# Tax allowances and tips to boost your finances

All figures refer to the tax year 2024/25 in England, Wales and Northern Ireland. People in Scotland pay a different rate of tax.

## Income tax rates and Personal Allowances

Income tax is charged on employment income, pension income, some welfare benefits, trading income, property income, savings and investment income and miscellaneous income.

The Personal Allowance, the amount of money you can earn tax-free each year, is frozen at **£12,570** until April 2028. You pay more tax as your income rises. If you earn less than £12,570, you usually will not pay tax.

The state pension is taxable income. If your state pension is over £12,570 and it’s your only taxable income, HMRC will send you a simple assessment: a calculation of tax owed where a self assessment tax return is not required. Contact HMRC if you think the amount you are being asked to pay is incorrect. For help, call RNIB’s tax service on **0303 123 9999**.

* You pay basic rate 20% tax on income between £12,571 and £50,270;
* Higher rate 40% tax on income between £50,271 and £125,140;
* Additional rate 45% tax on income above £125,140.
* There are 5 tax bands in Scotland - starter rate: 19%, basic rate: 20%, intermediate rate: 21%, higher rate: 42% and top rate: 47%.

Your Personal Allowance is reduced by £1 for every £2 earned over £100,000. If you earn over £125,140 you lose all your Personal Allowance. If you earn between £100,000 and £125,140, you could end up paying 60% tax. To avoid the 60% tax trap, you can pay more into your pension each year or donate to charity.

## Blind Person’s Allowance

Blind Person’s Allowance reduces the amount of income tax you pay. The allowance is **£3,070** this year, it is not means tested and can save a basic rate taxpayer up to £614 in tax. You can transfer the full allowance or the surplus to your spouse or civil partner.

In England and Wales, you can claim if you’re registered with your local council as severely sight impaired (SSI) or blind and have a certificate as evidence. In Scotland and Northern Ireland, you can claim if you’re certified SSI or blind and unable to do work for which eyesight is essential. If eligible, claims can be backdated up to 2020/21 and basic rate taxpayers can get a rebate of £2,098.

To claim, call HMRC on **0300 200 3301**. For help, call RNIB’s tax service on **0303 123 9999**. Visit **gov.uk/blind-persons-allowance**.

## Marriage Allowance

If you’re married or in a civil partnership, you may be able to use the Marriage Allowance and save up to £252 in tax this year. To qualify, one partner must be a non-taxpayer, while the other must be a basic rate taxpayer. The lower-earning partner can transfer £1,260 of their Personal Allowance to the higher-earning partner, reducing their tax bill. To get the full benefit, the non-taxpayer needs to earn £11,310 or less (£12,570 minus £1,260).

You can backdate a claim up to 2020/21 and receive a rebate of £1,006. To claim, call HMRC on **0300 200 3300** or visit **gov.uk/marriage-allowance**. For help contact RNIB’s tax service by calling our Helpline.

If you or your partner were born before 6 April 1935, you should claim the more generous Married Couple’s Allowance instead.

### Married Couple’s Allowance

You can claim Married Couple’s Allowance if you’re married or in a civil partnership and you or your partner were born before 6 April 1935. It saves between £428 and £1,108 in tax this year. To claim, call HMRC on **0300 200 3300**. For help contact RNIB’s tax service by calling our Helpline or visit **gov.uk/married-couples-allowance**.

### Transferring tax allowances to your spouse or civil partner

You can transfer tax allowances if you live with your spouse or civil partner. You can still transfer your allowance if you’re unable to live with your partner because of illness or old age, for example where your partner is in residential care, working away from home, an armed forces posting, being in prison, training or education.

### Death of a spouse

If your spouse or civil partner died since 6 April 2020 you can claim or transfer Blind Person’s Allowance, Marriage Allowance and Married Couple’s Allowance, provided all other conditions are met. The last year of claim is the year in which the death occurred.

## Tax allowances for current and previous tax years £

Table below has six columns and nine rows.

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| --- | --- | --- | --- | --- | --- |
| **Tax allowance** | **2024/25** | **2023/24** | **2022/23** | **2021/22** | **2020/21** |
| Personal Allowance | 12,570 | 12,570 | 12,570 | 12,570 | 12,500 |
| Blind Person’s Allowance | 3,070 | 2,870 | 2,600 | 2,520 | 2,500 |
| Marriage Allowance | 1,260 | 1,260 | 1,260 | 1,260 | 1,250 |
| Married Couple’s Allowance - tax relief at 10% | Max. 11,080 Min. 4,280 | Max. 10,375 Min. 4,010 | Max. 9,415 Min. 3,640 | Max. 9,125 Min. 3,530 | Max. 9,075 Min. 3,510 |
| Basic rate savings allowance | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Higher rate savings allowance | 500 | 500 | 500 | 500 | 500 |
| Dividend allowance | 500 | 1,000 | 2,000 | 2,000 | 2,000 |
| Capital Gains Tax Allowance | 3,000 | 6,000 | 12,300 | 12,300 | 12,300 |

## Understand your tax code

Your tax code is made up of numbers and letters that tell your employer or pension provider how much income tax to deduct from your wages or pension. 1257L is the tax code currently used for most people who have one job. You will have more than one tax code if you have more than one job or pension. If you are on the wrong tax code, you could be paying too little or too much tax. If you think your tax code is wrong, you should contact HMRC.

