



Income and Corporation Taxes Act 1988

1988 CHAPTER 1

PART I

THE CHARGE TO TAX

Income tax

1 The charge to income tax

- (1) Income tax shall be charged in accordance with the provisions of the Income Tax Acts in respect of all property, profits or gains respectively described or comprised in the Schedules, A, B, C, D, E and F, set out in sections 15 to 20 or which in accordance with the Income Tax Acts are to be brought into charge to tax under any of those Schedules or otherwise.
- (2) Where any Act enacts that income tax shall be charged for any year, income tax shall be charged for that year—
 - (a) in respect of any income which does not fall within paragraph (b) below, at such rate as Parliament may determine to be the basic rate for that year;
 - (b) in respect of so much of an individual's total income as exceeds £17,900, at such higher rates respectively as Parliament may determine in relation to the first £2,500, the next £5,000, the next £7,900, the next £7,900 and the remainder;but this subsection has effect subject to any provision of the Income Tax Acts providing for income tax to be charged at a different rate in certain cases.
- (3) The amount up to which an individual's income is by virtue of subsection (2) above chargeable for any year at the basic rate shall be known as the basic rate limit; and the parts of income in excess of the basic rate limit which are specified in paragraph (b) of that subsection shall be known respectively as the first, second, third, fourth and fifth higher rate bands.
- (4) If the retail prices index for the month of December preceding a year of assessment is higher than it was for the previous December, then, unless Parliament otherwise

Status: This is the original version (as it was originally enacted).

determines, subsection (2) above shall apply for that year as if for each of the amounts specified in that subsection as it applied for the previous year (whether by virtue of this subsection or otherwise) there were substituted an amount arrived at by increasing the amount for the previous year by the same percentage as the percentage increase in the retail prices index and, if the result is not a multiple of £100, rounding it up to the nearest amount which is such a multiple.

- (5) Subsection (4) above shall not require any change to be made in the amounts deductible or repayable under section 203 between the beginning of a year of assessment and 5th May in that year.
- (6) The Treasury shall before each year of assessment make an order specifying the amounts which by virtue of subsection (4) above will be treated as specified for that year in subsection (2) above.
- (7) Part VII contains general provisions relating to the taxation of income of individuals.

2 Fractions of a pound, and yearly assessments

- (1) The due proportion of income tax shall be charged for every fractional part of one pound.
- (2) Every assessment and charge to income tax shall be made for a year commencing on the 6th April and ending on the following 5th April.

3 Certain income charged at basic rate

Where a person is required to be assessed and charged with income tax in respect of any property, profits or gains out of which he makes any payment in respect of—

- (a) any annuity or other annual payment (not being interest); or
- (b) any royalty or other sum in respect of the user of a patent; or
- (c) any rent, royalty or other payment which is declared by section 119 or 120 to be subject to deduction of tax under section 348 or 349 as if it were a royalty or other sum paid in respect of a patent;

he shall, in respect of so much of the property, profits or gains as is equal to the payment and may be deducted in computing his total income, be charged at the basic rate.

4 Construction of references in Income Tax Acts to deduction of tax

- (1) Any provision of the Income Tax Acts requiring, permitting or assuming the deduction of income tax from any amount (otherwise than in pursuance of section 203) or treating income tax as having been deducted from or paid on any amount, shall, subject to any provision to the contrary, be construed as referring to deduction or payment of income tax at the basic rate in force for the relevant year of assessment.
- (2) For the purposes of subsection (1) above, the relevant year of assessment shall be taken to be (except where otherwise provided)—
 - (a) if the amount is an amount payable wholly out of profits or gains brought into charge to tax, the year in which the amount becomes due;
 - (b) in any other case, the year in which the amount is paid.

5 Date for payment

- (1) Subject to the provisions of the Income Tax Acts and in particular to subsection (2) below and section 203, income tax contained in an assessment for any year shall be payable on or before the 1st January in that year, or at the expiration of a period of 30 days beginning with the date of the issue of the notice of assessment, whichever is the later.
- (2) Subject to subsection (3) below, income tax under Schedule D charged for any year on any individual or firm in respect of the profits or gains of any trade, profession or vocation and contained in an assessment for that year shall, instead of being payable in accordance with subsection (1) above, be payable in two equal instalments, the first on or before the 1st January in that year or at the expiration of the period referred to in subsection (1) above, and the second on or before the following 1st July; and the provisions of the Income Tax Acts as to the recovery of income tax shall apply to each instalment of the tax in the same manner as they apply to the whole amount of the tax.
- (3) Where the date of the issue of the notice of assessment is later than the 1st June following the end of the year of assessment, subsection (2) above shall not have effect, and the tax shall be due and payable as provided in subsection (1) above.
- (4) Except as otherwise provided by the Income Tax Acts, any income tax charged at a rate other than the basic rate on—
 - (a) income from which income tax has been deducted (otherwise than under section 203); or
 - (b) income from or on which income tax is treated as having been deducted or paid; or
 - (c) income chargeable under Schedule F;

shall be due and payable on or before 1st December following the end of the year for which it is assessed, or at the expiration of a period of 30 days beginning with the date of the issue of the notice of assessment, whichever is the later.