



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

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- (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.

Corporation tax

7 Charge and main rates for financial year 2010

- (1) Corporation tax is charged for the financial year 2010.
- (2) For that year the rate of corporation tax is—
- (a) 28% on profits of companies other than ring fence profits, and
 - (b) 30% on ring fence profits of companies.
- (3) In subsection (2) “ring fence profits” has the same meaning as in Chapter 5 of Part 12 of ICTA (see section 502(1) and (1A) of that Act).

8 Small companies' rates and fractions for financial year 2009

- (1) For the financial year 2009 the small companies' rate is—
- (a) 21% on profits of companies other than ring fence profits, and
 - (b) 19% on ring fence profits of companies.
- (2) For the financial year 2009 the fraction mentioned in section 13(2) of ICTA is—
- (a) $\frac{7}{400}$ ths in relation to profits of companies other than ring fence profits (“the standard fraction”), and
 - (b) $\frac{11}{400}$ ths in relation to ring fence profits of companies (“the ring fence fraction”).
- (3) See section 7(3) of FA 2008 for provision applying section 3(3) to (7) of FA 2007 in relation to profits for an accounting period any part of which falls in the financial year 2009.
- (4) In this section “ring fence profits” has the same meaning as in Chapter 5 of Part 12 of ICTA (see section 502(1) and (1A) of that Act).

Value added tax

9 Extension of reduced standard rate and anti-avoidance provision

- (1) The Value Added Tax (Change of Rate) Order 2008 ([S.I. 2008/3020](#)) (reducing standard rate of value added tax to 15 per cent) is to cease to be in force on 1 January 2010 (rather than ceasing to be in force on 1 December 2009 in accordance with section 2(2) of VATA 1994).
- (2) Schedule 3 contains—
- (a) provision for a supplementary charge to value added tax on supplies spanning the date of the VAT change (see Parts 1 to 5), and
 - (b) minor amendments of provisions about orders changing the standard rate of value added tax (see Part 6).

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Stamp duty land tax

10 Thresholds for residential property

- (1) Part 4 of FA 2003 (stamp duty land tax) has effect in relation to transactions with an effective date on or after 22 April 2009 but before 1 January 2010 as if—
 - (a) in section 55(2) (amount of tax chargeable: general), in Table A (bands and percentages for residential property), for “£125,000” (in both places) there were substituted “£175,000”, and
 - (b) in paragraph 2(3) of Schedule 5 (amount of tax chargeable: rent), in Table A (bands and percentages for residential property), for “£125,000” (in both places) there were substituted “£175,000”.
- (2) The following are revoked—
 - (a) the Stamp Duty Land Tax (Variation of Part 4 of the Finance Act 2003) Regulations 2008 ([S.I. 2008/2338](#)), and
 - (b) the Stamp Duty Land Tax (Exemption of Certain Acquisitions of Residential Property) Regulations 2008 ([S.I. 2008/2339](#)).
- (3) The revocations made by subsection (2) have effect in relation to transactions with an effective date on or after 22 April 2009.

Alcohol and tobacco duties

11 Rates of alcoholic liquor duty

- (1) ALDA 1979 is amended as follows.
- (2) In section 5 (rate of duty on spirits), for “£21.35” substitute “£22.64”.
- (3) In section 36(1AA)(a) (standard rate of duty on beer), for “£14.96” substitute “£16.47”.
- (4) In section 62(1A) (rates of duty on cider)—
 - (a) in paragraph (a) (rate of duty per hectolitre in the case of sparkling cider of a strength exceeding 5.5 per cent), for “£188.10” substitute “£207.20”,
 - (b) in paragraph (b) (rate of duty per hectolitre in the case of cider of a strength exceeding 7.5 per cent which is not sparkling cider), for “£43.37” substitute “£47.77”, and
 - (c) in paragraph (c) (rate of duty per hectolitre in any other case), for “£28.90” substitute “£31.83”.
- (5) For the table in Schedule 1 substitute—

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“TABLE OF RATES OF DUTY ON WINE AND MADE-WINE

