

Income Tax

Income tax rates	1	2016/17	2015/16
Starting rate limit (savings income)	2	*£5,000	*£5,000
Starting rate	2	*0%	*0%
Basic rate band - income up to	£32,000	£31,785	
Basic rate	20%	20%	
Dividend ordinary rate, otherwise taxable at basic rate	**7.5%	10% (0%**)	
Higher rate - income over	£32,000	£31,785	
Higher rate	40%	40%	
Dividend upper rate, otherwise taxable at higher rate	**32.5%	32.5% (25%**)	
Additional rate - income over	£150,000	£150,000	
Additional rate	45%	45%	
Dividend additional rate, otherwise taxable at additional rate	**38.1%	37.5% (30.6%**)	

For 2016/17 Scottish taxpayers are effectively subject to the same income tax rates as the rest of the UK

* If an individual's taxable non-savings income exceeds the starting rate limit, then the starting rate will not apply

For 2016/17, £1,000 of savings income for basic rate taxpayers (£500 for higher rate) may be tax-free.

** Effective rate with tax credit

*** For 2016/17 the first £5,000 of dividends are tax-free

Personal allowance (PA)			
Born after 5 April 1938	3	£11,000	£10,600
Born before 6 April 1938	4	£11,000	£10,660
Income limit for PA	3	£100,000	£100,000
Income limit for PA (Born before 6 April 1938)	4	£27,700	£27,700
Blind person's allowance		£2,290	£2,290
Married couple's allowance (MCA)			
Either partner born before 6 April 1935 (relief restricted to 10%)	5	£8,355	£8,355
Transferable tax allowance ('Marriage Allowance')			
For certain married couples and civil partners born after 5 April 1935 (relief 20%)	6	£1,060	£1,060

Tax Shelters

Venture Capital Trust (VCT) up to	£200,000	£200,000	
Enterprise Investment Scheme	£1,000,000	£1,000,000	
Seed Enterprise Investment Scheme	£100,000	£100,000	
Social Investment Tax Relief	£1,000,000	£1,000,000	
Golden Handshake	max.	£30,000	£30,000

Notes

1. From 2016/17 onwards, all individuals will be entitled to the same personal allowance, regardless of the individual's date of birth.
2. 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.
3. The personal allowance, including the minimum age-related allowance, is reduced by £1 for every £2 that adjusted net income exceeds £100,000, regardless of the individual's date of birth.
4. Personal allowances for those born before 5 April 1938 are reduced by £1 for each £2 of excess income over £27,700 until the basic allowance is reached.
5. Similar limits apply to the married couple's allowance. The reduction in allowance is subject to a minimum level of £3,220. (For couples married before 5 December 2005, only the husband's income is taken into account. For those married on or after 5 December 2005 or in a civil partnership, only the higher earner's income is taken into account).
6. Available to spouses/civil partners born after 5 April 1935. The allowance is 10% of the personal allowance for those born after 5 April 1938. It allows a spouse or civil partner who is not liable to income tax above the basic rate to transfer this amount of their personal allowance to their spouse/civil partner. The recipient must not be liable to tax above the basic rate. The recipient is eligible to a tax reduction at 20% of the transferred amount.