



## **Rates and allowances - Income Tax**

## Income Tax allowances

Income Tax allowances table

Income Tax allowances	2007-08	2008-09	2009-10
Personal Allowance	£5,225	£6,035	£6,475
Personal Allowance for people aged 65-74 (1)	£7,550	£9,030	£9,490
Personal Allowance for people aged 75 and over (1)	£7,690	£9,180	£9,640
Married Couple's Allowance (born before 6th April 1935 but aged under 75) (1)(2)(3)	£6,285	£6,535	Not applicable
Married Couple's Allowance - aged 75 and over (1) (2)	£6,365	£6,625	£6,965
Income limit for age-related allowances	£20,900	£21,800	£22,900
Minimum amount of Married Couple's Allowance	£2,440	£2,540	£2,670
Blind Person's Allowance	£1,730	£1,800	£1,890

(1) These allowances reduce where the income is above the income limit – by £1 for every £2 of income above the limit. However they will never be less than the basic Personal Allowance or minimum amount of Married Couple's Allowance.

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

(3) 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		
	2007-08	
Starting rate: 10%	£0-£2,230	
Basic rate: 22%	£2,231-£34,600	
Higher rate: 40%	Over £34,600	
Income Tax rates and taxable bands		
	2008-09	2009-10
Starting rate for savings: 10%*	£0-£2,320	£0-£2,440
Basic rate: 20%	£0-£34,800	£0-£37,400
Higher rate: 40%	Over £34,800	Over £37,400

\* 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 are the 10 per cent ordinary rate and the 32.5 per cent dividend upper rate.