This will save him £252 in tax (£1,260 x 20%).

Company owners with dividend income have more scope than regular salaried employees to benefit from this tax giveaway (see the Taxcafe guide *Salary versus Dividends*).

Income between £100,000 and £125,140

Once your income exceeds £100,000 your income tax personal allowance is gradually taken away. It is reduced by £1 for every £2 you earn above £100,000. For example, if your income is £110,000 your personal allowance will be reduced by £5,000. If your income exceeds £125,140 you will have no personal allowance at all.

This is a real tax sting for those earning over £100,000. The personal allowance saves you up to £5,028 in tax if you are a higher-rate taxpayer (£12,570 x 40%).

Paying Tax at 60%

The effect of having your personal allowance taken away is that anyone earning between £100,000 and £125,140 faces a hefty marginal income tax rate of 60%.

For example, someone who earns £100,000 and receives an extra £10,000 will pay 40% tax on the extra income – £4,000. They'll also have their personal allowance reduced by £5,000, which means they'll have to pay an extra £2,000 in tax (£5,000 x 40%). Total tax on extra income: £6,000 which is 60%.

Income over £125,140

Once your income rises above £125,140 you start paying income tax at 45% on most types of income. This is known as the additional rate of tax. The threshold used to be £150,000 but was reduced to £125,140 from the start of the 2023/24 tax year.

What Income is Taxed at these Rates?

The above income tax rates apply to most types of income including:

- Salaries
- Self-employment profits (sole traders and partnerships)
- Rental profits
- Pensions

Some types of income (salaries and self-employment profits) are also subject to national insurance. So in the next few chapters we will examine the *total tax* payable by salary earners and the self employed, as well as company directors and landlords.

Some types of income (dividends and interest) are subject to different income tax rates.

Dividends

Many individuals receive dividends from stock market companies or from their own private companies. Dividends received from investments held inside an ISA or pension are, of course, tax free.

The first £500 of taxable dividend income you receive is tax free thanks to the “dividend allowance”. All taxpayers, regardless of income, can benefit from this allowance.

The tax rates applying to dividends are lower than for other types of income. This is because dividends are paid out of a company’s *after-tax* profits. In other words, dividend income is taxed twice.

On 6th April 2022 the income tax rates on dividend income were all increased 1.25%, at the same time that national insurance rates were all increased by 1.25%.

The national insurance increase was reversed but the new higher dividend tax rates have remained in force. It’s much easier politically to increase the tax paid by company owners.

For those receiving dividends in excess of the dividend allowance, the following tax rates apply:

Basic-rate taxpayers	8.75%
Higher-rate taxpayers	33.75%
Additional-rate taxpayers	39.35%

Dividends are always treated as the top slice of your income and are therefore subject to the highest possible tax rate.

How the Dividend Allowance Works

The dividend allowance is not given as an additional standalone tax-free amount of £500. Instead it typically uses up some of your basic-rate band or higher-rate band.

The way to think about it is like this: dividends are always treated as the top slice of your income and taxed at your highest marginal rate. The dividend allowance exempts the bottom £500 of that income from tax.

So if you have dividend income taxed at both 8.75% and 33.75%, the dividend allowance will exempt some of the income taxed at 8.75%.

Example 1
In 2025/26 Brendan has pension income of £30,000 and dividend income of £6,000. The first £12,570 of his pension is covered by his personal allowance and the next £17,430 is taxed at 20%. This leaves him with £20,270 of basic-rate band remaining.

With just £6,000 of dividend income, all of it falls into his remaining basic-rate band. The first £500 of his dividend income is tax free thanks to the dividend allowance. The final £5,500 is taxed at 8.75%, the rate that applies to basic-rate taxpayers.

Example 2
In 2025/26 Julia has £60,000 of rental income and £3,000 of dividend income. Her rental income uses up her personal allowance and basic-rate band and some of it is taxed at the 40% higher rate.

The first £500 of her dividend income is covered by the dividend allowance, leaving £2,500 subject to tax at the 33.75% higher rate.

The dividend allowance does not use up her basic-rate band because none of her dividends fall into the basic-rate band.

Example 3
In 2025/26 Leon has a £120,000 salary and £50,000 dividend. With this much income his personal allowance is completely withdrawn.

The first £500 of his dividend income is covered by the dividend allowance, leaving £4,640 taxed at the 33.75% higher rate.

Along with his salary this takes Leon up to the £125,140 additional-rate threshold. The final £44,860 of his dividend income is taxed at 39.35%.

Note, Leon has dividend income taxed at both the higher rate and additional rate. The dividend allowance reduces the amount of his dividend income taxed at the 33.75% higher rate.

Example 4
In 2025/26 Martin has a £100,000 salary, £50,000 of rental income and £50,000 of dividend income. With this much income his personal allowance is completely withdrawn.

His salary and rental income take him over the £125,140 additional-rate threshold. The first £500 of his dividend income is covered by the dividend allowance, leaving £49,500 taxed at the 39.35% additional rate.

The dividend allowance reduces the amount of his dividend income taxed at the additional rate.

