# Tax allowances and tips to boost your finances

All figures in this factsheet refer to the tax year 2023/24 in England, Wales and Northern Ireland. Scotland has different tax rates.

## Income tax rates and Personal Allowances

Income tax is charged on most types of income, including your salary from work, profits from your business, pensions and property rental income.

The Personal Allowance, the amount of money you can earn tax-free each year, is unchanged at £12,570 and is frozen at this level until April 2028. This means you will pay more tax as your wages and pensions rise. If you earn less than £12,570, you usually will not pay tax. Pensioners with a state pension above £12,570 who have no other pensions will be liable to pay tax.

From April 2023 the 45% additional-rate income tax threshold is reduced from £150,000 to £125,140. Your Personal Allowance is reduced by £1 for every £2 earned over £100,000. It is zero if your income is above £125,140.

* 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 five tax bands in Scotland - starter rate: 19%, basic rate: 20%, intermediate rate: 21%, higher rate: 42% and top rate: 47%.

## Blind Person’s Allowance

Blind Person’s Allowance reduces the amount of income tax you pay. In 2023/24 the allowance is £2,870. You’re eligible if you’re registered severely sight impaired or blind with your local authority. In Scotland and Northern Ireland, you must be unable to do work for which eyesight is essential.

For more information visit: **gov.uk/blind-persons-allowance**

## Marriage Allowance

Marriage Allowance allows you to transfer 10% (£1,260) of your Personal Allowance to your spouse or civil partner. This can save up to £252 a year. Transferring £1,260 to your spouse lowers the amount you can earn tax-free to £11,310. If you earn less than £11,310, you remain a non-taxpayer.

### You are eligible if

* you are married or in a civil partnership
* your annual income is £12,570 or less
* your partner pays tax at the basic rate of tax.

For most this means their income is between £12,571 and £50,270 (or £43,662 if you’re in Scotland).

* you and your partner were born after 6 April 1935. If one or both partners were born before this date, claim Married Couple’s Allowance instead.

For more information visit: **gov.uk/marriage-allowance**

## Married Couple’s Allowance

You can claim the Married Couple’s Allowance if you are married or in a civil partnership and one or both partners were born before 6 April 1935. This can save between £401 and £1,037.50 in tax in 2023/24.

For more information visit: **gov.uk/married-couples-allowance**

### Transfer unused tax allowances

If your income is too low to use all the Blind Person’s and Married Couple’s Allowance, you can transfer the full allowance or the surplus to your husband, wife or civil partner for the current tax year and up to four previous tax years.

### What are the time limits for claiming back tax?

If you are eligible, you can backdate claims for tax allowances and reliefs to the last four tax years. For example, in 2023/24 claims can be backdated to 6 April 2019. HMRC will issue a refund if you have paid too much tax.

#### Death of a spouse

If your spouse or civil partner has died since 6 April 2019 you can still claim or transfer Blind Person’s Allowance, Marriage Allowance and Married Couple’s Allowance, provided all other conditions for the allowance are met. Phone RNIB tax team for advice.

If you and your late partner have claimed or transferred tax allowances, the last year of claim is the year in which the death occurred.

## Tax allowances for current and past years

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2019/20** | **2020/21** | **2021/22** | **2022/23** | **2023/24** |
| **Personal Allowance** | £12,500 | £12,500 | £12,570 | £12,570 | £12,570 |
| **Blind Person’s Allowance** | £2,450 | £2,500 | £2,520 | £2,600 | £2,870 |
| **Marriage Allowance** | £1,250 | £1,250 | £1,260 | £1,260 | £1,260 |
| **Married Couple’s Allowance** (given at 10%) | Maximum £8,915.  Minimum £3,450 | Maximum £9,075.  Minimum £3,510 | Maximum £9,125.  Minimum £3,530 | Maximum £9,415.  Minimum £3,640 | Maximum £10,375.  Minimum £4,010 |

## National Insurance (NI)

National Insurance Contributions (NICs) are a tax paid by employees and the self-employed on their earnings, and by employers on the earnings of those they employ. In 2023/24, employees pay 12% Class 1 NICs on earnings over £12,570, and 2% on earnings over £50,270. If you earn below £12,570 you can consider making voluntary Class 3 contributions, as gaps in your NI record can affect your entitlement to certain benefits and the state pension.

You stop paying Class 1 and Class 2 NICs when you reach State Pension age, even if you’re still working. If you’re self-employed, you’ll continue paying Class 4 contributions until the end of the tax year in which you reach State Pension age.

For more information visit: **gov.uk/national-insurance**

## Working from home tax relief

You can claim flat rate tax relief of £6 a week if you work from home, and you have additional household costs as a result of working from home, such as heating, electricity, metered water and phone calls, and your employer doesn’t pay or reimburse your extra expenses.

Basic rate taxpayers can receive tax relief equivalent to £1.20 a week (20% of £6) or £62.40 a year. Higher rate taxpayers can receive tax relief of £2.40 a week (40% of £6) or £124.80 a year. You don’t need to provide receipts.

In 2023/24 you can claim the working from home tax allowance if your job requires you to live far away from your office or if your employer doesn’t have an office. You can’t claim tax relief if you choose to work from home.

