



Income tax, Personal allowances and Tax credits

| Income tax rates | | |
|---|---------------------------|---------------------------|
| | 2016/17 | 2017/18 |
| Starting rate band | £0 - £5,000 | £0 - £5,000 |
| Savings rate | 0% | 0% |
| Basic rate band | £0 - £32,000 | £0 - £33,500 |
| Non-savings rate | 20% | 20% |
| Dividend ordinary rate | 7.5% | 7.5% |
| Higher rate | £32,000 - £150,000 | £33,500 - £150,000 |
| Tax rate excluding dividends | 40% | 40% |
| Dividend ordinary rate | 32.5% | 32.5% |
| Additional rate | Over £150,000 | Over £150,000 |
| Tax rate excluding dividends | 45% | 45% |
| Dividend additional rate | 38.1% | 38.1% |
| Personal allowances | | |
| | 2016/17 | 2017/18 |
| Personal allowances | £11,000 | £11,500 |
| Income limit for Personal allowance | £100,000 | £100,000 |
| Dividend allowance | £5,000 | £5,000 |
| Savings Allowance basic rate band | £1,000 | £1,000 |
| Savings Allowance higher rate band | £500 | £500 |
| <small>(Additional rate taxpayers do not receive a Savings Allowance)</small> | | |
| Married couple's allowances (relief at 10% when either partner born before 6 April 1935) | | |
| - maximum amount | £8,355 | £8,445 |
| - minimum amount | £3,220 | £3,260 |
| * - Age allowance income limit | £27,700 | £28,000 |
| Blind person's allowance | £2,290 | £2,320 |



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CHARTERED ACCOUNTANTS

| Tax credits | 2016/17 | 2017/18 |
|--|----------------|----------------|
| Working tax credit (WTC) | | |
| Basic element | £1,960 | £1,960 |
| Childcare element | | |
| 70% of eligible costs up to £175 per week (£300 if two or more children) | | |
| Child tax credit (CTC) | | |
| Child element per child – max | £2,780 | £2,780 |
| Family element | £545 | £545 |
| | | |
| Reductions in maximum rates 41% of income above £6,420*p.a. | | |
| | | |
| *If only CTC is claimed, the threshold is £16,105 p.a. | | |
| | | |
| Child Benefit rates | | |
| Eldest/only child | £20.70pw | £20.70pw |
| Childcare element | £13.70pw | £13.70pw |
| | | |

For more information, contact Hugh, Karen or Michael at Hugh Davies & Co on 01722 336647.