



Income Tax Act 2007

2007 CHAPTER 3

PART 2

BASIC PROVISIONS

CHAPTER 2

RATES AT WHICH INCOME TAX IS CHARGED

Income charged at particular rates

- 10** ^{F1}**Income charged at the ... basic [^{F2}, higher and additional] rates: individuals**
- ^{F3}(1)
- [^{F4}(2) Income tax on an individual's income up to the basic rate limit is charged at the basic rate ^{F5}....]
- (3) Income tax is charged at the higher rate on an individual's income above the basic rate limit [^{F6}and up to the higher rate limit.]
- [^{F7}(3A) Income tax is charged at the additional rate on an individual's income above the higher rate limit.]
- ^{F8}(3B)
- ^{F8}(3C)
- (4) This section is subject to—
- ^{F9}
- [^{F10}section 11A (income charged at [^{F11}Scottish] rates),]
- [^{F12}section 11B (income charged at the Welsh basic, higher and additional rates),]
- [^{F13}section 11C (income charged at the default basic, higher and additional rates: non-UK resident individuals),]

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section 11D (savings income charged at the savings basic, higher and additional rates: individuals),
 section 12 (savings income charged at the starting rate for savings),
 [^{F14}section 12A (savings income charged at the savings nil rate),]
 section 13 (income charged at the dividend ordinary and dividend upper rates: individuals), and
 any other provisions of the Income Tax Acts which provide for income of an individual to be charged at different rates of income tax in some circumstances.

(5) The basic rate limit is [^{F15}£37,700].

[^{F16}(5A) The higher rate limit for a tax year is equal to—

- (a) twice the amount specified in subsection (1) of section 35 (personal allowance) for the tax year, plus
- (b) the amount specified in subsection (2) of that section (amount at which personal allowance starts to be withdrawn).

(5B) Before the start of the tax year the Treasury must make an order specifying the amount which is, as a result of subsection (5A), the higher rate limit for the tax year.]

[^{F17}(6) The basic rate limit [^{F18}and higher rate limit are] increased in some circumstances: see—

- (a) section 414(2) (gift aid relief), and
- (b) section 192(4) of FA 2004 (relief for pension contributions).

(7) See section 21 for indexation of the basic rate limit.]

Textual Amendments

- F1** Word in s. 10 heading omitted (21.7.2008 with effect in accordance with Sch. 1 para. 65 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 1 para. 3\(6\)](#)
- F2** Words in s. 10 heading substituted (with effect in accordance with Sch. 2 para. 25 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 2 para. 4\(6\)](#)
- F3** S. 10(1) omitted (21.7.2008 with effect in accordance with Sch. 1 para. 65 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 1 para. 3\(2\)](#)
- F4** S. 10(2) substituted (21.7.2008 with effect in accordance with Sch. 1 para. 65 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 1 para. 3\(3\)](#)
- F5** Words in s. 10(2) omitted (30.11.2016 with effect in relation to tax year 2017-18 and subsequent tax years) by [Finance Act 2016 \(c. 24\)](#), [s. 6\(6\)\(24\)](#); S.I. 2016/1161, [regs. 2, 3](#)
- F6** Words in s. 10(3) inserted (with effect in accordance with Sch. 2 para. 25 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 2 para. 4\(2\)](#)
- F7** S. 10(3A) inserted (with effect in accordance with Sch. 2 para. 25 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 2 para. 4\(3\)](#)
- F8** S. 10(3B)(3C) omitted (with effect in accordance with Sch. 38 para. 12 of the amending Act) by virtue of [Finance Act 2014 \(c. 26\)](#), [Sch. 38 para. 4\(a\)](#)
- F9** S. 10(4) entry omitted (21.7.2008 with effect in accordance with Sch. 1 para. 65 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 1 para. 3\(4\)](#)
- F10** Words in s. 10(4) inserted (with effect in accordance with Sch. 38 para. 12 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 38 para. 4\(b\)](#)
- F11** Word in s. 10(4) substituted (30.11.2016 with effect in relation to tax year 2017-18 and subsequent tax years) by [Scotland Act 2016 \(c. 11\)](#), ss. 13(14), 14(6)(15), 72(3); S.I. 2016/1161, [regs. 2, 3](#)
- F12** Words in s. 10(4) inserted (24.7.2018) by [Wales Act 2014 \(c. 29\)](#), [ss. 9\(4\), 14, 29\(4\)](#); S.I. 2018/892, [art. 3](#) (with [arts. 5, 6, 8](#))

