

## Marriage Allowance

Recent press reports suggested that up to two million couples may be missing out on a valuable tax break – the marriage allowance.

The marriage allowance was introduced from 6 April 2015 and allows certain couples to transfer 10% of their personal allowance (£1,150 for 2017/18) to their spouse or civil partner where this would otherwise be wasted. However, there are eligibility conditions to be met.

### Who qualifies?

Couples can benefit from the marriage allowance if the following apply:

- they are married or in a civil partnership;
- one spouse or civil partner has no income, or their income is below the level of the personal allowance (£11,500 for 2017/18);
- their spouse or civil partner pays tax at the basic rate (so for 2017/18 they have income of between £11,501 and £45,000 (or £43,000 where the taxpayer is a Scottish taxpayer)).

### How to apply

An application for the marriage allowance can be made online (see [www.gov.uk/apply-marriage-allowance](http://www.gov.uk/apply-marriage-allowance)).

If the claim is successful, it will be backdated to the start of the 2017/18 tax year. It is also possible to claim for 2015/16 if the couple qualified but did not make a claim for that year.

### Giving effect to the claim

The effect of the marriage allowance is that 10% of the personal allowance is transferred from one spouse or civil partner to the other. For 2017/18, the transferred personal allowance is £1,150 (10% of £11,500).

As a result of the transfer, the personal allowance of the person transferring 10% of their allowance is reduced by £1,150 to £10,350 and the recipient's personal allowance is increased by £1,150 to £12,650.

Where a couple have claimed the marriage allowance, this is reflected in their tax code. The person who has made the transfer will have the suffix letter M and the person receiving the transfer will have the suffix letter N. Where there are no other adjustments to the tax code, this will result in a code of 1035M for the transferor and 1265N for the transferee.

Where the recipient is not employed, effect to the claim is given via the self-assessment tax return.

### Tax saving

If the spouse or civil partner is a non-taxpayer and the recipient pays tax at the basic rate, claiming the allowance will result in a tax saving of £230 for 2017/18 (£1,150 @ 20%).

The allowance cannot be claimed if the recipient pays tax at the higher or the additional rate.

### Example

Ben is a stay-at-home dad. His wife Lucy works in retail and earns £20,000 for 2017/18. Ben does not use his personal allowance, so the couple claims the marriage allowance. As a result, £1,150 of Ben's personal allowance is transferred to Lucy and her personal allowance is increased to £12,650. As a result of making the claim, Lucy's tax bill is reduced by £230.