For more information visit: **gov.uk/tax-relief-for-employees**

## Uniform tax allowance

The uniform tax rebate is a tax relief you can claim if you are responsible for washing, repairing, and replacing your work uniform without any reimbursement from your employer. The standard flat rate uniform allowance is £60 which is worth £12 for basic-rate taxpayers or £24 for higher-rate taxpayers. You may be entitled to a higher amount depending on your job and industry. You can backdate your claim by up to four tax years.

For more information visit: **gov.uk/tax-relief-for-employees**

## Tax on savings

The Personal Savings Allowance is a tax-free allowance that lets you earn interest on your savings without paying tax on that interest. Most savers don’t pay any tax on their savings interest due to the Personal Savings Allowance. Basic rate (20%) taxpayers can earn £1,000 in savings interest per year with no tax; higher rate (40%) taxpayers can earn £500 in savings interest per year with no tax; additional rate (45%) taxpayers do not get an allowance.

The **starting rate for savings** is aimed at savers on the lowest incomes. For 2023/24 it is £5,000. This means that up to £5,000 of the interest received from savings can be tax-free.

For more information visit: **gov.uk/apply-tax-free-interest-on-savings**

## Help to Save: Government scheme offers a 50% savings bonus

Help to Save scheme is a Government backed savings account for working people who claim Working Tax Credit or Universal Credit. It pays a 50% bonus on the amount saved, up to a maximum of £1,200 over four years.

You can save up to £50 a month. You get bonuses at the end of the second and fourth years. You can withdraw money any time, but this can affect the amount of your bonus.

You can open a Help to Save account if you are receiving:

* Working Tax Credit.
* Child Tax Credit – and you are entitled to Working Tax Credit.
* Universal Credit and you (with your partner if it is a joint claim) had take-home pay of £722.45 or more in your last monthly assessment period.

For more information visit: **gov.uk/helptosave** or call **0300 322 7093**.

## Dividend income

From April 2023, the dividend allowance is reduced from £2,000 to £1,000 then to £500 from April 2024. If you receive dividends above the £1,000 allowance (or £500 allowance for 2024/25), 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.

For more information: **gov.uk/tax-on-dividends**

## 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 2023 the tax-free allowance is reduced from £12,300 to £6,000. From April 2024, the tax-free allowance will be reduced again to £3,000.

CGT is charged at the rate of either 10% or 18% for basic rate taxpayers. For higher or additional rate taxpayers, the rate is either 20% or 28%. The rate you pay depends upon the amount of your total taxable income and the type of asset disposed of.

For more information visit: **gov.uk/capital-gains-tax**

## Inheritance Tax

Inheritance Tax (IHT) is a tax on the estate of someone who has died, including property, possessions and money. The standard Inheritance Tax rate is 40%. It is charged on the part of your estate that is above the tax-free 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 Inheritance Tax by leaving a legacy to charity, putting your assets into a trust for your heirs, leaving your estate to your spouse or civil partner, paying into a pension or regularly giving away up to £3,000 a year in gifts.

For more information visit: **gov.uk/inheritance-tax**

## Gift Aid: tax relief when you donate to charity

Donating through Gift Aid means charities can claim an extra 25p for every £1 you give. It will not cost you any extra. So, if you donate £10 and use Gift Aid, it is worth £12.50 to the charity. Higher and additional-rate taxpayers can claim tax relief on their Gift Aid donations on their tax return or a P810 form.

You must have paid enough tax during the tax year to cover the tax the charity will recover on the gift. If you have donated to a charity under the Gift Aid scheme but you paid no tax, or insufficient tax, you may receive an unexpected tax bill from HMRC.

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

## Tax exemption on termination payments

Under EIM13610 - Termination payments and benefits guidelines, 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 the employee from carrying out the duties of the employment and the payment must be made only on account of that disability.

## VAT free goods and building work

Certain goods and equipment that have been designed or adapted solely for use by visually impaired and disabled people can be bought VAT free. Some building work to a disabled person’s home may also be VAT free e.g., if you’re installing or adapting a bathroom or toilet because of your disability.

For more information see our VAT relief factsheet at **rnib.org.uk/tax** and **GOV.uk**.

## Scam calls and messages

Be careful if you get unexpected phone calls or messages pretending to be from HMRC offering a tax refund or demanding unpaid tax. To spot a scam, look for poor spelling and grammar, requests for confidential information such as online banking details, passwords or PINs, offers of money and requests asking you to transfer money to another account. Search ‘scams’ on **GOV.uk** for information on how to avoid scams.

## HMRC Personal Tax Account

Your Personal Tax Account is a safe and secure way for you to manage your affairs with HMRC online. You’ll find a list of services you can use with your HMRC online account, as well as sign in, at **gov.uk/personal-tax-account**

## For tax advice and support, contact RNIB Tax Advice Service

Open: weekdays, 9am – 5pm

Tel: **0345 330 4897**

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

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

## HM Revenue and Customs (HMRC)

Income Tax: **0300 200 3300**

Self-Assessment: **0300 200 3310**

National Insurance: **0300 200 3500**

Tax Credits: **0345 300 3900**

VAT reliefs for disabled people: **0300 123 1073 – select option 3**

This factsheet gives general guidance only and is not an authoritative statement of the law.

**RNIB Tax Advice Service**

April 2023

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