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- F13** Words in s. 10(4) inserted (30.11.2016 with effect in relation to tax year 2017-18 and subsequent tax years) by [Finance Act 2016 \(c. 24\), s. 6\(7\)\(24\)](#); S.I. 2016/1161, [regs. 2, 3](#)
- F14** Words in s. 10(4) inserted (with effect for the tax year 2016-17 and subsequent years) by [Finance Act 2016 \(c. 24\), s. 4\(4\)\(17\)](#)
- F15** Sum in s. 10(5) specified (1.2.2021 with effect for the tax year 2021-22) by [The Income Tax \(Indexation\) Order 2021 \(S.I. 2021/111\), art. 2](#)
- F16** [S. 10\(5A\)\(5B\)](#) substituted for [s. 10\(5A\)](#) (with the substituted s. 10(5A) having effect for the tax year 2023-24 and subsequent tax years, and the substituted s. 10(5B) having effect for the tax year 2028-29 and subsequent tax years) by [Finance Act 2023 \(c. 1\), s. 6\(1\)\(3\)\(5\)](#)
- F17** [S. 10\(6\)\(7\)](#) inserted (21.7.2008 with effect in accordance with Sch. 1 para. 65 of the amending Act) by [Finance Act 2008 \(c. 9\), Sch. 1 para. 3\(5\)](#)
- F18** Words in s. 10(6) substituted (with effect in accordance with Sch. 2 para. 25 of the amending Act) by [Finance Act 2009 \(c. 10\), Sch. 2 para. 4\(5\)](#)

Modifications etc. (not altering text)

- C1** [S. 10\(5\)](#): sum specified (for the tax years 2022-23, 2023-24, 2024-25 and 2025-26) by [Finance Act 2021 \(c. 26\), s. 5\(1\)](#)

11 Income charged at the ^{F19}default basic rate: non-individuals

- (1) Income tax is charged at the ^{F20}default basic rate on the income of persons other than individuals.
- (2) This section is subject to—
^{F21}
...
section 14 (income charged at the dividend ordinary rate: other persons),
Chapters 3 to 6 of Part 9 (which provide for some income of trustees to be charged at the dividend trust rate or at the trust rate), and
any other provisions of the Income Tax Acts which provide for income of persons other than individuals to be charged at different rates of income tax in some circumstances.

Textual Amendments

- F19** Words in s. 11 heading substituted (30.11.2016 with effect in relation to tax year 2017-18 and subsequent tax years) by [Finance Act 2016 \(c. 24\), s. 6\(8\)\(a\)\(24\)](#); S.I. 2016/1161, [regs. 2, 3](#)
- F20** Word in s. 11(1) inserted (30.11.2016 with effect in relation to tax year 2017-18 and subsequent tax years) by [Finance Act 2016 \(c. 24\), s. 6\(8\)\(b\)\(24\)](#); S.I. 2016/1161, [regs. 2, 3](#)
- F21** Words in s. 11(2) omitted (21.7.2008 with effect in accordance with Sch. 1 para. 65 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\), Sch. 1 para. 4](#)

^{F22}11A Income charged at ^{F23}Scottish rates

- ^{F24}(1A) Income tax is charged at Scottish rates on the non-savings income of a Scottish taxpayer.]
- (4) For the purposes of this section, “non-savings income” means income which is not savings income.
- (5) This section is subject to—

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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 [^{F25}which part of a Scottish taxpayer's income consists of savings income].]

Textual Amendments

- F22** S. 11A inserted (with effect in accordance with Sch. 38 para. 12 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 38 para. 5](#)
- F23** Word in s. 11A heading substituted (30.11.2016 with effect in relation to tax year 2017-18 and subsequent tax years) by [Scotland Act 2016 \(c. 11\)](#), [ss. 13\(10\)](#), [14\(4\)\(15\)](#), [72\(3\)](#); S.I. 2016/1161, [regs. 2, 3](#)
- F24** S. 11A(1A) substituted for s. 11A(1)-(3) (30.11.2016 with effect in relation to tax year 2017-18 and subsequent tax years) by [Scotland Act 2016 \(c. 11\)](#), [ss. 13\(10\)](#), [14\(8\)\(15\)](#), [72\(3\)](#); S.I. 2016/1161, [regs. 2, 3](#)
- F25** Words in s. 11A(6) substituted (30.11.2016 with effect in relation to tax year 2017-18 and subsequent tax years) by [Scotland Act 2016 \(c. 11\)](#), [ss. 13\(10\)](#), [14\(9\)\(15\)](#), [72\(3\)](#); S.I. 2016/1161, [regs. 2, 3](#)

[^{F26}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.]

