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 OpenLearn course: Retirement planning made easy
 OpenLearn url: <https://www.open.edu/openlearn/money-business/retirement-planning-made-easy/content-section-0>

Income Tax 2024/25

This guide to income tax due on pension income can be used where the total gross pension income does not exceed £100,000 per annum and where there is entitlement to the full personal (tax-free) allowance of £12,570 in 2024/25.

For pension incomes in excess of £100,000 please use the gov.uk or Which? websites to calculate the income tax payable. Links to these are provided in the course.

First, there are two steps to follow:

- Which nation in the UK do you reside in?
- Which income range (as set out in the tables below) does your gross pension income fall into?

Once you have identified the appropriate gross income range the calculation of income tax due is very simple.

England, Wales and Northern Ireland

Annual Pension Income	Income Tax Payable
Up to £12,570	£0
Over £12,570 and up to £50,270	Income above £12,570 x 20% e.g. if income is £30,000 then tax = £17,430 x 20% = £3,486
Over £50,270 and up to £100,000	£7,540 plus income above £50,270 x 40% e.g. if income is £75,000 then tax = £7,540 + (£24,730 x 40%) = £7,540 + £9,892 = £17,432

Scotland

Annual Pension Income	Income Tax Payable
Up to £12,570	£0
Over £12,570 and up to £14,876	Income above £12,570 x 19% e.g. if income is £14,000 then tax = £1,430 x 19% = £271.70
Over £14,876 and up to £26,561	£438.14 plus income above £14,876 x 20% e.g. if income is £18,000 then tax = £438.14 + (£3,124 x 20%) = £438.14 + £624.80 = £1,062.94
Over £26,561 and up to £43,662	£2,775.14 plus income above £26,561 x 21% e.g. if income is £35,000 then tax = £2,775.14 + (£8,439 x 21%) = £2,775.14 + £1,772.19 = £4,547.33
Over £43,662 and up to £75,000	£6,366.35 plus income above £43,662 x 42% e.g. if income is £75,000 then tax = £6,366.35 + (£31,338 x 42%) = £6,366.35 + £13,161.96 = £19,528.31
Over £75,000 and up to £100,000	£19,528.31 plus income above £75,000 x 45% e.g. if income is £100,000 then tax = £19,528.31 + (£25,000 x 45%) = £19,528.31 + £11,250 = £30,778.31