

## 2016/17 Tax rates and allowances

### Income Tax rates and allowances

#### Personal allowances and reliefs

	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10
Personal allowance	£	£	£	£	£	£	£	£
Aged under 65*	11,000	10,600	10,000	9,440	8,105	7,475	6,475	6,475
Born between 6 April 1938 and 5 April 1948	11,000	10,600	10,500	10,500	-	-	-	-
Aged 65–74	-	-	-	-	10,500	9,940	9,490	9,490
Aged 75 & over	-	-	-	-	10,660	10,090	9,640	9,640
Born before 6 April 1938	11,000	10,660	10,660	10,660				
Blind person's allowance	2,290	2,290	2,230	2,160	2,100	1,980	1,890	1,890
Transferable personal allowance (to spouse)**	1,100	1,060	-	-	-	-	-	-
Married couples allowance (MCA)								
Born before 6 April 1935								
Max	8,355	8,355	8,165	7,915	7,705	7,295	6,965	6,965
Min	3,220	3,220	3,140					
Age allowance limit								
MCA reduced by £1 for every £2 exceeding limit	27,700	27,700	27,000	26,100	25,400	24,000	22,900	22,900
Rent a room relief	7,500	4,250	4,250	4,250	4,250	4,250	4,250	4,250

#### \*Personal allowance restriction from 2010/11 on

The personal allowance is restricted by £1 for every £2 of an individual's [adjusted net income](#) above £100,000.

\*\* Transferable allowance: a spouse or civil partner who is not liable to income tax above the basic rate may transfer £1,100 (2015/16 £1,060) of their unused personal allowance to their spouse/civil partner, provided that the recipient of the transfer is not liable to income tax above the basic rate. Taxpayers have 4 years in which to make the election.

## Income tax rates

Rate	%	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09
Basic*	20%	£0 - £32,000	£0 - £31,785	£0 to £31,865	£0 to £32,010	£0 to £34,370	£0 to £35,000	£0 to £37,400	£0 to £37,400	£0 to 34,600
Higher	40%	£32,000 to £150,000	£31,786 to £150,000	£31,866 to £150,000	£32,011 to £150,000	£34,370 to £150,000	£35,001 to £150,000	£37,401 to £150,000	37,401 and above	34,601 and above
Top	45%+	£150,000 +	£150,000 +	£150,000 +	£150,000 +	-	-	-	n/a	n/a
Top	50%		-	-	-	£150,000 +	£150,000 +	£150,000 +	n/a	n/a

### \*Starting rate band

a starting rate applies to savings income up to:

- £5,000 2016/17 - rate 0%
- £5,000 2015/16 " "
- £2,880 2014/15 - rate 10%
- £2,790 2013/14 " "
- £2,710 2012/13 " "
- £2,560 2011/12 " "
- £2,440 2010/11 " "
- £2,320 2008/09 to 2009/10 " "

This band is not available if taxable non-savings income also exceeds this band.

Note the restriction on personal allowances when income is in excess of £100,000 from 2010/11 onwards.

### Personal Savings Allowance

- From 2016/17 basic rate taxpayers will not have to pay tax on the first £1,000 of their savings income.
- From 2016/17 higher rate taxpayers will not have to pay tax on the first £500 of their savings income.
- There is no personal savings allowance for upper rate taxpayers.

From April 2016 banks and building societies will no longer deduct basic rate tax from interest.

### Child benefit claimants

Commencing on 7 January 2013 the High Income Child Benefit Tax Charge provisions will claw back Child Benefit payments when a claimant or their partner's income exceeds £50,000.

