

Personal Savings Allowance

Unsure how your savings are taxed or if they are subject to tax at all? Take a look at the information below to understand what you need to do and when you don't need to do anything at all.

What is Personal Savings allowance?

Personal Savings allowance refers to the amounts of interest you can earn on your savings without paying tax: £1,000 a year for basic rate taxpayers and £500 a year for higher rate taxpayers. Additional rate taxpayers are not entitled to a Personal Savings Allowance.

This means that you will not pay tax on the first £1,000 of interest you earn (or £500 for higher rate taxpayers) on any savings you have with us or with another bank or building society.

What happens if I earn interest over the Personal Savings Allowance?

If you earn more interest than the Personal Savings Allowance, you'll have to pay the additional tax yourself through the PAYE system or by way of a self-assessment. The way interest is taxed depends upon your individual circumstances and may change in the future. It is your responsibility to ensure that any tax is paid.

I am a basic rate tax payer, my partner pays tax at the higher rate. Which Personal Savings Allowance will apply to our joint account - £1,000 or £500?

You each have your own Personal Savings Allowance. The interest earned will be split equally between you for the purpose of determining how much interest you earn on your joint account.

What if I have savings with other banks or building societies?

Your Personal Savings Allowance is based on the total amount of interest your savings earn. This includes any interest you may have earned on savings accounts with other banks or building societies.

Does this affect interest earned in my ISA?

No, your Personal Savings Allowance excludes any interest earned from ISAs. By saving in an ISA, you do not pay tax on any interest earned on cash in your ISA.

Need more information?

For further information on how the allowance works go to [gov.uk](https://www.gov.uk).

We can provide literature in large print, Braille and audio. Please ask us for this leaflet in an alternative format if you need it.