PART 1

WINE OR MADE-WINE OF A STRENGTH NOT EXCEEDING 22 PER CENT

<i>Description of wine or made-wine</i>	<i>Rates of duty per hectolitre</i> £
Wine or made-wine of a strength not exceeding 4 per cent	65.94
Wine or made-wine of a strength exceeding 4 per cent but not exceeding 5.5 per cent	90.68
Wine or made-wine of a strength exceeding 5.5 per cent but not exceeding 15 per cent and not being sparkling	214.02
Sparkling wine or sparkling made-wine of a strength exceeding 5.5 per cent but less than 8.5 per cent	207.20
Sparkling wine or sparkling made-wine of a strength of 8.5 per cent or of a strength exceeding 8.5 per cent but not exceeding 15 per cent	274.13
Wine or made-wine of a strength exceeding 15 per cent but not exceeding 22 per cent	285.33

PART 2

WINE OR MADE-WINE OF A STRENGTH EXCEEDING 22 PER CENT

<i>Description of wine or made-wine</i>	<i>Rates of duty per litre of alcohol in wine or made-wine</i> £
Wine or made-wine of a strength exceeding 22 per cent	22.64.”

(6) The following are revoked—

- (a) the Alcoholic Liquor Duties (Surcharges) and Tobacco Products Duty Order 2008 (S.I. 2008/3026), so far as relating to excise duty on alcoholic liquors, and
- (b) the Alcoholic Liquor (Surcharge on Spirits Duty) Order 2008 (S.I. 2008/3062).

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

(7) The amendments made by this section are treated as having come into force on 23 April 2009.

12 Rates of tobacco products duty

(1) For the table in Schedule 1 to TPDA 1979 substitute—

“TABLE

1. Cigarettes	An amount equal to 24 per cent of the retail price plus £114.31 per thousand cigarettes
2. Cigars	£173.13 per kilogram
3. Hand-rolling tobacco	£124.45 per kilogram
4. Other smoking tobacco and chewing tobacco	£76.12 per kilogram.”

(2) The Alcoholic Liquor Duties (Surcharges) and Tobacco Products Duty Order 2008 (S.I. 2008/3026), so far as relating to excise duty on tobacco products, is revoked.

(3) The amendments made by this section are treated as having come into force at 6 pm on 22 April 2009.

Vehicle excise duty

13 Rates for 2009-10

(1) Schedule 1 to VERA 1994 (annual rates of duty) is amended as follows.

(2) In paragraph 1 (general)—

- (a) in sub-paragraph (2) (vehicle not covered elsewhere in Schedule otherwise than with engine cylinder capacity not exceeding 1,549cc), for “£185” substitute “£190”, and
- (b) in sub-paragraph (2A) (vehicle not covered elsewhere in Schedule with engine cylinder capacity not exceeding 1,549cc), for “£120” substitute “£125”.

(3) In paragraph 1B (graduated rates for light passenger vehicles), for the table substitute—

“TABLE

<i>CO₂ emissions figure</i>		<i>Rate</i>	
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>
<i>Exceeding</i>	<i>Not exceeding</i>	<i>Reduced rate</i>	<i>Standard rate</i>
<i>g/km</i>	<i>g/km</i>	<i>£</i>	<i>£</i>
100	120	15	35

The table has effect in relation to vehicles first registered under this Act before 23 March 2006 as if—
(a) in column (3), in the last row, “200” were substituted for “390”, and
(b) in column (4), in the last row, “215” were substituted for “405”.

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<i>CO₂ emissions figure</i>		<i>Rate</i>	
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>
<i>Exceeding</i>	<i>Not exceeding</i>	<i>Reduced rate</i>	<i>Standard rate</i>
<i>g/km</i>	<i>g/km</i>	<i>£</i>	<i>£</i>
120	140	100	120
140	150	105	125
150	165	130	150
165	185	155	175
185	225	200	215
225	—	390	405”

The table has effect in relation to vehicles first registered under this Act before 23 March 2006 as if—
 (a) in column (3), in the last row, “200” were substituted for “390”, and
 (b) in column (4), in the last row, “215” were substituted for “405”.

- (4) In paragraph 1J (light goods vehicles)—
- (a) in sub-paragraph (a) (vehicle which is not lower-emission van), for “£180” substitute “£185”, and
 - (b) in sub-paragraph (b) (lower-emission van), for “£120” substitute “£125”.
- (5) The amendments made by this section have effect in relation to licences taken out on or after 1 May 2009.

