

# Income Tax Rates and Allowances

In this section:

**Table 1 – Income tax allowances**

**Table 2 – Income tax rates**

| <b>Table 1</b>                                   | Notes | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|--|-------|---------|---------|---------|---------|---------|
| <b>Income tax allowances</b>                     |       |         |         |         |         |         |
| <b>Personal Allowance</b>                        |       |         |         |         |         |         |
| Aged under 65                                    | 4     | £7,475  | £8105   |         |         |         |
| Aged 65-74                                       | 1     | £9,940  | £10,500 |         |         |         |
| Aged 75 and over                                 | 1     | £10,090 | £10,660 |         |         |         |
| Born on or after 6 April 1948                    | 4     |         |         | £9,440  | £10,000 | £10,600 |
| Born between 6 April 1938 and 5 April 1948       | 1     |         |         | £10,500 | £10,500 | n/a     |
| Born on or before 5 April 1938                   | 1     |         |         | £10,660 | £10,660 | £10,660 |
| Couple's transferable amount                     | 5     |         |         |         |         | £1,060  |
| <b>Married Couple's Allowance</b> (given at 10%) | 3     |         |         |         |         |         |
| Either spouse born before 6 April 1935           | 2     | £7,295  | £7,705  | £7,915  | £8,165  | £8,335  |
| Minimum amount when income exceeds limit         |       | £2,800  | £2,960  | £3,040  | £3,140  | £3,220  |
|  |       |         |         |         |         |         |
| Income limit for age-related allowances          | 1     | £24,000 | £25,400 | £26,100 | £27,000 | £27,700 |
|  |       |         |         |         |         |         |
| Blind person's allowance                         |       | £1,980  | £2,100  | £2,160  | £2,230  | £2,290  |
|  |       |         |         |         |         |         |
| Rent-a-room relief                               |       | £4,250  | £4,250  | £4,250  | £4,250  | £4,250  |
|  |       |         |         |         |         |         |

**Notes:**

- 1 These allowances are reduced by £1 for every £2 of extra income over the income limit for age-related allowances, until they are reduced to the level of the basic personal. The personal allowance will be further reduced if income exceeds £100,000.
- 2 These allowances are given as a reduction in your tax bill. Multiply the amount of the allowance by 10% to find the tax you save.
- 3 This is available to married couples and civil partners.
- 4 Reduced by £1 for every £2 by which income exceeds £100,000 .
- 5 From 6 April 2015, 10% of the basic personal allowance may be transferred between married couples/ civil partners, so long as neither is a higher rate taxpayer. The transfer needs to be claimed.

| <b>Table 2</b>                       | 2011-12                | 2012-13                | 2013-14               | 2014-15                | 2015-16                | Note |
|--------------------------------------|------------------------|------------------------|-----------------------|------------------------|------------------------|------|
| <b>Income tax rates and bands</b>    |                        |                        |                       |                        |                        |      |
| <b>Savings income starting rate</b>  |                        |                        |                       |                        |                        |      |
| Tax rate                             | 10%                    | 10%                    | 10%                   | 10%                    | 0%                     | 1    |
| From                                 |                        |                        |                       |                        |                        |      |
| To                                   | £2,560                 | £2,710                 | 2,790                 | £2,880                 | £5,000                 |      |
| <b>Basic rate</b>                    |                        |                        |                       |                        |                        |      |
| All income except savings            | 20%                    | 20%                    | 20%                   | 20%                    | 20%                    |      |
| Savings income (excluding dividends) | 20%                    | 20%                    | 20%                   | 20%                    | 20%                    |      |
| Dividend income                      | 10%                    | 10%                    | 10%                   | 10%                    | 10%                    |      |
| From                                 | 0                      | 0                      | 0                     | 0                      | 0                      | 1    |
| To                                   | £35,000                | £34,370                | £32,010               | £31,865                | £31,785                |      |
| <b>Higher rate</b>                   |                        |                        |                       |                        |                        |      |
| All income above / between           | £35,000 to<br>£150,000 | £34,370 to<br>£150,000 | 32,011 to<br>£150,000 | £31,866 to<br>£150,000 | £31,786 to<br>£150,000 |      |
| All income except dividends          | 40%                    | 40%                    | 40%                   | 40%                    | 40%                    |      |
| Dividend income                      | 32.5%                  | 32.5%                  | 32.5%                 | 32.5%                  | 32.5%                  |      |
| <b>Additional rate</b>               |                        |                        |                       |                        |                        |      |
| All income above                     | £150,000               | £150,000               | £150,000              | £150,000               | £150,000               |      |
| All income except dividends          | 50%                    | 50%                    | 45%                   | 45%                    | 45%                    |      |
| Dividends                            | 42.5%                  | 42.5%                  | 37.5%                 | 37.5%                  | 37.5%                  |      |

See notes below:

Notes:  
 1 For savings income, the basic rate band starts after the starting rate band for savings. The starting rate band for savings is only available if non-savings income is less than an individual's personal allowance plus the starting rate band. Savings income is treated as the top slice of income (with dividends as the top slice of savings).