



## Tax rates and allowances 2018-19

### Income Tax - Allowances/Reliefs

		2018-19	2017-18
<b>Personal allowance</b>	Aged under 65 (note 5)	£11,850	£11,500
	Income limit for Personal Allowance	£100,000	£100,000
	Aged 75 and over (notes 1 & 4)	£11,850	£11,500
	Transferable tax allowance for married couples (notes 2 & 7)	£1,185	£1,150
<b>Income limit for age-related allowances</b>		£28,900	£28,000
<b>Married Couple's allowance tax reduction</b> (note 4)	Either partner born before 6 <sup>th</sup> April 1935 (notes 1-4)	£8,695	£8,445
	Minimum amount of Married Couple's allowance	£3,360	£3,260
<b>Blind Person's allowance</b> (note 6)		£2,390	£2,290

#### Notes

- These age-related allowances reduce by £1 for every £2 of income more than the income limit for age-related allowances.
- The Married Couple's Allowance. If you were married before 5<sup>th</sup> December 2005 and are living together and at least one spouse was born before 6<sup>th</sup> April 1935, the husband can claim Married Couple's Allowance. HMRC reduce your tax bill by 10% of the Married Couple's Allowance to which you're entitled.
- The Married Couple's Allowance. If you were married or in a civil partnership on or after 5<sup>th</sup> December 2005 and are living together and at least one spouse or partner was born before 6<sup>th</sup> April 1935, the person with the higher income can claim Married Couple's Allowance. HMRC reduce your tax bill by 10% of the Married Couple's Allowance to which he or she is entitled.
- Example of Calculating Married Couple's Allowance.  
You're 80, entitled to Married Couple's Allowance and have income before allowances of £31,500. HMRC subtract the income limit from your income before allowances  $£31,500 - £28,900 = £2,600$  above the age allowance income limit. Divide this by 2 = £1,300 (allowances reduced by £1 for every £2 above the age income limit). The £1,300 is then deducted from the Married Couple's Allowance leaving a Married Couple's Allowance of £7,395 (£8,695 - £1,300). (Legislation is expected in 2018 to clarify the application of this calculation to Scottish resident tax payers.)
- For 2018-19 the personal allowance is progressively withdrawn for income over £100,000 leading to a marginal tax rate of 60% on income in the band £100,000 to £123,700 (£123,000 in 2017-18). In other words, for every £2 over £100,000 your personal allowance is reduced by £1 until your personal allowance becomes zero.
- Blind Person's Allowance is added to your tax free Personal Allowance so is an extra amount of income you can get each year without paying tax. If you are on a low income or even if you don't pay any tax you may be able to transfer your Blind Person's Allowance to your spouse or civil partner.
- Transferable tax allowance. To benefit as a couple, you need to earn less than your partner and have an income of £11,850 or less. If you were eligible for Married Couple's Allowance in the 2017-18 tax year you can backdate your claim to 6<sup>th</sup> April 2017.



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8. Neither the personal allowance nor the married couple allowance are available to non-UK domiciled individuals who make a claim to pay tax on the remittance basis of taxation.