

# Rates and allowances - Income Tax

## Income Tax allowances

### Income Tax allowances table

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