Foreign Dividends

These days it's easy for stock market investors to buy shares in overseas companies, the most popular being US companies.

Foreign dividends are often subject to withholding tax – the overseas company will deduct tax before paying you the dividend.

However, the UK has double tax treaties with many countries that reduce the amount of foreign tax payable (usually to 10% or 15%).

In the US the dividend withholding tax rate is normally 30%. However, in terms of the double tax agreement between the US and UK, the amount of withholding tax can be reduced to 15% by completing form W-8BEN, issued by the US Internal Revenue Service (IRS).

Most online stockbrokers will handle these forms on your behalf so the process is relatively simple.

The double tax agreement also provides a specific exemption for pension schemes, which means US dividends can be received tax free if the shares are held inside your SIPP or another pension scheme.

The double tax agreement does not, however, recognize ISAs. ISA investors are still subject to the 15% withholding tax.

If your overseas shares are held outside an ISA or SIPP you will also be subject to UK income tax on your overseas dividends.

However, you may be able to claim Foreign Tax Credit Relief when you submit your tax return. This allows the overseas tax paid to be deducted from the amount of UK tax owing.

However, the amount deducted cannot exceed the UK tax payable on the income.

Interest Income

Personal Savings Allowance

The personal savings allowance provides a 0% tax rate (the savings nil rate) for up to £1,000 of interest income if you're a basic-rate taxpayer and up to £500 if you're a higher-rate taxpayer. Additional-rate taxpayers do not receive this allowance.

Income that falls within your savings allowance will still count towards your basic-rate or higher-rate limit and may therefore affect the level of savings allowance you're entitled to and the rate of tax payable on any savings income you receive in excess of this allowance.

When the personal savings allowance was introduced the automatic deduction of 20% income tax by banks and building societies and other financial institutions ceased. Any tax due on interest income is generally collected through the PAYE system or when you submit your tax return.

Of course, many individuals can shelter all of their interest income from tax by putting their money in an ISA. However, the personal savings allowance may give you the freedom to put your savings into an account that pays the most competitive interest rate, which may not be a cash ISA.

It may also free up more of your annual ISA allowance to invest in shares and stock market funds, if that's what you prefer to do.

Furthermore, some interest income cannot be sheltered in an ISA. For example, if you sell your home and have a large cash lump sum or receive a big dividend from your company it may not be possible to put all the money into an ISA in one go (the annual ISA allowance is £20,000).

Another group that may benefit from the savings allowance are company owners who extract interest income from their companies. Getting your company to pay you interest can be extremely tax efficient. Your company will probably receive corporation tax relief on the payment and the income is potentially tax free in your hands (see *Salary versus Dividends* which contains a whole chapter on this subject).

The £5,000 Starting Rate Band

There is also a 0% starting rate for up to £5,000 of interest income, however in most cases only those on low incomes can use it.

You can only benefit from the 0% starting rate if your *non-savings income* is less than £17,570 (£12,570 personal allowance plus £5,000 starting rate band). Your non-savings income typically includes your salary, rental income and pensions but does not include your dividends.

Many readers probably cannot use the 0% starting rate because they will have more than £17,570 of non-savings income. You may, however, be able to benefit from the personal savings allowance (discussed above).

Those who can use the 0% starting rate include spouses who don't work (or work part time) and retirees with modest pensions.

Example

Denise has a salary of £20,000 and interest income of £2,000. The first £12,570 of her salary is tax free and the remaining £7,430 is taxed at 20%. This £7,430 of taxable non-savings income effectively "eats up" her £5,000 starting rate band. She is, however, entitled to a £1,000 savings allowance which shelters £1,000 of her interest income from tax. The remaining £1,000 of interest income will be taxed at 20%.

Example
Fiona's husband earns a substantial salary so she decides to stop working for a few years to raise their children and save on childcare costs. The couple have a rental property which they place in her name, as well as investments that produce taxable interest.

In 2025/26 she earns rental income of £13,000 and interest income of £3,000. The first £12,570 of rental income is tax free and the remaining £430 is taxed at 20%. This £430 of taxable non-savings income leaves her with a starting rate band of £4,570 (£5,000 - £430). This means all of her £3,000 interest income is tax free.

Those who receive a significant amount of dividend income can still benefit from the 0% starting rate. Dividends don't count towards the £17,570 limit.

Example
The facts are the same as before except Fiona also has £5,000 of dividend income from a share portfolio held outside an ISA. Her dividends are the top slice of her income and therefore do not use up any of her starting-rate band. Thus all of her interest income will continue to be tax free. The first £500 of her dividend income is tax free thanks to the dividend allowance and the rest is taxed at 8.75%.

Company owners who pay themselves a small salary and receive a significant amount of dividend income can also benefit from the 0% starting rate when they get their companies to pay them interest income (see the Taxcafe guide *Salary versus Dividends*).

It is important to point out that the 0% starting rate band is not given in addition to your basic-rate band (£37,700 in 2025/26). Instead it is part of the basic-rate band.

In other words, if you use the starting rate band your basic-rate band will be reduced and this may reduce the amount of dividend income you can receive taxed at 8.75%.

