

As UK Tax Regulations can be very complex and often relate to individual circumstances and interpretation, this Age Concern Information Sheet is intended only as a guide and not an exhaustive or authoritative Statement of Law. Check with your local Tax Office, FSA registered adviser or other professional for more specific advice of your tax position. Age Concern issues this information on the basis that we accept no responsibility whatsoever from any losses arising from the use or reliance of such information. Age Concern is not FSA registered but can offer further informal initial advice.

UK Tax Allowances & Bands for April 2010 to March 2011 (allowances unchanged from 2009/10 - see <http://www.hmrc.gov.uk/rates/>)

	Per Year	Weekly (approx)	
Under 65 years (1)	£6,475	£124.52	(Children have this allowance from birth)
65 - 74 years (1)(2)			
Single Person	£9,490	£182.50	(conditional - <u>income related</u>)
Married Person	n/a	n/a	
Widow / Widower	£9,490	£182.50	(extra in tax year of spouse's / civil partner's death and the following tax year)
75 years or Over (1)(2)			
Single Person	£9,640	£185.38	(conditional - <u>income related</u>)
Married Person (2)(3)	£6,965	£133.94	(aged 75 and over)
Widow/Widower	£9,640	£185.38	(extra in tax year of spouse's / civil partner's death and the following tax year)
Blind Allowance	£1,890	£ 36.35	
Age Related Income	£22,900	£ 440.38	(Allowance reduced by £1 for every £2 of income over this amount)
Inheritance Tax	£325,000		(£650,000 may apply to Couples via the nil rate band. Tax liability will apply at 40% only on the amount by which your estate is valued over this amount. Bequests to legal spouses or Charities exempt from IHT.)
Capital Gains Tax	£10,100		(Annual Exemption per person applied on certain profits or gains – 18% over.)

(1) From the 2010-11 tax year the Personal Allowance reduces where the income is above £100,000 – by £1 for every £2 of income above the £100,000 limit. This reduction applies irrespective of age. (2) These allowances reduce where the income is above the income limit – by £1 for every £2 of income above the limit. For the 2008-09 and 2009-10 tax years they will never be less than the basic Personal Allowance or minimum amount of Married Couple's Allowance. However, from the 2010-11 tax year the Personal Allowance for people aged 65 to 74 and 75 and over can be reduced below the basic Personal Allowance where the income is above £100,000. (3) Tax relief for the Married Couple's Allowance is given at the rate of 10 per cent.

Child's Tax Credit, Disabled Persons Tax Credit and Working Tax Credit payments are available to eligible persons on application to HMRC. The rate of relief for married couples allowance is for those born before 06/04/1935. Married Couples Allowance is shown against the Married Man above but couples can elect for either the husband or wife to receive the allowance or divide it evenly. Financially, the highest earner or largest taxpayer should elect to receive it.

A Widow can claim the benefit from any unused age related Married Couples Allowance in the tax year of her husband's death, providing such allowance was eligible. If either spouse pays insufficient tax to use the Married Couples Allowance they are entitled to, that spouse may notify HMRC within 5 years that the unused amount is to be transferred.

From April 2009 tax bands for taxable income – i.e. state pensions, private pensions and earnings - are:

- 10% (savings rate) starting rate for savings £0 to £2,440 (if non savings income above limit the 10% will not apply)
- 20% (basic rate) on taxable income from £0 to £37,400 per year (after tax allowances).
- 40% (higher rate) on taxable income £37,400 to £150,000 per year.
- 50% (additional rate) over £150,000 per year.

Interest earned on savings is treated as income and taxed as above. If your total income is less than your total allowances you should normally pay no tax on savings interest - ask your Bank or Building society for a form R85 to register your account for payment of gross interest (no tax deducted) If you are eligible to pay tax, but more tax is deducted than is due, then you can claim a rebate by contacting your tax office. Claims by either the individual or the tax office can relate to a previous period of 6/7 years. Dividend income that falls within the lower and basic tax bands is taxed at 10% ordinary rate with a 32.5% rate upper rate. For 2010/11 a new additional dividend additional rate applies of 42.5%. 10% tax is deducted at source at basic rate from UK dividends, non-reclaimable by non-taxpayers. Higher rate taxpayers charged with paying the balance due over this 10%.

Tax rules/rates/allowances normally amended in April of each year. Tax Rules/Rates/Applications can be very complex and very much relate to individual circumstances and interpretations, so the above can only be a rough general summary. Professional advice should be obtained on particular or individual circumstances for correct assessments/applications.

Many useful information sheets are available from Age Concern and Her Majesty's Revenue & Customs www.hmrc.gov.uk

HMRC Helpline-0845 9800645. Advice regarding Blind Persons' Allowance 0845 9000 444.