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Textual Amendments

F26 S. 11B inserted (24.7.2018) by [Wales Act 2014 \(c. 29\)](#), [ss. 9\(5\), 14, 29\(4\)](#); [S.I. 2018/892](#), [art. 3](#) (with [arts. 5, 6, 8](#))

[^{F27} 11C Income charged at the default basic, higher and additional rates: non-UK resident individuals

- (1) Income tax on a non-UK resident individual's income up to the basic rate limit is charged at the default basic rate.
- (2) Income tax is charged at the default higher rate on a non-UK resident individual's income above the basic rate limit and up to the higher rate limit.
- (3) Income tax is charged at the default additional rate on a non-UK resident individual's income above the higher rate limit.
- (4) Subsections (1) to (3) are subject to—
 - section 11D (savings income charged at the savings basic, higher and additional rates),
 - section 12 (savings income charged at the starting rate for savings),
 - section 12A (savings income charged at the savings nil rate),
 - section 13 (income charged at the dividend ordinary, upper and additional rates: individuals), and
 - any other provisions of the Income Tax Acts (apart from section 10) which provide for income to be charged at different rates of income tax in some circumstances.

Textual Amendments

F27 Ss. 11C, 11D inserted (30.11.2016 with effect in relation to tax year 2017-18 and subsequent tax years) by [Finance Act 2016 \(c. 24\)](#), [s. 6\(8\)\(b\)\(24\)](#); [S.I. 2016/1161](#), [regs. 2, 3](#)

11D Income charged at the savings basic, higher and additional rates

- (1) Income tax is charged at the savings basic rate on an individual's income which—
 - (a) is saving income, and
 - (b) would otherwise be charged at the basic rate or the default basic rate.
- (2) Income tax is charged at the savings higher rate on an individual's income which—
 - (a) is savings income, and
 - (b) would otherwise be charged at the higher rate or the default higher rate.
- (3) Income tax is charged at the savings additional rate on an individual's income which—
 - (a) is savings income, and
 - (b) would otherwise be charged at the additional rate or the default additional rate.
- (4) Subsections (1) to (3)—
 - (a) have effect after sections 12 and 12A have been applied (so that any reference in subsections (1) to (3) to income which would otherwise be charged at a

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- particular rate does not include income charged at the starting rate for savings or at the savings nil rate), and
- (b) are subject to any other provisions of the Income Tax Acts (apart from sections 10 and 11C) which provide for income to be charged at different rates of income tax in some circumstances.
- (5) Section 16 has effect for determining the extent to which an individual's savings income above the starting rate limit for savings would otherwise be charged at the basic, higher or additional rate or the default basic, default higher or default additional rate.
- (6) In relation to an individual who is a Scottish taxpayer, references in this section to income which would otherwise be charged at a particular rate are to be read as references to income that would, if the individual were not a Scottish taxpayer (but were UK resident), be charged at that rate (and subsection (5) is to be read accordingly).]

Textual Amendments

F27 Ss. 11C, 11D inserted (30.11.2016 with effect in relation to tax year 2017-18 and subsequent tax years) by [Finance Act 2016 \(c. 24\)](#), [s. 6\(8\)\(b\)\(24\)](#); S.I. 2016/1161, [regs. 2, 3](#)

[^{F28}12 Income charged at the starting rate for savings

- (1) Income tax is charged at the starting rate for savings ^{F29}... on so much of an individual's income up to the starting rate limit for savings [^{F30}as—
- (a) is savings income, and
- (b) would otherwise be charged at the basic rate or the default basic rate].
- (2) This is subject to 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.
- (3) The starting rate limit for savings is [^{F31}£5,000].
- (4) See section 21 for indexation of the starting rate limit for savings.
- (5) Section 16 has effect for determining the extent to which a person's income up to the starting rate limit for savings consists of savings income.]

Textual Amendments

F28 S. 12 substituted (21.7.2008 with effect in accordance with Sch. 1 para. 65 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 1 para. 5](#)

F29 Words in s. 12(1) omitted (30.11.2016 with effect in relation to tax year 2017-18 and subsequent tax years) by [Finance Act 2016 \(c. 24\)](#), [s. 6\(10\)\(a\)\(24\)](#); S.I. 2016/1161, [regs. 2, 3](#)

F30 Words in s. 12(1) substituted (30.11.2016 with effect in relation to tax year 2017-18 and subsequent tax years) by [Finance Act 2016 \(c. 24\)](#), [s. 6\(10\)\(b\)\(24\)](#); S.I. 2016/1161, [regs. 2, 3](#)

