



Income tax, Personal allowances and Tax credits

Income tax rates

	2010/11	2009/10
Basic rate band	£0 - £37,400	£0 - £37,400
Non-savings rate	20%	20%
Dividend ordinary rate	10%	10%
Higher rate	£37,400 - £150,000	Over £37,400
Tax rate excluding dividends	40%	40%
Dividend ordinary rate	32.5%	32.5%
Additional rate	Over £150,000	
Tax rate excluding dividends	50%	Not applicable
Dividend additional rate	42.5%	

Personal allowances

	2010/11	2009/10
Personal allowances		
- under 65	£6,475	£6,475
Income limit for Personal allowance	£100,000	Not applicable
- 65 to 74*	£9,490	£9,490
- 75 and over*	£9,640	£9,640
Married couple's allowances (relief at 10%)		
- 75 and over*	£6,965	£6,965
- minimum amount	£2,670	£2,670
* - Age allowance income limit (reduce age allowance by £1 for every £2 of excess income over £22,900)	£22,900	£22,900
Blind person's allowance	£1,890	£1,890



Hugh Davies & Co.
CHARTERED ACCOUNTANTS

Tax credits

	2010/11	2009/10
Working tax credit (WTC)		
Basic element	£1,920	£1,890
Childcare element		
80% of eligible costs up to £175 per week (£300 if two or more children)		
Child tax credit (CTC)		
Child element per child – max	£2,300	£2,235
Family element	£545	£545
Baby addition	£545	£545

Reductions in maximum rates 39% (39%) of income above £6,420*p.a.

*If only CTC is claimed, the threshold is £16,190 p.a. (£16,040). The family element of CTC is not reduced unless income is more than £50,000 p.a. when it is reduced by £1 for every £15 of additional income.

For more information, contact Ian, Hugh, Catherine or Michael at Hugh Davies & Co on 01722 336647.