



Finance Act 2009

2009 CHAPTER 10

PART 1

CHARGES, RATES, ALLOWANCES, ETC

Income tax

1 Charge and main rates for 2009-10

- (1) Income tax is charged for the tax year 2009-10.
- (2) For that tax year—
 - (a) the basic rate is 20%, and
 - (b) the higher rate is 40%.

2 Basic rate limit for 2009-10

- (1) For the tax year 2009-10 the amount specified in section 10(5) of ITA 2007 (basic rate limit) is replaced with “£37,400”.
- (2) Accordingly, section 21 of that Act (indexation of limits), so far as relating to the basic rate limit, does not apply for that tax year.

3 Personal allowance for 2009-10 for those aged under 65

- (1) For the tax year 2009-10 the amount specified in—
 - (a) section 35 of ITA 2007, ^{F1}...
 - ^{F1}(b)
(personal allowance for those aged under 65) is replaced with “£6,475”.
- (2) Accordingly—
 - (a) section 57 of ITA 2007, so far as relating to the amount specified in section 35 of that Act, ^{F2}...

Changes to legislation: Finance Act 2009, Cross Heading: Income tax is up to date with all changes known to be in force on or before 02 May 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

^{F2}(b)
(indexation) do not apply for the tax year 2009-10.

Textual Amendments

- F1** S. 3(1)(b) omitted (with effect in accordance with Sch. 1 para. 7 of the commencing Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 1 para. 6\(q\)](#)
- F2** S. 3(2)(b) omitted (with effect in accordance with Sch. 1 para. 7 of the commencing Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 1 para. 6\(q\)](#)

4 Reduction of personal allowance for those with income exceeding £100,000

- (1) In section 35 of ITA 2007 (personal allowances for those aged under 65), the existing provision becomes subsection (1) of that section; and after that subsection insert—
- “(2) For an individual whose adjusted net income exceeds £100,000, the allowance under subsection (1) is reduced by one-half of the excess.
- (3) If the amount of any allowance that remains after the operation of subsection (2) would otherwise not be a multiple of £1, it is to be rounded up to the nearest amount which is a multiple of £1.
- (4) For the meaning of “adjusted net income” see section 58.”
- (2) In sections 36(2)(b) and 37(2)(b) of ITA 2007 (limit on reduction of personal allowances for those aged 65 to 74 or 75 and over), for “the amount of a personal allowance under section 35” substitute “ the amount of any allowance to which the individual would be entitled under section 35 if under the age of 65 throughout the tax year ”.
- (3) In section 57(1)(a) and (3)(a) of ITA 2007 (indexation of allowances), for “35” substitute “ 35(1) ”.
- (4) The amendments made by subsections (1) and (2) have effect for the tax year 2010-11 and subsequent tax years.
- (5) The amendment made by subsection (3) has effect for finding allowances for the tax year 2011-12 and subsequent tax years.

5 Abolition of personal reliefs for non-residents

Schedule 1 contains provision abolishing personal reliefs for non-residents.

6 Additional rate, dividend additional rate, trust rates and pension tax rates

- (1) Section 6 of ITA 2007 (rates of income tax) is amended as follows.
- (2) In subsection (1), omit the “and” at the end of paragraph (b) and insert at the end “, and (d) the additional rate.”
- (3) In subsection (3)(b), for “and dividend upper rate” substitute “ , dividend upper rate and dividend additional rate ”.
- (4) In section 9 (trust rate and dividend trust rate)—

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- (a) in subsection (1), for “40%” substitute “ 50% ”, and
 - (b) in subsection (2), for “32.5%” substitute “ 42.5% ”.
- (5) Schedule 2 contains provision supplementing this section (including provision about rates under Part 4 of FA 2004).
- (6) The amendments made by this section have effect for the tax year 2010-11 and subsequent tax years.

Changes to legislation:

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

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

- s. 102(4)(za) inserted by [2010 c. 33 Sch. 9 para. 3\(3\)](#)
- Sch. 53 para. 2A-2D and cross-heading inserted by [2010 c. 33 Sch. 9 para. 7](#)
- Sch. 53 para. 6A and cross-heading inserted by [2010 c. 33 Sch. 9 para. 8](#)
- Sch. 53 para. 11A11B and cross-heading inserted by [2010 c. 33 Sch. 9 para. 17](#)
- Sch. 53 para. 14A and cross-heading inserted by [2010 c. 33 Sch. 9 para. 18](#)
- Sch. 54 para. 9B9C and cross-heading inserted by [2010 c. 33 Sch. 9 para. 11](#) (Sch. 54 para. 9B is amended before it comes into force by [2016 c. 24, Sch. 1 para. 66\(5\)](#))
- Sch. 54 para. 12A12B and cross-heading inserted by [2010 c. 33 Sch. 9 para. 19](#)
- Sch. 54 Pt. A1 inserted by [2010 c. 33 Sch. 9 para. 10](#) (Sch. 9 para. 10 is amended before it comes into force by [2017 c. 32, Sch. 4 para. 182](#))
- Sch. 54A para. 2(e)-(g) omitted by [2024 c. 3 Sch. 2 para. 13](#)
- Sch. 55 para. 6(3A)(za) inserted by [2015 c. 11 Sch. 20 para. 15\(2\)\(a\)](#)
- Sch. 55 para. 6(4A)(za) inserted by [2015 c. 11 Sch. 20 para. 15\(3\)\(a\)](#)
- Sch. 55 para. 17(4)(ba) inserted by [2015 c. 11 Sch. 20 para. 19](#)