

Tax Rate Changes

Income Tax Rates and Allowances

Allowances and Reliefs

	2013/14	2012/13
Allowed at top rate of tax		
Personal Allowance	£9,440	£8,105
Personal Allowance (born 6/4/38 – 5/4/48)*	10,500	10,500
Personal Allowance (born before 6/4/38)*	10,660	10,660
Blind Person's Allowance	2,160	2,100

Allowed only at 10%

Married Couple's Allowance (born before 6/4/35)*	7,915	7,705
Income limit for age-related allowances	26,100	25,400

*Age allowances are reduced £1 for every £2 by which income exceeds the income limit, until the age allowance is reduced to the normal allowance. Personal allowance is reduced before married couple's allowance. MCA is reduced to a minimum of £3,040 (2012/13: £2,960).

Personal allowances will be withdrawn at £1 for every £2 by which total income exceeds £100,000. There will therefore be no allowances if income is £118,880 or more (2012/13: £116,210).

Bands	2013/14	2012/13
Starting (within basic rate band)*	£2,790	£2,710
Basic	32,010	34,370
Higher	32,011-150,000	34,371-150,000
Additional	over 150,000	over 150,000

* There is a 10% starting rate for savings income only. If general taxable income exceeds the starting rate limit, the 10% rate is not available for savings income.

Rates differ for General, Savings and Dividend income within each band:

Rates	2013/14 and 2012/13		
	G	S	D
Starting	N/A	10%	10%
Basic	20%	20%	10%
Higher	40%	40%	32.5%
Additional	50%	50%	42.5%

General income (salary, pensions, profit, rent) uses starting, basic and higher rate bands before savings income (interest). Dividends are taxed as the 'top slice' of income.

National Insurance Contributions

Rates and limits for 2013/14

Class 1	Weekly	Monthly	Yearly
Lower Earnings Limit (LEL)	£109	£472	£5,668
Primary Threshold – employees (PT)	149	646	7,755
Secondary Threshold – employers (ST)	148	641	7,696
Upper Accrual Point (UAP)	770	3,337	40,040
Upper Earnings Limit – employees (UEL)	797	3,454	41,450

Employer's Contribution	Contracted In	Contracted Out
On earnings up to ST	Nil	Nil
On earnings between ST and UAP	13.8%	10.4%
On earnings above UAP	13.8%	13.8%

Employee's Contribution

Contracted in: 12% on earnings between PT and UEL, 2% above UEL.

Contracted out: 10.6% on earnings between PT and UAP; 12% from UAP to UEL; 2% above UEL.

Earnings over LEL qualify for benefit, and must be reported under PAYE, but no NICs are payable until earnings reach PT.

The reduced Class 1 rate payable by certain married women and widows is 5.85% for earnings between PT and UEL, 2% above UEL.

Class 2 (Self-employed)	Earnings over £5,725 per year	£2.70 per week
Class 3 (Voluntary)	No limit applicable	£13.55 per week
Class 4 (Self-employed)	Profits between £7,755 and £41,450	9%
	Profits above £41,450	2%

Employee Car Benefits

	2013/14	2012/13
Car fuel benefit multiplier	£21,100	£20,200
Van fuel benefit multiplier	564	550

Working and Child Tax Credit

Rates and thresholds

	2013/14	2012/13
Working Tax Credit		
Basic element	£1,920	£1,920
Couple and lone parent element	1,970	1,950
30 hour element	790	790
Disabled worker element	2,855	2,790
Severe disability element	1,220	1,190
Childcare element		
maximum eligible cost for one child	£175 per week	£175 per week
maximum eligible cost for two or more children	£300 per week	£300 per week
per cent of eligible costs covered	70%	70%
Child Tax Credit		
Family element	£545	£545
Child element	2,720	2,690
Disabled child element	3,015	2,950
Severely disabled child element	1,220	1,190
Income thresholds and withdrawal rates		
Income threshold	£6,420	£6,420
Withdrawal rate	41%	41%
Income threshold for those entitled to Child Tax Credit only	15,860	15,860
Income rise disregard	5,000	10,000
Income fall disregard	2,500	2,500

Tax Efficient Investments

Annual limits

	2013/14	2012/13
Individual Savings Accounts (ISA)		
Overall limit	£11,520	£11,280
of which cash	5,760	5,640
of which stocks & shares	11,520	11,280
Junior ISA	3,720	3,600
Child Trust Fund	3,720	3,600
Enterprise Investment Scheme	1,000,000	1,000,000
Venture Capital Trust	200,000	200,000
Registered Pension Schemes*	50,000	50,000

* or 100% of earnings; in some circumstances unused relief of the previous 3 years can justify current contributions.

Child Benefit

	2013/14	2012/13
First child rate	£20.30	£20.30
Rate for additional children	13.40	13.40