New Taxcafe Guide!

Taxcafe has recently published a new guide called *Tax-Free Cash* which shows you how to both increase your interest income and reduce the amount of income tax payable on that income.

The Income Tax Freeze

Many key tax thresholds and allowances have been frozen for seven years, until 5th April 2028, including the income tax:

- Personal allowance £12,570
- Higher rate threshold £50,270

If your income only goes up with inflation (meaning you are no better off in real terms), you will end up paying tax at a higher rate (which means you will be worse off after tax).

Example
Chavez had taxable income of £60,000 in 2021/22 and paid income tax of £11,432. This means his overall income tax rate was ***19%****.*

His income simply increases with inflation and is £80,000 by 2027/28. His income does not increase in real terms, so he is no better off.

Because of the freeze to tax thresholds, Chavez's income tax bill will be £19,432 in 2027/28 and his overall income tax rate will be ***24%****.*

Thus by 2027/28 his overall income tax rate has increased by five percentage points. If he was still paying 19%, as he should be, his tax bill would be over £4,000 lower.

The Government is taking a bigger share of his income, even though his income is exactly the same as before in real terms. (The tax system is supposed to tax you more heavily as your income goes up… but only if your income goes up in *real terms*.)

The five percentage point tax increase Chavez suffers will probably be permanent. If the Government adjusts income tax bands for inflation in 2028/29 (as Rachel Reeves has promised to do) this will simply stop his overall tax rate from increasing further. To reduce it back to 19%, tax bands would have to be adjusted by much more than inflation.

In other words, it is possible Chavez's overall income tax rate will be 5% higher forever!

In this example, I have assumed inflation averages 5% per year over the seven year period. This is not an outlandish assumption given that it was running at around 10% for some of the time.

Scottish Income Tax

The Scottish Parliament has complete power to set income tax rates and thresholds for most types of income including salaries, self-employment income, rental income and pensions.

It does NOT have the power to tax interest and dividend income (including small company dividends). These types of income continue to be taxed using UK rates and thresholds. The Scottish Parliament also does not have the power to set the personal allowance. National insurance and most other taxes, including corporation tax, capital gains tax and inheritance tax, remain the preserve of the UK Government.

Scottish Income Tax 2025/26

Income tax in Scotland is being levied as follows in 2025/26:

£0 - £12,570	0%	Personal allowance (PA)
£12,570 - £15,397	19%	Starter rate
£15,398 - £27,491	20%	Basic rate
£27,492 - £43,662	21%	Intermediate rate
£43,663 - £75,000	42%	Higher rate
£75,001 - £100,000	45%	Advanced rate
£100,001 - £125,140	67.5%	PA withdrawal
Over £125,140	48%	Top rate

The Scottish higher-rate threshold remains frozen at £43,662.

Many Scottish taxpayers now face an overall tax rate that is between 3% and 4% higher than those in the rest of the UK.

Table 1 compares Scottish income tax with the rest of the UK. Someone earning £50,000 in Scotland will pay £1,528 more tax than someone living elsewhere in the UK; someone earning £100,000 will pay £3,332 more tax.

Those with income below £30,318 pay slightly less than their counterparts elsewhere in the UK, with a maximum saving of £28.27, or a little over 54p per week!

Table 1
Income Tax: Scotland vs Rest of UK
2025/26

Income	Scotland	Rest of UK	Difference
£20,000	£1,458	£1,486	-£28
£30,000	£3,483	£3,486	-£3
£40,000	£5,583	£5,486	£97
£50,000	£9,014	£7,486	£1,528
£60,000	£13,214	£11,432	£1,782
£70,000	£17,414	£15,432	£1,982
£80,000	£21,764	£19,432	£2,332
£100,000	£30,764	£27,432	£3,332
£125,000	£47,639	£42,432	£5,207
£150,000	£59,666	£53,703	£5,963
£175,000	£71,666	£64,953	£6,713
£200,000	£83,666	£76,203	£7,463

Who is a Scottish Taxpayer?

Someone is a Scottish taxpayer if their sole or main place of residence is in Scotland. For example, someone who rents a flat in London where they work during the week will probably be treated as a Scottish taxpayer if they spend their weekends with their spouse and children in the family home in Edinburgh and most of their friends and other social links are also in Edinburgh.

In some cases it may be difficult to establish where the main residence is located.

Where no close connection to Scotland can be identified (for example, because it is not possible to establish the person's main place of residence), Scottish taxpayer status will be determined through day counting.

You will be a Scottish taxpayer if you spend more days during the tax year in Scotland than you spend in either Wales, Northern Ireland or England (taking each country separately).

Welsh Income Tax

Since April 2019 the National Assembly for Wales has been able to vary the income tax rates payable by Welsh taxpayers.

However, this year (2025/26) Welsh taxpayers will pay exactly the same income tax as those in England and Northern Ireland.

As in Scotland, the Welsh powers are limited with the UK Government retaining responsibility for the income tax personal allowance and the taxation of savings and dividend income. The UK Government also retains control of most other taxes such as national insurance, VAT, corporation tax, capital gains tax and inheritance tax.