



Wales Act 2014

2014 CHAPTER 29

PART 2

FINANCE

Welsh rates of income tax

9 Welsh basic, higher and additional rates of income tax

- (1) The Income Tax Act 2007 is amended in accordance with subsections (2) to (11).
- (2) In section 6 (the basic rate, higher rate and additional rate), in subsection (3), before paragraph (a) insert—
 - “(zb) section 6B (Welsh basic, higher and additional rates),”.
- (3) Before section 7 insert—

“6B The Welsh basic, higher and additional rates

- (1) The Welsh basic rate, the Welsh higher rate and the Welsh additional rate for a tax year are calculated as follows.
 - Step 1* Take the basic rate, higher rate or additional rate.
 - Step 2* Deduct 10 percentage points.
 - Step 3* Add the Welsh rate (if any) set by the National Assembly for Wales for that year for the purpose of calculating the Welsh basic rate, the Welsh higher rate or the Welsh additional rate (as the case may be).
- (2) For provision about the setting of the Welsh rates, see Chapter 2 of Part 4A of the Government of Wales Act 2006.”
- (4) In section 10 (income charged at the basic, higher and additional rates: individuals), in subsection (4), at the appropriate place, insert—

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“section 11B (income charged at the Welsh basic, higher and additional rates),”.

(5) Before section 12 insert—

“11B Income charged at the Welsh basic, higher and additional rates

- (1) Income tax is charged at the Welsh basic rate on the income of a Welsh taxpayer which—
 - (a) is non-savings income, and
 - (b) would otherwise be charged at the basic rate.
- (2) Income tax is charged at the Welsh higher rate on the income of a Welsh taxpayer which—
 - (a) is non-savings income, and
 - (b) would otherwise be charged at the higher rate.
- (3) Income tax is charged at the Welsh additional rate on the income of a Welsh taxpayer which—
 - (a) is non-savings income, and
 - (b) would otherwise be charged at the additional rate.
- (4) For the purposes of this section, “non-savings income” means income which is not savings income.
- (5) This section is subject to—
 - section 13 (income charged at the dividend ordinary, upper and additional rates: individuals), and
 - any provisions of the Income Tax Acts (apart from section 10) which provide for income of an individual to be charged at different rates of income tax in some circumstances.
- (6) Section 16 has effect for determining the extent to which the non-savings income of a Welsh taxpayer would otherwise be charged at the basic, higher or additional rate.”
- (6) In section 13 (income charged at the dividend ordinary, upper and additional rates)—
 - (a) in subsection (1)(b), before “and” insert “ or the Welsh basic rate, ”,
 - (b) in subsection (2)(b), before “and” insert “ or the Welsh higher rate, ”,
 - (c) in subsection (2A)(b), before “and” insert “ or the Welsh additional rate, ”,
 - (d) in subsection (3), at the end of the words in parentheses, insert “ or 11B ”, and
 - (e) in subsection (4), at the end insert “ or the Welsh basic, higher or additional rate ”.
- (7) In section 16 (savings and dividend income to be treated as highest part of total income), in subsection (1), after paragraph (za) insert—
 - “(zb) the rate at which income tax would be charged on the non-savings income of a Welsh taxpayer apart from section 11B,”.
- (8) In section 809H (charge on nominated income of long-term UK resident), after subsection (3A) insert—

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- “(3B) If the individual is a Welsh taxpayer for the relevant tax year, the individual is to be treated for the purpose of calculating income tax charged by virtue of subsection (2) as if the individual were not a Welsh taxpayer for that year.”
- (9) In section 828B (conditions to be met for exemption where individual resident but not domiciled in the UK), in subsection (5), before “or the starting rate” insert “, the Welsh basic rate”.
- (10) In section 989 (definitions for the purposes of the Income Tax Acts), at the appropriate place, insert—
- ““Welsh additional rate” means the rate of income tax of that name calculated in accordance with section 6B,”
- ““Welsh basic rate” means the rate of income tax of that name calculated in accordance with section 6B,”
- ““Welsh higher rate” means the rate of income tax of that name calculated in accordance with section 6B,”
- ““Welsh taxpayer” has the same meaning as in Chapter 2 of Part 4A of the Government of Wales Act 2006”.
- (11) In Schedule 4 (index of defined expressions), at the appropriate place, insert—

“Welsh additional rate	section 6B (as applied by section 989)”
“Welsh basic rate	section 6B (as applied by section 989)”
“Welsh higher rate	section 6B (as applied by section 989)”
“Welsh taxpayer	section 989”

- (12) In section 7 of the Taxes Management Act 1970 (notice of liability to income tax and capital gains tax), in subsection (6), before “the dividend ordinary rate” insert “ the Welsh basic rate, ”.
- (13) The Taxation of Chargeable Gains Act 1992 is amended in accordance with subsections (14) and (15).
- (14) In section 4 (rates of capital gains tax), in subsections (4) and (5), before “or the dividend” insert “, the Welsh higher rate”.
- (15) In section 4A (section 4: special cases), in subsection (5), before “or the dividend” insert “, the Welsh higher rate”.

Commencement Information

II S. 9 in force at 24.7.2018 by S.I. 2018/892, art. 3 (with arts. 5, 6, 8)

Changes to legislation:

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