



INCOME TAX RATES AND ALLOWANCES

Rates

2001/02

Taxable income	Rate	Cumulative Tax
£	%	£
1 – 1,880	10	188
1,881 – 29,400	22	6,242
29,401 upwards	40	

2000/01

Taxable income	Rate	Cumulative Tax
£	%	£
1 – 1,520	10	152
1,521 – 28,400	22	6,065
28,401 upwards	40	

Note

UK dividend income is taxed at 10% if the taxpayer's total taxable income is less than or equal to the higher rate threshold, and at 32½% thereafter.

Main Personal Allowances

	2001/02	2000/01
	£	£
Personal allowance		
Age less than 65	4,535	4,385
Age 65 to 74	5,990	5,790
Aged 75 or over	6,260	6,050
Married couple's allowance rate of relief - 10%		
Age less than 65	-	-
Age 65 to 74	5,365	5,185
Aged 75 or over	5,435	5,255

Notes

1. If income exceeds £17,600 in 2001/02 (*2000/01: £17,000*) the higher age-related allowances are reduced by 50% of the excess, subject to an abatement ceiling, as the higher personal allowance is not reduced below the level of the basic personal allowance for those aged less than 65, and the married couples allowance is not reduced below £2,070 for 2001/02 *2000/01 - £2,000*.
2. The married couple's allowance for those aged less than 65, the additional personal allowance, and relief for maintenance payments, were withdrawn from the start of the 2000/01 tax year, and widow's bereavement allowance is withdrawn for new claimants.

3. For 2000/01 and later tax years, the age-related married couple's allowances and maintenance payments relief are restricted to those couples where one partner was born before 6 April 1935.
4. National Insurance is generally also payable on earned income - see separate factsheet.

Any questions?

Contact Alan Collett on +44 (0)2380 488786, or alan@collettandco.com