



Income tax, Personal allowances and Tax credits

Income tax rates		
	2021/22	2020/21
Starting rate band	£0 - £5,000	£0 - £5,000
Savings rate – Non dividend	0%	0%
Basic rate band	£5,001 - £37,700	£5,001 - £37,500
Non-savings rate	20%	20%
Dividend ordinary rate	7.5%	7.5%
Higher rate	£37,701 –£150,000	£37,501 –£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		
	2021/20	2020/19
Personal allowances	£12,570	£12,500
Income limit for Personal allowance	£100,000	£100,000
Dividend allowance	£2,000	£2,000
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>		
Trading income allowance	£1,000	£1,000
Property income allowance	£1,000	£1,000
Married couple's allowances (relief at 10% when either partner born before 6 April 1935)		
- maximum amount	£9,125	£9,075
- minimum amount	£3,530	£3,510



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CHARTERED ACCOUNTANTS

* - Age allowance income limit	£30,400	£30,400
Blind person's allowance	£2,520	£2,500
Tax credits		
	2021/20	2020/21
Working tax credit (WTC)		
Income threshold	£6,565	£6,530
Basic element	£2,005	£1,995
Second adult and lone parent element	£2,060	£2,045
30-hour element	£830	£825
Disabled worker element	£3,240	£3,220
Severe disability element	£1,400	£1,390
Childcare element		
70% of eligible costs up to £175 per week (£300 if two or more children)		
Child tax credit (CTC)		
Income threshold	£16,480	£16,385
Child element per child – max	£2,845	£2,830
Family element	£545	£545
Child disability element	£3,435	£3,415
Severely disabled element	£4,825	
Reductions in maximum rates 41% of income above £6,565*p.a.		
Child Benefit rates		
Eldest/only child	£21.15pw	£21.05pw
Childcare element	£14.00pw	£13.95pw

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