



# Finance Act 2008

## 2008 CHAPTER 9

### PART 1

#### CHARGES, RATES, ALLOWANCES, RELIEFS ETC

##### *Income tax*

### **1 Charge and main rates for 2008-09**

- (1) Income tax is charged for the tax year 2008-09.
- (2) For that tax year—
  - (a) the basic rate is 20%, and
  - (b) the higher rate is 40%.

### **2 Personal allowance for those aged under 65**

- (1) For the tax year 2008-09 the amount specified in—
  - (a) section 35 of ITA 2007, <sup>F1</sup>...
  - <sup>F1</sup>(b) .....  
(personal allowance for those aged under 65) is replaced with “ £6,035 ”.
- (2) Accordingly—
  - (a) section 57 of ITA 2007, so far as relating to the amount specified in section 35 of that Act, <sup>F2</sup>...
  - <sup>F2</sup>(b) .....  
(indexation) do not apply for the tax year 2008-09.
- (3) This section does not require a change to be made in the amounts deductible or repayable under PAYE regulations before 7 September 2008.

*Changes to legislation: Finance Act 2008, Cross Heading: Income tax is up to date with all changes known to be in force on or before 28 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

#### Textual Amendments

- F1** S. 2(1)(b) and word omitted (with effect in accordance with Sch. 1 para. 7 of the amending Act) by virtue of Finance Act 2009 (c. 10), **Sch. 1 para. 6(p)(i)**
- F2** S. 2(2)(b) and word omitted (with effect in accordance with Sch. 1 para. 7 of the amending Act) by virtue of Finance Act 2009 (c. 10), **Sch. 1 para. 6(p)(i)**

### 3 Personal allowances for those aged 65 and over

- (1) For the tax year 2008-09—
- (a) the amount specified in section 36(1) of ITA 2007 <sup>F3</sup>... (personal allowance for those aged 65 to 74) is replaced with “ £9,030 ”, and
  - (b) the amount specified in section 37(1) of ITA 2007 <sup>F3</sup>... (personal allowance for those aged 75 and over) is replaced with “ £9,180 ”.
- (2) Accordingly—
- (a) section 57 of ITA 2007, so far as relating to the amounts specified in sections 36(1) and 37(1) of that Act, <sup>F4</sup>...
  - <sup>F4</sup>(b) .....  
(indexation) do not apply for the tax year 2008-09.

#### Textual Amendments

- F3** Words in s. 3(1) omitted (with effect in accordance with Sch. 1 para. 7 of the amending Act) by virtue of Finance Act 2009 (c. 10), **Sch. 1 para. 6(p)(ii)**
- F4** S. 3(2)(b) and word omitted (with effect in accordance with Sch. 1 para. 7 of the amending Act) by virtue of Finance Act 2009 (c. 10), **Sch. 1 para. 6(p)(ii)**

### 4 Basic rate limit

- (1) In section 10 of ITA 2007 (income charged at main rates: individuals), for subsection (5) substitute—
- “(5) The basic rate limit is £34,800.”
- (2) The amendment made by subsection (1) has effect for the tax year 2008-09 and subsequent tax years.
- (3) But until 7 September 2008 for the purpose of ascertaining the amounts deductible or repayable under PAYE regulations it may be assumed that the figure specified in section 10(5) of ITA 2007 for the tax year 2008-09 is £36,000.

### 5 Abolition of starting and savings rates and creation of starting rate for savings

- (1) Section 6 of ITA 2007 (rates at which income tax is charged) is amended as follows.
- (2) In subsection (1), omit paragraph (a).
  - (3) In subsection (2), omit “starting rate,”.
  - (4) In subsection (3), for paragraph (a) substitute—  
“(a) section 7 (starting rate for savings),”.

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**Changes to legislation:** Finance Act 2008, Cross Heading: Income tax is up to date with all changes known to be in force on or before 28 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) [View outstanding changes](#)

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- (5) Accordingly, in the heading omit “**starting rate**”.
- (6) The amendments made by this section have effect for the tax year 2008-09 and subsequent tax years.
- (7) Schedule 1 contains provision in connection with—
  - (a) the abolition of the starting rate and the savings rate, and
  - (b) the creation of the starting rate for savings.

**Changes to legislation:**

Finance Act 2008, Cross Heading: Income tax is up to date with all changes known to be in force on or before 28 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.

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**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

- Blanket amendment words substituted by [S.I. 2011/1043 art. 34](#)

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- Sch. 41 para. 6(1A) inserted by [2015 c. 11 Sch. 20 para. 10\(2\)](#)
- Sch. 41 para. 6A(A1)(1) substituted for Sch. 41 para. 6A(1) by [2015 c. 11 Sch. 20 para. 11\(2\)](#)