



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, and
 - (b) section 257(1) of ICTA,(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, and

Status: This is the original version (as it was originally enacted).

- (b) section 257C of ICTA, so far as relating to the amount specified in section 257(1) of that Act,
(indexation) do not apply for the tax year 2009-10.

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)—
- (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.