

# Rates and Allowances - Income Tax

## Income Tax Allowances

Income Tax Allowances table

Income tax allowances	2008-09 (£)	2009-10 (£)
Personal allowance	6,035	6,475
Personal allowance for people aged 65-74 (1)	9,030	9,490
Personal allowance for people aged 75 and over (1)	9,180	9,640
Married couple's allowance (born before 6th April 1935 but aged under 75) (1) (2)	6,535	n/a (3)
Married couple's allowance - aged 75 and over (1) (2)	6,625	6,965
Income limit for age-related allowances	21,800	22,900
Minimum amount of married couple's allowance	2,540	2,670
Blind person's allowance	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. 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 year 2009/10 all MCA claimants in this category will become 75 at some point during the tax year and will be entitled to MCA at the 75+ rate.

**Taxable Bands** The Chancellor announces the taxable bands and the rates of tax at the Budget Report which precedes the start of the tax year to which they relate. In 2009 the Budget was on 22<sup>nd</sup> April.

Income Tax: taxable bands			
2007-08	£ per year	2008-09	£ per year
Starting rate: 10%	£0-£2,230		
Basic rate: 22%	£2,231-£34,600	Basic rate: 20%*	£0-£34,800
Higher rate: 40%	Over £34,600	Higher rate: 40%*	Over £34,800

\* From 2008-09, there is a 10 per cent starting rate for savings income only, with a limit of £2,320. If an individual's taxable non-savings income is above this limit then the 10 per cent starting rate for savings will not apply.] There are no changes to the 10 per cent dividend ordinary rate or the 32.5 per cent dividend upper rate.