14 Rates from April 2010

- (1) Schedule 1 to VERA 1994 (annual rates of duty) is amended as follows.
- (2) In paragraph 1(2) (vehicle not covered elsewhere in Schedule otherwise than with engine cylinder capacity not exceeding 1,549cc), for “£190” substitute “£205”.
- (3) Paragraph 1B (graduated rates for light passenger vehicles) is amended as follows.
- (4) For “table” substitute “tables”.
- (5) Omit the “and” at the end of paragraph (a).
- (6) Insert at the end of paragraph (b) “and
 - (c) whether or not the duty is payable on the first vehicle licence for the vehicle.”
- (7) For the table substitute—

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“TABLE 1

RATES PAYABLE ON FIRST VEHICLE LICENCE FOR VEHICLE

<i>CO₂ emissions figure</i>		<i>Rate</i>	
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>
<i>Exceeding</i>	<i>Not exceeding</i>	<i>Reduced rate</i>	<i>Standard rate</i>
<i>g/km</i>	<i>g/km</i>	<i>£</i>	<i>£</i>
130	140	100	110
140	150	115	125
150	165	145	155
165	175	240	250
175	185	290	300
185	200	415	425
200	225	540	550
225	255	740	750
255	—	940	950

TABLE 2

RATES PAYABLE ON ANY OTHER VEHICLE LICENCE FOR VEHICLE

<i>CO₂ emissions figure</i>		<i>Rate</i>	
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>
<i>Exceeding</i>	<i>Not exceeding</i>	<i>Reduced rate</i>	<i>Standard rate</i>
<i>g/km</i>	<i>g/km</i>	<i>£</i>	<i>£</i>
100	110	10	20
110	120	20	30
120	130	80	90
130	140	100	110
140	150	115	125
150	165	145	155
165	175	170	180
175	185	190	200
185	200	225	235

Table 2 has effect in relation to vehicles first registered, under this Act or under the law of a country or territory outside the United Kingdom, before 23 March 2006 as if—

- (a) in column (3), in the last two rows, “235” were substituted for “415” and “425” and
 (b) in column (4), in the last two rows, “245” were substituted for “425” and “435”.

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<i>CO₂ emissions figure</i>		<i>Rate</i>	
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>
<i>Exceeding</i>	<i>Not exceeding</i>	<i>Reduced rate</i>	<i>Standard rate</i>
<i>g/km</i>	<i>g/km</i>	<i>£</i>	<i>£</i>
200	225	235	245
225	255	415	425
255	—	425	435”

Table 2 has effect in relation to vehicles first registered, under this Act or under the law of a country or territory outside the United Kingdom, before 23 March 2006 as if—

- (a) in column (3), in the last two rows, “235” were substituted for “415” and “425”, and
 (b) in column (4), in the last two rows, “245” were substituted for “425” and “435”.

- (8) In paragraph 1J(a) (light goods vehicle which is not lower-emission van), for “£185” substitute “£200”.
- (9) Schedule 4 contains further provision about rates of vehicle excise duty etc.
- (10) The amendments made by this section have effect in relation to licences taken out on or after 1 April 2010.

Fuel duties

15 Rates and rebates from Spring 2009

- (1) HODA 1979 is amended as follows.
- (2) In section 6(1A) (main rates)—
- in paragraph (a) (unleaded petrol), for “£0.5235” substitute “£0.5419”,
 - in paragraph (aa) (aviation gasoline), for “£0.3103” substitute “£0.3334”,
 - in paragraph (b) (light oil other than unleaded petrol or aviation gasoline), for “£0.6207” substitute “£0.6391”, and
 - in paragraph (c) (heavy oil), for “£0.5235” substitute “£0.5419”.
- (3) In section 6AA(3) (rate of duty on biodiesel), for “£0.3235” substitute “£0.3419”.
- (4) In section 6AD(3) (rate of duty on bioethanol), for “£0.3235” substitute “£0.3419”.
- (5) In section 8(3) (road fuel gas)—
- in paragraph (a) (natural road fuel gas), for “£0.1660” substitute “£0.1926”, and
 - in paragraph (b) (other road fuel gas), for “£0.2077” substitute “£0.2482”.
- (6) In section 11(1) (rebate on heavy oil)—
- in paragraph (a) (fuel oil), for “£0.0966” substitute “£0.1”, and
 - in paragraph (b) (gas oil), for “£0.1007” substitute “£0.1042”.
- (7) In section 14(1) (rebate on light oil for use as furnace fuel), for “£0.0966” substitute “£0.1”.
- (8) In section 14A(2) (rebate on certain biodiesel), for “£0.1007” substitute “£0.1042”.

