

Rates and allowances - Income Tax

Income Tax allowances

Income Tax allowances table			
Income Tax allowances	2008-09	2009-10	2010-11
Personal Allowance (1)	£6,035	£6,475	£6,475
Income limit for Personal Allowance	Not applicable	Not applicable	£100,000
Personal Allowance for people aged 65-74 (1)(2)	£9,030	£9,490	£9,490
Personal Allowance for people aged 75 and over (1)(2)	£9,180	£9,640	£9,640
Married Couple's Allowance (born before 6th April 1935 but aged under 75) (2)(3)(4)	£6,535	Not applicable	Not applicable
Married Couple's Allowance - aged 75 and over (2)(3)	£6,625	£6,965	£6,965
Income limit for age-related allowances	£21,800	£22,900	£22,900
Minimum amount of Married Couple's Allowance	£2,540	£2,670	£2,670
Blind Person's Allowance	£1,800	£1,890	£1,890

(1) From the 2010-11 tax year the Personal Allowance reduces where the income is above £100,000 – by £1 for every £2 of income above the £100,000 limit. This reduction applies irrespective of age.

(2) These allowances reduce where the income is above the income limit – by £1 for every £2 of income above the limit. For the 2008-09 and 2009-10 tax years they will never be less than the basic Personal Allowance or minimum amount of Married Couple's Allowance. However, from the 2010-11 tax year the Personal Allowance for people aged 65 to 74 and 75 and over can be reduced below the basic Personal Allowance where the income is above £100,000.

(3) Tax relief for the Married Couple's Allowance is given at the rate of 10 per cent.

(4) In the 2009-10 tax year all Married Couple's Allowance claimants in this category will become 75 at some point during the year and will therefore be entitled to the higher amount of the allowance - for those aged 75 and over.

Income Tax rates and taxable bands

Income Tax rates and taxable bands			
	2008-09	2009-10	2010-11
Starting rate for savings: 10%*	£0-£2,320	£0-£2,440	£0-£2,440
Basic rate: 20%	£0-£34,800	£0-£37,400	£0-£37,400
Higher rate: 40%	Over £34,800	Over £37,400	£37,401-£150,000
Additional rate: 50%	Not applicable	Not applicable	Over £150,000

* From 2008-09 there is a 10 per cent starting rate for savings income only. If your non-savings income is above this limit then the 10 per cent starting rate for savings will not apply.

The rates available for dividends for the 2008-09 and 2009-10 tax years are the 10 per cent ordinary rate and the 32.5 per cent dividend upper rate. For the 2010-11 tax year, as well as these rates there is a new dividend additional rate of 42.5 per cent.