

Tax rates and allowances 2009/10

Allowances 2009/10

	2009/10 £	Change £	2008/09 £
Personal allowance (age under 65)	6,475	440	6,035
Personal allowance (age 65-74)	9,490	460	9,030
Personal allowance (age 75 and over)	9,640	460	9,180
Married Couple's allowance* (age less than 75 and born before 6 April 1935)	6,865	330	6,535
Married Couple's allowance* (age 75 and over)	6,965	340	6,625
Married Couple's allowance* - minimum amount	2,670	130	2,540
Income limit for age-related allowances	22,900	1,100	21,800

* Married Couple's allowance is given at rate of 10%

The basic and higher income tax rates remain at 20% and 40% for 2009/10 and 2010/2011. From 2010 the personal allowance will be tapered to half its value for those with incomes over £100,000 and to zero for those with incomes over £140,000. From 2011 incomes above £150,000 will be subject to a new 45% income tax rate.

Pensions

	2009/10 £	Change £	2008/09 £
Annual allowance	245,000	10,000	235,000
Lifetime allowance	1,750,000	100,000	1,650,000

National Insurance Contributions

	2009/10 £	Change £	2008/09 £
Primary Class 1 contributions			
Lower earnings limit (per week)	95	5	90
Upper earnings limit (per week)	844	74	770
Primary threshold (per week)	110	5	105
Secondary threshold (per week)	110	5	105
Class 2 annual small earnings exception	5,075	250	4,825
Class 2 rate (per week)	2.40	0.10	2.30
Class 3 voluntary contribution rate (per week)	12.05	3.95	8.10
Class 4 contributions			
Lower annual earnings limit	5,715	280	5,435
Upper annual earnings limit	43,875	3,835	40,040

From 6 April 2011 a 0.5% increase in employer, employee and self-employed rates of National Insurance Contributions (both main and additional rates) will be introduced. At the same time the point at which individuals start to pay National Insurance will be aligned with the personal allowance.

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