

Marriage allowance – can I claim it?

The marriage allowance (not to be confused with the married couple's allowance available where at least one partner was born before 6 April 1935) enables an individual to transfer 10 per cent of their personal allowance for the tax year to their spouse or civil partner. However, there are conditions attached and this transfer facility is not available to all couples.

Who can benefit

The option to transfer 10% of the personal allowance is available where an individual:

- is married or in a civil partnership;
- has no income or whose income is below the level of the personal allowance; and
- whose spouse or civil partner does not pay tax at the higher or additional rate.

This means that for 2016/17 the option to claim the married couple's allowance is available where one spouse or civil partner has income (excluding savings income of up to £1,000 and dividend income of up to £5,000) of less than £11,000 and the other spouse has income of less than £43,000.

Claiming the allowance

An application can be made online at www.gov.uk/apply-marriage-allowance

To make the claim, both the transferor and transferee's National Insurance number is needed. It is also necessary to prove your identity. This can be done by providing one of the following:

- last four digits of the account into which any child benefit is paid;
- the last four digits of an account that pays interest;
- P60 details;
- details from your last three payslips; or
- your passport number and expiry date.

A confirmation email will be sent once an application can be made.

It is also possible to apply for the allowance via the self-assessment tax return.

Note the claim must be made by the person who is transferring their allowance, not by the recipient.

Once a claim has been made the allowance will apply automatically in future years, unless circumstances change or the claim is cancelled. The claim can be cancelled online.

Time limit

A person has four years from the end of the tax year to which the allowance relates to claim the marriage allowance and transfer 10% of their personal allowance to their spouse. The first year for which a claim could be made was 2015/16 – so if you haven't claimed and it is beneficial to do so, you have until 5 April 2020 to make the claim. If you require any assistance with the claim let us know and we will be happy to help.

What is it worth?

The claim is worth up to 2% of the annual allowance. An individual who has not used all of their personal allowance can transfer 10% of it to their spouse or civil partner as long as the recipient is a basic rate taxpayer. The recipient will save tax at 20% on the amount transferred.

For 2015/16, the personal allowance was £10,600. At 10%, the marriage allowance was £1,060 and the tax saved (at 20% of £1,060) was £212.

For 2016/17, the personal allowance is £11,000. At 10% the marriage allowance is £1,100 and the tax saved (at 20% of £1,100) is £220.

Tax code changes

Where the transferor and transferee are employees, their tax code will change to reflect the marriage allowance. The recipient will have an M suffix code and the transferor will have an N suffix code.

If the recipient is not an employee, the benefit of the allowance will be given via the self-assessment return.