



## Income tax, Personal allowances and Tax credits

Income tax rates		
	2011/12	2010/11
<b>Basic rate band</b>	<b>£0 - £35,000</b>	<b>£0 - £37,400</b>
Non-savings rate	20%	20%
Dividend ordinary rate	10%	10%
<b>Higher rate</b>	<b>£35,000 - £150,000</b>	<b>£37,400 - £150,000</b>
Tax rate excluding dividends	40%	40%
Dividend ordinary rate	32.5%	32.5%
<b>Additional rate</b>	<b>Over £150,000</b>	<b>Over £150,000</b>
Tax rate excluding dividends	50%	50%
Dividend additional rate	42.5%	42.5%
<b>Personal allowances</b>		
	2011/12	2010/11
<b>Personal allowances</b>		
- under 65	£7,475	£6,475
Income limit for Personal allowance	£100,000	£100,000
- 65 to 74*	£9,490	£9,490
- 75 and over*	£10,090	£9,640
<b>Married couple's allowances (relief at 10%)</b>		
- 75 and over*	£7,295	£6,965
- minimum amount	£2,800	£2,670
* - Age allowance income limit	£24,000	£22,900
(reduce age allowance by £1 for every £2 of excess income over £22,900)		
Blind person's allowance	£1,980	£1,890



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CHARTERED ACCOUNTANTS

<b>Tax credits</b>	<b>2011/12</b>	<b>2010/11</b>
<b>Working tax credit (WTC)</b>		
Basic element	£1,920	£1,920
Childcare element		
70% of eligible costs up to £175 per week (£300 if two or more children)		
<b>Child tax credit (CTC)</b>		
Child element per child – max	£2,555	£2,300
Family element	£545	£545
Baby addition	n/a	£545
<b>Reductions in maximum rates</b> 41% (39%) of income above £6,420*p.a.		
*If only CTC is claimed, the threshold is £15,860 p.a. (£16,190). The family element of CTC is not reduced unless income is more than £40,000 p.a. when it is reduced by £1 for every £2.44 of additional income.		

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