GOV.uk has an online tool to help you understand your tax code. Visit **gov.uk/guidance/check-what-your-tax-code-means**.

## Working from home tax relief

You can claim flat rate tax relief of £6 a week if you work from home and have additional household costs, such as heating and electricity, and your employer does not reimburse these costs. For basic rate taxpayers it is worth £62.40 a year. For higher rate taxpayers it is worth £124.80 a year.

You can claim tax relief if your job requires you to live far away from your office or if your employer does not have an office. You cannot claim if you choose to work from home. You can backdate claims up to 2020/21.

To claim, visit **gov.uk/tax-relief-for-employees** or by post using form P87 from HMRC.

## Claim tax relief for a uniform or specialist clothing

You can claim tax relief if you are responsible for washing, repairing and replacing your work uniform. You may also be able to claim for specialist clothing you need for work, for example overalls or safety boots. The standard flat rate allowance is worth £12 a year for basic-rate taxpayers and £24 for higher-rate taxpayers. You may be entitled to a higher amount depending on your job.

You can backdate claims up to 2020/21. To claim, visit

**gov.uk/tax-relief-for-employees** or by post using form P87.

## VAT free goods and building work

Certain goods and equipment designed or adapted solely for use by disabled people can be bought VAT-free. Some building work may also be VAT exempt, for example installing or adapting a bathroom or toilet because of your disability. For more information, read our VAT relief factsheet at **rnib.org.uk/tax**,visit **GOV.uk** or call HMRC on **0300 123 1073**.

## Tax on savings

The Personal Savings Allowance lets basic rate (20%) taxpayers earn £1,000 in savings interest a year tax-free; higher rate (40%) taxpayers can earn £500 in savings interest a year tax-free; additional rate (45%) taxpayers do not get a savings allowance.

A £5,000 **starting rate for savings** is aimed at savers on the lowest incomes. This means if you earn less than £18,570 a year from income and savings interest, all your interest from savings will be tax-free. Visit **gov.uk/apply-tax-free-interest-on-savings**.

## Help to Save: 50% savings bonus for low-income earners

Help to Save is a Government savings scheme for people on low incomes who are claiming certain benefits. Help to Save gives you a bonus payment from the Government of up to 50% on savings paid into the account. You can save between £1 and £50 each month and you can withdraw money at any time.

The account lasts for four years, with a bonus payment of up to 50% on savings after two and four years, with a maximum bonus of up to £1,200 over four years.

You can open a Help to Save account if: you’re receiving Working Tax Credit; or you’re entitled to Working Tax Credit and receiving Child Tax Credit; or you’re claiming Universal Credit and you (with your partner if it is a joint claim) had take-home pay of £793.17 or more in your last monthly assessment period.

To apply, visit **gov.uk/helptosave** or you can call the helpline on **0300 322 7093**.

## Tax relief when you donate to charity

Certain donations to charities can be tax free. This is called tax relief. You can pay less income tax by deducting the value of your donation from your overall taxable income. You can do this by completing the ‘Charitable giving’ section on your self-assessment tax return. If you don’t complete a tax return, you can contact HMRC instead. You will either get a refund, or your tax code will be changed so you pay less income tax for that year. You need to keep records of donations if you want to claim tax back on them.

Donating through Gift Aid means charities can claim an extra 25p for every £1 you give at no extra cost to you. So, if you donate £100 and use Gift Aid, it is worth £125 to the charity. You must have paid enough tax to cover the tax the charity will recover on the gift.

Higher and additional-rate taxpayers can claim tax relief on Gift Aid donations on their tax returns or by completing a P810 form.

Visit **gov.uk/donating-to-charity/gift-aid**.

## Tax exemption on termination payments: EIM13610

There is a disability exemption to paying tax and National Insurance on severance or compensation packages. There must be an identified medical condition that prevents you from carrying out the duties of your employment and the payment must be made only on account of that disability. Visit gov.uk and search **EIM13610**.

