



Income tax, Personal allowances and Tax credits

Income tax rates

	2009/10	2008/09	2007/08
Starting rate band to	#see below	£2,320	£2,230
Tax rate	10%	10%	10%
Basic rate band - next	£37,400	£34,800	£32,370
Non-savings rate	20%	20%	22%
Savings rate	#see below	#see below	20%
Dividend ordinary rate	10%	10%	10%
Higher rate – income over	£37,400	£34,800♦♦	£34,600
Tax rate excluding dividends	40%	40%	40%
Dividend ordinary rate	32.5%	32.5%	32.5%

10% starting rate for savings income up to £2,440. Not applicable if taxable non-savings income exceeds £2,440.

Personal allowances

	2009/10	2008/09	2007/08
Personal allowances			
- under 65	£6,475	£6,035	£5,225
- 65 to 74*	£9,490	£9,030	£7,550
- 75 and over*	£9,640	£9,180	£7,690

Married couple's allowances (relief at 10%)

- Aged less than 75 and born before 6.4.1935*	£6,865	£6,535	£6,285
- 75 and over*	£6,965	£6,365	£6,365
- minimum amount	£2,670	£2,540	£2,440

* - Age allowance income limit
(reduce age allowance by £1 for every £2 of excess income over £21,800)

Blind person's allowance	£1,890	£1,800	£1,730
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Hugh Davies & Co.
CHARTERED ACCOUNTANTS

Tax credits

	2009/10	2008/09	2007/08
Working tax credit (WTC)			
Basic element	£1,890	£1,800	£1,730
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	£2,235	£2,085	£1,765
Family element	£545	£545	£545
Baby addition	£545	£545	£545

Reductions in maximum rates 39% (2007/08 - 37%) of income above £6,420*p.a.

*If only CTC is claimed, the threshold is £16,040p.a. (2008/09 £15,575p.a.). 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 Sheekey at Hugh Davies & Co on 01722 336647.