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- (9) The amendments made by subsection (2)(b) and (c) are treated as having come into force on 1 May 2009.
- (10) The other amendments made by this section are treated as having come into force on 1 April 2009.

16 Rates and rebates from September 2009

- (1) HODA 1979 is amended as follows.
- (2) In section 6(1A) (main rates)—
- (a) in paragraph (a) (unleaded petrol), for “£0.5419” substitute “£0.5619”,
 - (b) in paragraph (aa) (aviation gasoline), for “£0.3334” substitute “£0.3457”,
 - (c) in paragraph (b) (light oil other than unleaded petrol or aviation gasoline), for “£0.6391” substitute “£0.6591”, and
 - (d) in paragraph (c) (heavy oil), for “£0.5419” substitute “£0.5619”.
- (3) In section 6AA(3) (rate of duty on biodiesel), for “£0.3419” substitute “£0.3619”.
- (4) In section 6AD(3) (rate of duty on bioethanol), for “£0.3419” substitute “£0.3619”.
- (5) In section 8(3) (road fuel gas)—
- (a) in paragraph (a) (natural road fuel gas), for “£0.1926” substitute “£0.2216”, and
 - (b) in paragraph (b) (other road fuel gas), for “£0.2482” substitute “£0.2767”.
- (6) In section 11(1) (rebate on heavy oil)—
- (a) in paragraph (a) (fuel oil), for “£0.1” substitute “£0.1037”, and
 - (b) in paragraph (b) (gas oil), for “£0.1042” substitute “£0.1080”.
- (7) In section 14(1) (rebate on light oil for use as furnace fuel), for “£0.1” substitute “£0.1037”.
- (8) In section 14A(2) (rebate on certain biodiesel), for “£0.1042” substitute “£0.1080”.
- (9) The amendments made by this section come into force on 1 September 2009.

Other environmental taxes and duties

17 Rates of air passenger duty

- (1) In section 30 of FA 1994 (air passenger duty: rates), for subsections (1) to (4) substitute—
- “(1) Air passenger duty is chargeable on the carriage of each chargeable passenger at the rate determined as follows.
 - (2) If the passenger’s journey ends at a place in the United Kingdom or a territory specified in Part 1 of Schedule 5A—
- (a) if the passenger’s agreement for carriage provides for standard class travel in relation to every flight on the passenger’s journey, the rate is £11, and
 - (b) in any other case, the rate is £22.

- (3) If the passenger's journey ends at a place in a territory specified in Part 2 of Schedule 5A—
- (a) if the passenger's agreement for carriage provides for standard class travel in relation to every flight on the passenger's journey, the rate is £45, and
 - (b) in any other case, the rate is £90.
- (4) If the passenger's journey ends at a place in a territory specified in Part 3 of Schedule 5A—
- (a) if the passenger's agreement for carriage provides for standard class travel in relation to every flight on the passenger's journey, the rate is £50, and
 - (b) in any other case, the rate is £100.
- (4A) If the passenger's journey ends at any other place—
- (a) if the passenger's agreement for carriage provides for standard class travel in relation to every flight on the passenger's journey, the rate is £55, and
 - (b) in any other case, the rate is £110.”
- (2) Schedule 5 contains further provision about air passenger duty.
- (3) The amendment made by subsection (1) has effect in relation to the carriage of passengers beginning on or after 1 November 2009.

18 Standard rate of landfill tax

- (1) In section 42(1)(a) and (2) of FA 1996 (amount of landfill tax), for “£40” substitute “£48”.
- (2) The amendments made by subsection (1) have effect in relation to disposals made (or treated as made) on or after 1 April 2010.

Gambling duties

19 Rates of gaming duty

- (1) In section 11(2) of FA 1997 (rates of gaming duty), for the table substitute—

“TABLE

<i>Part of gross gaming yield</i>	<i>Rate</i>
The first £1,929,000	15 per cent
The next £1,329,500	20 per cent
The next £2,329,000	30 per cent
The next £4,915,500	40 per cent
The remainder	50 per cent.”