F31 Sum in s. 12(3) confirmed (6.4.2023 for the tax year 2023-24) by [Finance Act 2023 \(c. 30\)](#), [s. 4\(1\)](#)

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[^{F32}12A Savings income charged at the savings nil rate

- (1) This section applies in relation to an individual if—
 - (a) the amount of the individual's Step 3 income is greater than £L, where £L is the amount of the starting rate limit for savings, and
 - (b) when the individual's Step 3 income is split into two parts—
 - (i) one (“the individual's income up to the starting rate for savings”) consisting of the lowest £L of the individual's Step 3 income, and
 - (ii) the other (“the individual's income above the starting rate limit for savings”) consisting of the rest of the individual's Step 3 income, some or all of the individual's income above the starting rate limit for savings consists of savings income (whether or not some or all of the individual's income up to the starting rate limit for savings consists of savings income).
- (2) In this section—

£A is the amount of the individual's savings allowance (see section 12B),
“the excess” is so much of the individual's income above the starting rate limit for savings as consists of savings income, and
£X is the amount of the excess.
- (3) If £X is less than or equal to £A, income tax is charged at the savings nil rate (rather than the basic, higher or additional rate [^{F33} or the default basic, default higher or default additional rate]) on the excess.
- (4) If £X is more than £A, income tax is charged at the savings nil rate (rather than the basic, higher or additional rate [^{F34} or the default basic, default higher or default additional rate]) on the lowest £A of the excess.
- (5) Subsections (3) and (4) are subject to any provisions of the Income Tax Acts (apart from [^{F35} sections 10 and 11C]) which provide for income to be charged at different rates of income tax in some circumstances.
- (6) Section 16 has effect for determining the extent to which the individual's income above the starting rate limit for savings consists of savings income.
- (7) For the purposes of this section, an individual's “Step 3 income” is the individual's net income less allowances deducted at Step 3 of the calculation in section 23.

Textual Amendments

- F32** Ss. 12A, 12B inserted (with effect for the tax year 2016-17 and subsequent years) by [Finance Act 2016 \(c. 24\), s. 4\(5\)\(17\)](#)
- F33** Words in s. 12A(3) inserted (30.11.2016 with effect in relation to tax year 2017-18 and subsequent tax years) by [Finance Act 2016 \(c. 24\), s. 6\(11\)\(a\)\(24\)](#); S.I. 2016/1161, [regs. 2, 3](#)
- F34** Words in s. 12A(4) inserted (30.11.2016 with effect in relation to tax year 2017-18 and subsequent tax years) by [Finance Act 2016 \(c. 24\), s. 6\(11\)\(a\)\(24\)](#); S.I. 2016/1161, [regs. 2, 3](#)
- F35** Words in s. 12A(5) substituted (30.11.2016 with effect in relation to tax year 2017-18 and subsequent tax years) by [Finance Act 2016 \(c. 24\), s. 6\(11\)\(b\)\(24\)](#); S.I. 2016/1161, [regs. 2, 3](#)

12B Individual's entitlement to a savings allowance

- (1) Subsections (2) to (4) determine the amount of an individual's savings allowance for a tax year.

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- (2) If any of the individual's income for the year is additional-rate income, the individual's savings allowance for the year is nil.
- (3) If—
 - (a) any of the individual's income for the year is higher-rate income, and
 - (b) none of the individual's income for the year is additional-rate income,
 the individual's savings allowance for the year is £500.
- (4) If none of the individual's income for the year is higher-rate income, the individual's savings allowance for the year is £1,000.
- (5) The Treasury may by regulations substitute a different amount for the amount for the time being specified in subsection (2), (3) or (4); and regulations under this subsection that have effect for a tax year may be made at any time before the end of that tax year.
- (6) If regulations under subsection (5) reduce any amount, the regulations may not be made unless a draft of the instrument containing them (whether alone or together with regulations under subsection (5) which increase any amount) has been laid before, and approved by a resolution of, the House of Commons.
- (7) Section 1014(4) (negative procedure) does not apply to regulations under subsection (5) which increase any amount if—
 - (a) the instrument containing them also contains regulations under subsection (5) which reduce any amount, and
 - (b) a draft of the instrument has been laid before, and approved by a resolution of, the House of Commons.
- (8) For the purposes of this section—
 - (a) each of the following is “additional-rate income”—
 - (i) income on which income tax is charged at the additional rate [^{F36}, default additional rate] or dividend additional rate,
 - (ii) income on which income tax would be charged at the additional rate [^{F37}, or default additional rate,] but for section 12A (income charged at savings nil rate),
 - (iii) income on which income tax would be charged at the dividend additional rate but for section 13A (income charged at dividend nil rate), and
 - (iv) income of an individual who is a Scottish taxpayer or Welsh taxpayer which would, if the individual were not a Scottish taxpayer or Welsh taxpayer (as the case may be), be income on which income tax is charged at the additional rate [^{F38} or default additional rate], and
 - (b) each of the following is “higher-rate income”—
 - (i) income on which income tax is charged at the higher rate [^{F39}, default higher rate] or dividend upper rate,
 - (ii) income on which income tax would be charged at the higher rate [^{F40}, or default higher rate,] but for section 12A (income charged at savings nil rate),
 - (iii) income on which income tax would be charged at the dividend upper rate but for section 13A (income charged at dividend nil rate), and
 - (iv) income of an individual who is a Scottish taxpayer or Welsh taxpayer which would, if the individual were not a Scottish taxpayer or Welsh

