



Tax rates and allowances 2018-19

Income Tax - Tax Rates

Other income taxed first, then savings income and finally dividends.

2018-19

		2018-19		
Band (£)		Other Income	Savings	Dividends
£0 - £5,000	(note 1)	-	0%	-
£0 - £1,000	(note 2)	-	0%	-
£0 - £500	(note 3)	-	0%	-
£0 - £2,000	(note 4)	-	-	0%
£1,001 - £34,500		-	20%	-
£501 - £34,500		-	20%	-
£0 - £34,500		20%	-	-
£2,001 - £34,500		-	-	7.5%
£34,501 - £150,000		40%	40%	32.5%
Over £150,000		45%	45%	38.1%

Scottish Basic Rate Threshold

		2018-19		
Band (£)		Other Income	Savings	Dividends
£0 - £5,000	(note 1)	-	0%	-
£0 - £1,000	(note 2)	-	0%	-
£0 - £500	(note 3)	-	0%	-
£0 - £2,000	(note 4)	-	-	0%
£1,001 - £31,500		-	20%	-
£501 - £31,500		-	20%	-
£0 - £2,000		19%	-	-
£2,001 - £12,150		20%	-	7.5%
£12,151 - £31,580		21%	-	7.5%
£31,581 - £150,000		41%	40%	32.5%
Over £150,000		46%	45%	38.1%



Tax rates and allowances 2018-19

Notes

1. From 2008-09 there is a starting rate for savings income only of £5,000 with a starting rate of 0%.
If an individual's taxable non-savings income exceeds the starting rate limit, then the starting rate for savings will not be available for savings income.
2. From April 2017, the new Personal Savings Allowance means that basic rate income tax payers will not have to pay tax on the first £1,000 of savings they receive.
3. Higher rate tax payers will not have to pay tax on the first £500 of savings income.
4. From 2016-17, dividends will no longer be grossed up to determine the taxable dividend. Also, the non-repayable tax credit equal to 10% of the grossed-up figure no longer applies. Instead the first £2,000 (£5,000 in 2017-18) of dividend income is taxed at 0%.
5. The income bands are broadly used in the following order
 - Non-savings income
 - Savings income
 - Dividends.
6. Discretionary Trusts and Accumulation and Maintenance Trusts are entitled to a standard rate band of £1,000. Income in excess of this amount is subject to income tax at the top rate of income tax which is 45%. The rate of tax on dividend income received in excess of the standard rate band is 38.1%.

Trade Allowance 2018-19 (Introduced in 2017-18)

Income up to £1,000	Profits assessable as Nil do not have to be declared to HMRC
Income over £1,000	Election to deduct £1,000 allowance from income instead of the actual expenses

Notes

1. Individuals with small amounts of trading income less than £1,000 will no longer have to tell HMRC about the income or pay tax on it.
2. If trading income does exceed £1,000 the individual can elect to either calculate profit in the normal way (i.e. offset actual expenses) or simply elect to deduct the £1,000 allowance.
3. This allowance does not apply to rent-a-room income.

Property Allowance 2018-19 (Introduced in 2017-18)

Income up to £1,000	Profits assessable as Nil do not have to be declared to HMRC
Income over £1,000	Election to deduct £1,000 allowance from income instead of the actual expenses

Notes

1. Individuals with small amounts of property income less than £1,000 will no longer have to tell HMRC about the income or pay tax on it.
2. If property income does exceed £1,000 the individual can elect to either calculate profit in the normal way (i.e. offset actual expenses) or simply elect to deduct the £1,000 allowance.
3. This allowance does not apply to rent-a-room income.



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2017-18

2017-18				
Band (£)		Other Income	Savings	Dividends
£0 - £5,000	(note 1)	-	0%	-
£0 - £1,000	(note 2)	-	0%	-
£0 - £500	(note 3)	-	0%	-
£0 - £5,000	(note 4)	-	-	0%
£1,001 - £33,500		-	20%	-
£501 - £33,500		-	20%	-
£0 - £33,500		20%	-	-
£5,001 - £33,500		-	-	7.5%
£33,501 - £150,000		40%	40%	32.5%
Over £150,000		45%	45%	38.1%

Scottish Basic Rate Threshold

Whilst the tax rates are the same in Scotland as the rest of the UK the basic rate threshold is different as set out below:

2017-18				
Band (£)		Other Income	Savings	Dividends
£0 - £5,000	(note 1)	-	0%	-
£0 - £1,000	(note 2)	-	0%	-
£0 - £500	(note 3)	-	0%	-
£0 - £5,000	(note 4)	-	-	0%
£1,001 - £31,500		-	20%	-
£501 - £31,500		-	20%	-
£0 - £31,500		20%	-	-
£5,001 - £31,500		-	-	7.5%
£31,501 - £150,000		40%	40%	32.5%
Over £150,000		45%	45%	38.1%



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Notes

1. From 2008-09 there is a starting rate for savings income only of £5,000 with a starting rate of 0%.
If an individual's taxable non-savings income exceeds the starting rate limit, then the starting rate for savings will not be available for savings income.
2. From April 2017, the new Personal Savings Allowance means that basic rate income tax payers will not have to pay tax on the first £1,000 of savings they receive.
3. Higher rate tax payers will not have to pay tax on the first £500 of savings income.
4. From 2016-17, dividends will no longer be grossed up to determine the taxable dividend. Also, the non-repayable tax credit equal to 10% of the grossed-up figure no longer applies. Instead the first £5,000 (£5,000 in 2016-17) of dividend income is taxed at 0%.
5. The income bands are broadly used in the following order
 - Non-savings income
 - Savings income
 - Dividends.
6. Discretionary Trusts and Accumulation and Maintenance Trusts are entitled to a standard rate band of £1,000. Income in excess of this amount is subject to income tax at the top rate of income tax which is 45%. The rate of tax on dividend income received in excess of the standard rate band is 38.1%.