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

- (2) The amendment made by subsection (1) has effect in relation to accounting periods beginning on or after 1 April 2009.

20 Bingo duty

- (1) BGDA 1981 is amended as follows.
- (2) In section 17(1)(b) (bingo duty chargeable at 15 per cent of bingo promotion profits), for “15” substitute “22”.
- (3) In paragraph 5(2)(c) of Schedule 3 (maximum prize for small-scale amusements exemption), for “£50” substitute “£70”.
- (4) The amendment made by subsection (2) has effect in relation to accounting periods beginning on or after 27 April 2009.
- (5) The amendment made by subsection (3) has effect in relation to bingo played on or after 1 June 2009.

21 Amounts of duty on amusement machine licences

- (1) In section 23(2) of BGDA 1981 (amount of duty payable on amusement machine licence), for the table substitute—

“TABLE

<i>Months for which licence granted</i>	<i>Category A</i>	<i>Category B1</i>	<i>Category B2</i>	<i>Category B3</i>	<i>Category B4</i>	<i>Category C</i>
	£	£	£	£	£	£
1	500	255	200	200	180	80
2	985	490	385	385	350	45
3	1475	735	585	585	530	220
4	1965	985	775	775	705	290
5	2465	1230	970	970	875	365
6	2955	1475	1160	1160	1050	435
7	3445	1720	1355	1355	1225	505
8	3935	1965	1550	1550	1405	580
9	4430	2215	1745	1745	1580	655
10	4920	2465	1935	1935	1755	725
11	5410	2710	2130	2130	1930	795
12	5625	2815	2215	2215	2010	830.”

- (2) The amendment made by subsection (1) has effect in relation to cases where the application for the amusement machine licence is received by the Commissioners for Her Majesty's Revenue and Customs after 4 pm on 22 April 2009.

22 Provisions affecting amount of amusement machine licence duty

- (1) BGDA 1981 is amended as follows.
- (2) Section 21 (gaming machine licences) is amended as follows.
- (3) Subsection (5) (excepted machines) is amended as follows.
- (4) In paragraph (c) (machines in case of which cost of single game does not exceed 10p and maximum value of prize for winning single game does not exceed £5)—
- (a) in sub-paragraph (i), omit the “and” at the end,
 - (b) in sub-paragraph (ii), for “£5” substitute “£15”, and
 - (c) after that sub-paragraph insert—
 - “(iii) the maximum cash component of the prize for winning a single game does not exceed £8.”
- (5) After that paragraph insert—
- “(ca) a gaming machine in respect of which—
 - (i) the cost of a single game does not exceed £1,
 - (ii) the maximum value of the prize for winning a single game does not exceed £50, and
 - (iii) any prize that can be won is neither money nor something that can be exchanged for or used in place of money or that can be exchanged for something other than money, and”.
- (6) After that subsection insert—
- “(6) To the extent that a prize consists of anything other than money, its value for the purposes of this section and sections 22 and 23 below is—
 - (a) in the case of a voucher or token that may be exchanged for, or used in place of, an amount of money, that amount,
 - (b) in the case of a voucher or token that does not fall within paragraph (a) and that may be exchanged for something other than money, the cost that the person providing the machine would incur in obtaining that thing from a person who is not a connected person, and
 - (c) in any other case, the cost that the person providing the machine would incur in obtaining the prize from a person who is not a connected person.
- (7) Section 839 of the Income and Corporation Taxes Act 1988 (connected persons) applies for the purposes of subsection (6).”
- (7) In section 22(2) (machine in respect of which benefits for winning single game do not exceed £8 to be “small-prize machine”), for “£8” substitute “£10”.
- (8) Section 23 (amount of duty) is amended as follows.
- (9) In subsection (3) (categories of machines), in the definition of Category C gaming machine, in paragraph (ii)—

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

- (a) for “50p” substitute “£1”, and
 - (b) for “£35” substitute “£70”.
- (10) Omit subsection (5) (which is superseded by the amendment made by subsection (6)).
- (11) In consequence of the amendments made by the preceding provisions of this section, omit—
- (a) in FA 2000, in Schedule 2, paragraph 3(1)(b), and
 - (b) in FA 2007, section 9(2) and (4).
- (12) The amendments made by this section are treated as having come into force on 1 June 2009.