

Important changes you need to be aware of for this financial year.

Income Tax – Personal Allowances

All income tax allowances have increased in line with inflation. The personal allowance remains unchanged as £6,475. As do the age-related personal allowances which are £9,490 for people aged between 65 and 74 and to £9,640 for those aged 75 and over.

Personal Tax Allowance Benefits	2009-10	Change	2010-11
Personal allowance (age under 65)	£6,475	none	£6,475
Personal allowance (age 65 - 74)	£9,490	none	£9,490
Personal allowance (age 75 and over)	£9,640	none	£9,640
Married couple's allowance [^] (aged less than 75 and born before 6th April 1935)	£6,535	none	£6,865
Married couple's allowance [^] (aged 75 & over)	£6,965	none	£6,965
Married couple's allowance [^] - minimum amount	£2,670	none	£2,670
Income limit for age related allowances	£22,900	none	£22,900
Blind person's allowance	£1,890	none	£1,890

[^] Married couple's allowance is given at the rate of 10 percent

Additional higher rate of Income Tax

A new additional higher rate of Income Tax of 50% has been introduced for those with incomes above £150,000 from April 2010.

Income Tax - Taxable Bands

2009-10		2010-11	
Rate Name	£ per year	Rate Name	£ per year
Starting savings rate: 10%**	£0-2,440	Starting savings rate: 10%**	£0-2,440
Basic rate: 20%**	£0 - £37,400	Basic rate: 20%**	£1 - £37,400
Higher rate: 40%**	Over £37,400	Higher rate: 40%**	£37,400 - £150,000
Additional rate: 50%**	N/A	Additional rate: 50%**	over £150,000

** There is a 10p starting rate for savings only. If an individual's non savings taxable income exceeds the starting rate limit, the 10p starting rate for savings will not be available for savings income.

National Insurance Contributions (NICs)

National insurance contribution (NIC) rates and thresholds for 2010-11 are outlined below:

£ per week (unless stated)	2009-10	Change	2009-10
Lower earnings limit, primary Class 1	£95	+£2	£97
Upper earnings limit, primary Class 1	£844	none	£844
* Primary threshold	£110	none	£110
Secondary threshold	£110	none	£110
Class 2 rate (per week)	£2.40	none	£2.40
Class 2 small earnings exception (per year)	£5,075	none	£5,075
Class 3 rate (per week)	£12.05	none	£12.05
Class 4 lower profits limit (per year)	£5,715	none	£5,715
Class 4 upper profits limit (per year)	£43,875	none	£43,875

* correct at time of print

For a full explanation of the changes please see: <http://www.hmrc.gov.uk/employers/epa-understanding.htm>

For further information please contact our experienced advisors on **0800 848 8888**