## Inheritance Tax

Inheritance Tax (IHT) is a tax on the estate of someone who has died, including property, possessions and money. The standard IHT rate is 40% which is charged on the part of your estate above the threshold of £325,000. Most married couples or civil partners can pass on up to £650,000, or £1m if your estate includes your home.

You can pay less tax by leaving a gift to charity, putting assets into a trust for your heirs, leaving your estate to your spouse or civil partner, paying into a pension or giving away up to £3,000 a year in gifts. No inheritance tax is normally due on gifts you give if you live for 7 years after giving them; this is known as the seven-year rule. Visit **gov.uk/inheritance-tax**.

## Capital Gains Tax

Capital gains tax (CGT) is charged on the profits or gain you make from selling an asset, such as a second property or valuable possession. From April 2024, the CGT allowance is reduced to £3,000. The rate you pay depends upon your total taxable income and the type of asset disposed of. Visit **gov.uk/capital-gains-tax**.

## Dividend income

If you receive dividends above the £500 allowance, the dividend tax rate is: 8.75% at the basic rate; 33.75% at the higher rate; and 39.35% at the additional rate. To calculate your tax band, take the dividend total and add this to any other income that you may have. Visit **gov.uk/tax-on-dividends**.

## National Insurance

National Insurance Contributions (NICs) are paid by employees, the self-employed, and by employers. In 2024/25, employees pay 8% Class 1 NICs on earnings over £12,570, and 2% on earnings over £50,270. Self-employed people pay 6% Class 4 NICs on profits between £12,570 and £50,270 and no longer pay Class 2 NICs.

You can usually only pay for gaps in your National Insurance record from the past 6 tax years to qualify for the State Pension. Voluntary contributions do not always increase your State Pension. Visit **gov.uk/pay-voluntary-class-3-national-insurance**.

## Benefits for carers

**Carer’s Allowance** is the main state benefit for carers. It’s £81.90 a week. You can get it if you care for someone for more than 35 hours a week. The person you care for must get a qualifying disability benefit, such as Disability Living Allowance, Personal Independence Payment or Attendance Allowance. To check eligibility visit **gov.uk/carers-allowance**.

If you meet the conditions for claiming Carer's Allowance, including caring for at least 35 hours a week, you may be eligible to receive an extra amount of money with Universal Credit called the **Carer Element**. To see if you’re eligible, contact the Universal Credit team on **0800 328 9344**.

**Carer’s Credit** is a National Insurance (NI) contribution to help make sure you do not lose out on benefits, such as the State Pension, because of gaps in your NI record. You can get it if you look after someone for more than 20 hours a week and do not get Carer’s Allowance. To check eligibility visit **gov.uk/carers-credit**.

## Tax credits are ending on 5 April 2025

Universal Credit is replacing tax credits. The Department for Work and Pensions (DWP) or the Department for Communities (for Northern Ireland customers) will write to all eligible customers during 2024 and inform them of the need to move to Universal Credit. If you do not claim by the deadline date in that letter your existing tax credits payments will stop, even if you have just renewed your tax credits claim.

## GOV.UK One Login

GOV.UK One Login is a new universal login that is being introduced across all government web services, replacing the current Government Gateway accounts. For a list of services you can use, visit **gov.uk/using-your-gov-uk-one-login/services**.

## The HMRC app

Download the **HMRC app** - a quick and easy way to get information about your tax, National Insurance, tax credits and benefits.

## RNIB Tax Advice Service: tax and HMRC advice and support

Telephone: **0345 330 4897** or **0303 123 9999**

Email: **tax@rnib.org.uk**

Website: **rnib.org.uk/tax**

## HM Revenue and Customs (HMRC)

Income Tax: **0300 200 3300**

Self-Assessment: **0300 200 3310**

National Insurance: **0300 200 3500**

VAT reliefs for disabled people: **0300 123 1073**

## How we can help

### RNIB Helpline

If you need someone who understands sight loss, call our Helpline on **0303 123 9999**, say **“Alexa, call RNIB Helpline”** to an Alexa-enabled device, or email **helpline@rnib.org.uk**. Our opening hours are weekdays from 8am – 8pm and Saturdays from 9am – 1pm.

### Sight Advice FAQ

Sight Advice FAQ answers questions about living with sight loss, eye health or being newly diagnosed with a sight condition. It is produced by RNIB in partnership with other sight loss organisations. **sightadvicefaq.org.uk**

### Connect with others

Meet or connect with others who are blind or partially sighted online, by phone or in your community to share interests, experiences and support for each other. From book clubs and social groups to sport and volunteering, our friendly, helpful and knowledgeable team can link you up with opportunities to suit you. Visit **rnib.org.uk/connect** or call **0303 123 9999**.

**RNIB Tax Advice Service**

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