**National Insurance rates**

**(employers & employees) not contracted out**

**Rates 2016-17**

Employee rate	Band	Weekly earnings	Employer rate	Weekly earnings
0%	LEL	Up to £112		
0%		£112 to £155	0%	£1 to £156
12%		£155 to £827	13.8%	Above £156
2%	UEL	Over £827		

**Rates 2015-16**

Employee rate	Band	Weekly earnings	Employer rate	Weekly earnings
0%	LEL	Up to £112		
0%		£112 to £155	0%	£1 to £156
12%		£155 to £815	13.8%	Above £156
2%	UEL	Over £815		

**Rates: 2014-15**

Employee rate	Band	2014/15 Weekly earnings	Employer rate	2014/15 Weekly earnings
0%	LEL	Up to £111		
0%		£111 to £153	0%	£1 to £153
12%		£153 to £805	13.8%	Above £153
2%	UEL	Over £805		

**Rates: 2013-14**

Employee rate	Band	2013/14 Weekly earnings	Employer rate	2013/14 Weekly earnings
0%	LEL	Up to £109		
0%		£109 to £149	0%	£1 to £148
12%		£149 to £797	13.8%	Above £148

**LEL= Lower earnings limit**

**UEL = Upper earnings limit**

### National Insurance rates: other & contracted out rates

	2012/13 to 2016/17	2011/12	2010/11
Employers Class 1A on taxable benefits in kind	13.8%	13.8%	12.8%
Employees' contracted-out rebate *	1.4%	1.6%	1.6%
Married women's reduced rate between primary threshold and upper earnings limit	5.85%	5.85%	4.85%
Married women's rate above upper earnings limit	5.85%	5.85%	5.85%
Employers' contracted-out rebate, salary-related schemes*	3.4%	3.7%	3.7%
Employers' contracted-out rebate, money-purchase schemes	N/a	1.4%	1.4%

\*Abolished from April 2016

### National Insurance rates (self-employed)

Type	2016/17		2015/16		2014/15	
	Profits £	Rate	Profits £	Rate	Profits £	Rate
Class 2 Flat rate	5,965 +	£2.80 per week	5,965 +	£2.80 per week	5,885 +	£2.75 per week
Class 4	Up to £8,060	0%	Up to £8,060	0%	Up to 7,956	0%
Class 4	8,060 to 43,000	9%	8060 to 42,385	9%	7,956 to 41,865	9%
Class 4	Above 43,000	2%	Above 42,385	2%	Above 41,865	2%

### National Insurance rates (self-employed) - continued

Type	2013/14		2012/13		2011/12		2010/11 & 2009/10	
	Profits £	Rate*	Profits £	Rate	Profits £	Rate	Profits £	Rate
Class 2 Flat rate	Over 5,725	£2.70 per week	Over 5,595	£2.65 per week	Over 5,315	£2.50 per week	Over 5,075	£2.40 per week
Class 4	Up to 7,755	0%	Up to 7,605	0%	Up to 7,225	0%	Up to 5,715	0%
Class 4	7,755 to 41,450	9%	7,605 to 42,475	9%	7,225 to 42,475	9%	5,716 to 43,875	8%
Class 4	Over 41,450	2%	Over 42,475	2%	Over 42,475	2%	Over 43,875	1%

### Dividend tax from 2016/17

- The dividend tax credit is abolished
- The first £5,000 of dividend received is tax free
- Basic rate dividends taxed at 7.5%
- Higher rate dividends taxed at 32.5%
- Upper rate dividends taxed at 38.1%

### Tax rate & effective tax rate on dividends up to 2015/16

Rate	2013/14 to 2015/16	2012/13	2011/12	2010/11	2009/10	2008/09
Top tax rate	45%	50%	50%	50%	40%	40%
Dividend rate	37.5%	42.50%	42.50%	42.5%	32.5%	32.5%
Effective rate*	30.55%	36.11%	36.11%	36.11%	25%	25%
Higher tax rate	40%	40%	40%	40%	-	-
Dividend rate	32.5%	32.5%	32.5%	32.5%		
Effective rate*	25%	25%	25%	25%		

### Special rates for trustees income

Rate	2013/14 to 2015/16	2012/13
Standard rate on first £1,000 of income which would otherwise be taxed at the special rate for trustees	Up to 20% depending on type of income	Up to 20% depending on type of income
Trust rate	45%	50%
Dividend trust rate	37.5%	42.5%

### Pensions - higher rate restrictions

Contribution limits	From 2014/15 on	2011/12 to 2013/14	To 2010/11
Annual allowance	£40,000	£50,000	£215,000
Lifetime allowance	£1.25 million	£1.5 million	£1.8 million