Cranleys
CHARTERED ACCOUNTANTS




CRANLEYS' CLEVER CHECKLISTS · No. 01 · PERSONAL TAX

# Income Tax and Personal Allowance Checklist 2026/27

Tick it, print it, pin it up. Every box you cannot tick is a conversation worth having.




By Colin Davison FCA, Managing Partner, Cranleys Chartered Accountants. In practice since 1998. Reviewed 15 November 2026 against the 2026/27 rules.

## THE QUICK ANSWER

Check you use your personal allowance once, spot the £100,000 to £125,140 band where the effective rate is 60%, claim Marriage Allowance and Blind Person's Allowance if they apply, and match your tax code to your return. If you cannot show the evidence, do not claim it.

## THE KEY FIGURES

| 2026/27 figure | Amount |
|---|---|
| **Personal Allowance (frozen to April 2031)** | £12,570 |
| **Basic rate 20% (England, Wales, Northern Ireland)** | to £50,270 |
| **Higher rate 40%** | £50,271 to £125,140 |
| **Additional rate 45%** | above £125,140 |
| **Allowance reduction** | £1 for every £2 of adjusted net income over £100,000 |
| **Marriage Allowance (transfer)** | £1,260, worth up to £252 |
| **Blind Person's Allowance** | £3,250 |
| **Trading Allowance and Property Allowance** | £1,000 each |


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## The checklist, box by box

| | The check | What to do | Keep as evidence |
|---|---|---|---|
| ☐ | **Is your personal allowance used once, not twice?** | Only one job or pension should carry the full allowance (code 1257L). Other jobs normally carry BR or D0. | Coding notices, P60s, payslips |
| ☐ | **Have you modelled the £100,000 trap?** | Between £100,000 and £125,140 each extra £1 costs about 60p in tax. Work out adjusted net income, then see if a pension payment or Gift Aid brings it down. | Adjusted net income calculation, pension and Gift Aid receipts |
| ☐ | **Is Marriage Allowance claimed where it fits?** | If one of you earns less than £12,570 and the other is a basic rate taxpayer, £1,260 can transfer. You can claim for up to four tax years back. | HMRC confirmation, marriage certificate date, both National Insurance numbers |
| ☐ | **Is Blind Person's Allowance claimed and shared?** | £3,250 on top of your allowance. It is not automatic, and unused amounts can pass to a spouse or civil partner. | Registration certificate or local authority proof |
| ☐ | **Married Couple's Allowance, if someone was born before 6 April 1935?** | A tax reduction of 10% of between £4,530 and £11,700, so up to £1,170 off the bill. | Dates of birth, marriage date, income figures |
| ☐ | **Does your tax code match your tax return?** | Look for K codes, emergency codes, 0T and BR. A wrong code means a surprise bill or a refund waiting. | Coding notice against your Self Assessment figures |
| ☐ | **Are employee expenses genuinely allowed?** | They must be incurred wholly, exclusively and necessarily in doing the job. Commuting and dual purpose costs fail. | Receipts, mileage log, employer confirmation |



**MY PRO TIP**

***one pension contribution can drag you out of the 60% zone and into the sunshine.***

### A worked example

Salary £118,000. Without any planning, adjusted net income is £118,000, so the allowance falls by £9,000 to £3,570. Pay a gross £10,000 into a personal pension and adjusted net income drops to £108,000. The allowance rises to £8,570. Total relief is £6,000 on the £10,000 gross payment: £2,000 added at source, and £4,000 through your return from higher rate relief and the restored allowance. Your real cost is £4,000 for £10,000 in the pension. That is the 60% trap working in your favour.

### The trap to avoid

Claiming relief for expenses with no receipt, or for costs that are partly private. HMRC disallows the claim, adds interest, and can add a penalty. If it is part private, it is not wholly and exclusively.

### Test your accountant

One question that tells you if you have the right adviser:

**How does the £100,000 to £125,140 band affect me, and did you model a pension payment to get out of it before 5 April 2027?**

## What has changed recently

- The personal allowance and the tax bands stay frozen until April 2031, so pay rises pull more people into higher rates.
- Property income gets its own higher rates from April 2027: 24%, 44% and 49% after the 28 October 2026 Budget. See the landlord tax checklist.


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- Scotland has different bands. Check the Scottish and Welsh income tax checklist if you live there.

## Questions I get asked

### What is the 60% tax trap?

Between £100,000 and £125,140 you lose £1 of personal allowance for every £2 of adjusted net income. That turns 40% into an effective 60% on that slice. A pension payment or Gift Aid donation can pull you back down.

### Is the personal allowance £12,570 in 2026/27?

Yes. It has been frozen at £12,570 since 2021 and stays frozen until April 2031. It still shrinks if adjusted net income goes over £100,000.

### Can I claim Marriage Allowance for past years?

Yes, up to four tax years back if you were eligible each year. The lower earner must have income below the personal allowance and the other must not be a higher rate taxpayer.

### How do I check my tax code is right?

Compare the notice from HMRC with your payslip, then with your Self Assessment figures. If the code includes a K or an emergency marker, ask why. Wrong codes are the most common cause of tax surprises.

### The 9 CAD Keys link: Clarity

Clarity is knowing exactly what you pay and why. If you cannot explain your tax code or your adjusted net income in two sentences, you do not yet have clarity.

**Colin's 9 CAD Keys.** CORE: Clarity, Capability, Consistency. ADVANCED: Analysis & Positioning, Alignment, Acceleration. DYNAMIC: Differentiation, Dexterity, Development. Score each key 1 to 5 in the free Business Value Assessment Scorecard, total out of 45. *Freedom is built. One CAD Key at a time.*

## Tick these next

**Tax checklist 02**
Scottish and Welsh Income Tax Checklist 2026/27

**Tax checklist 03**
National Insurance Checklist 2026/27

**Tax checklist 06**
Pensions Checklist 2026/27: Allowances and Tax Relief

**Tax checklist 21**
Child Benefit and High Income Charge Checklist 2026/27

### Go deeper: my books

For this topic, start with **Business Tax Secrets**, part of The Cranleys Business and Tax Secrets Series: Property Tax Secrets, Inheritance Tax Secrets, Business Tax Secrets, Starting Up Secrets, Business Growth Secrets and Business Exit Secrets. The books are launching soon. Join the launch list at cranleys.online/books and I will tell you the moment each one is released.

YOUR NEXT STEP

### Ring me. Free draft plan, no hard sell.

I will build you a free draft tax plan or business plan on my 9 CAD Keys: a scorecard, a 12-month cashflow forecast, a 90-day action plan and a review with me. **1** Get in touch. **2** Short intro call. **3** Your free draft plan in plain English. You decide what happens next.

***Tick it, print it, pin it up. Then call Colin if any box makes you squirm.***

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Scan to read online, tick it on screen and take the Scorecard



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