

This document supports the video Tax Efficient Savings, and provides the relevant detail and allowances referred to in the video. These figures apply to the 2018/19 tax year which runs from 6th April 2018 to 5th April 2019.



Personal Allowance £11,850

The standard personal allowance is £11,850. This is the amount that you can receive from your salary, savings or pension, before having to pay income tax. If you receive over £100,000 your personal allowance will be reduced. Your personal allowance may be different from this if you claim Marriage Allowance, Blind Persons Allowance or if you receive taxable benefits from your employer such as a company car.



Starting Rate for Savings £5,000

The 'starting rate for savings' is aimed at helping savers on low incomes. This can give a tax free allowance of up to £5,000. It is reduced by £1 for every £1 that you earn over the personal allowance of £11,850. Therefore only people with earnings below £16,850 can benefit.



Personal Savings Allowance £1,000, £500 or £0

The amount of your personal savings allowance will depend upon your income and the tax bracket that you are in.

Earnings	Tax bracket	Tax free Personal Savings Allowance
Less than £11,850	Zero rate tax payer	£1,000
£11,851 to £46,350	Basic rate tax payer	£1,000
£46,351 to £150,000	Higher rate tax payer	£500
More than £150,000	Additional rate tax payer	£0

Example 1 - Salary £6,000

Personal allowance

Personal allowance of	£11,850
Minus salary of	£6,000
Remaining personal allowance	= £5,850

Starting rate for savings

As your earnings are below £11,850, you have the full £5,000 allowance

Personal savings allowance

As a zero rate tax payer you have a £1,000 allowance

Bringing it all together

Personal allowance	£5,850
Starting rate	+ £5,000
Personal savings allowance	+ £1,000
TOTAL	= £11,850

This means you can earn £11,850 in interest from your savings before having to pay income tax. To put this into context for an account paying 2%, you would need £592,500 in savings to receive £11,850 in interest.

Example 2 - Salary £14,000

Personal allowance
As your earnings are above the personal allowance you have no personal allowance remaining.

Starting rate for savings

As your earnings are between £11,850 and £16,850 you have a starting rate allowance of

Upper threshold	£16,850
Minus salary	- £14,000
Allowance	= £2,850

Personal savings allowance

As a basic rate tax payer you have a £1,000 allowance

Bringing it all together

Personal allowance	£0
Starting rate	+ £2,850
Personal savings allowance	+ £1,000
TOTAL	= £3,850

This means you can earn £3,850 in interest from your savings before having to pay income tax. To put this into context for an account paying 2%, you would need £192,500 in savings to receive £3,850 in interest.

Example 3 - Salary £20,000

Personal allowance
As your earnings are above the personal allowance you have no personal allowance remaining.

Starting rate for saving

As your earnings are above the upper threshold of £16,850 you have no starting rate for savings allowance.

Personal savings allowance

As a basic rate tax payer you have a £1,000 personal savings allowance

Bringing it all together

Personal allowance	£0
Starting rate	+ £0
Personal savings allowance	+ £1,000
TOTAL	= £1,000

This means you can earn £1,000 in interest from your savings before having to pay income tax. To put this into context for an account paying 2%, you would need £50,000 in savings to receive £1,000 in interest.

ISAs including Help to Buy ISA and Lifetime ISA

The amount of money you can invest into all of your ISAs in the 2018/19 tax year is £20,000. The most you can put into a Help to Buy or Lifetime ISA is £4,000 in this tax year. Putting money into a Help to Buy or Lifetime ISA will count towards your overall £20,000 limit.

To book a free, no obligation consultation with a **my wealth** Adviser, please contact:



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