

## TAXATION – HOW IT WORKS and WHAT IT COSTS:

### TAXATION:

Her Majesty's Revenue & Customs (HMRC) is responsible in the UK for collecting the bulk of tax revenue (income tax and national insurance contributions), as well as paying Tax Credits and Child Benefits, and collecting taxes at the UK's frontiers. Their website is at [www.hmrc.gov.uk](http://www.hmrc.gov.uk)

The current rates of income tax and national insurance contributions are shown below and listed on [www.hmrc.gov.uk/rates/it.htm](http://www.hmrc.gov.uk/rates/it.htm).

### INCOME TAX ALLOWANCES:

Income tax allowances	2010-2011 (£)
Personal allowance	6,475
Income limit for personal allowance	100,000
Personal allowance for people aged 65-74	9,490
Personal allowance for people aged 75 and over	9,640
Income limit for age-related allowances	22,900
Married couple's allowance for people born before 6 April 1935	Not applicable
Married couple's allowance aged 75 or more	6,965
Minimum amount of married couple's allowance	2,670
Blind person's allowance	1,890

The rate of relief for the continuing married couple's allowance and maintenance relief for people born before 6 April 1935, and for the children's tax credit, is 10%.

### TAXABLE BANDS:

Taxable Bands Allowances	2010-2011 (£)
Starting rate 10%	0-2,440
Basic rate 20%	0-37,400
Higher rate 40%	37,400+ to 150,000
Additional rate 50%	150,000+