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taxpayer (as the case may be), be income on which income tax is charged at the higher rate [^{F41}or default higher rate].]

Textual Amendments

- F32** Ss. 12A, 12B inserted (with effect for the tax year 2016-17 and subsequent years) by [Finance Act 2016 \(c. 24\), s. 4\(5\)\(17\)](#)
- F36** Words in s. 12B(8)(a)(i) inserted (30.11.2016 with effect in relation to tax year 2017-18 and subsequent tax years) by [Finance Act 2016 \(c. 24\), s. 6\(12\)\(a\)\(24\)](#); S.I. 2016/1161, [regs. 2, 3](#)
- F37** Words in s. 12B(8)(a)(ii) inserted (30.11.2016 with effect in relation to tax year 2017-18 and subsequent tax years) by [Finance Act 2016 \(c. 24\), s. 6\(12\)\(b\)\(24\)](#); S.I. 2016/1161, [regs. 2, 3](#)
- F38** Words in s. 12B(8)(a)(iv) inserted (30.11.2016 with effect in relation to tax year 2017-18 and subsequent tax years) by [Finance Act 2016 \(c. 24\), s. 6\(12\)\(c\)\(24\)](#); S.I. 2016/1161, [regs. 2, 3](#)
- F39** Words in s. 12B(8)(b)(i) inserted (30.11.2016 with effect in relation to tax year 2017-18 and subsequent tax years) by [Finance Act 2016 \(c. 24\), s. 6\(12\)\(d\)\(24\)](#); S.I. 2016/1161, [regs. 2, 3](#)
- F40** Words in s. 12B(8)(b)(ii) inserted (30.11.2016 with effect in relation to tax year 2017-18 and subsequent tax years) by [Finance Act 2016 \(c. 24\), s. 6\(12\)\(e\)\(24\)](#); S.I. 2016/1161, [regs. 2, 3](#)
- F41** Words in s. 12B(8)(b)(iv) inserted (30.11.2016 with effect in relation to tax year 2017-18 and subsequent tax years) by [Finance Act 2016 \(c. 24\), s. 6\(12\)\(f\)\(24\)](#); S.I. 2016/1161, [regs. 2, 3](#)

13 **Income charged at the dividend ordinary [^{F42}, dividend upper and dividend additional] rates: individuals**

- (1) Income tax is charged at the dividend ordinary rate on an individual's income which—
- is dividend income,
 - would otherwise be charged at the ^{F43}... basic rate, ^{F44}... [^{F45}or the Welsh basic rate,] and
 - is not relevant foreign income charged in accordance with section 832 of ITTOIA 2005 (relevant foreign income charged on the remittance basis).
- (2) Income tax is charged at the dividend upper rate on an individual's income which—
- is dividend income, ^{F46}...
 - would otherwise be charged at the higher rate, ^{F47}... [^{F48}or the Welsh higher rate,]^{F49} and
 - is not relevant foreign income charged in accordance with section 832 of ITTOIA 2005.]

- ^{F50}(2A) Income tax is charged at the dividend additional rate on an individual's income which—
- is dividend income,
 - would otherwise be charged at the additional rate, ^{F51}... [^{F52}or the Welsh additional rate,] and
 - is not relevant foreign income charged in accordance with section 832 of ITTOIA 2005.]
- (3) Subsections (1) [^{F53}to (2A)] are subject to any provisions of the Income Tax Acts (apart from section 10 [^{F54}or 11A]^{F55} or 11B]) which provide for income to be charged at different rates of income tax in some circumstances.
- (4) Section 16 has effect for determining the extent to which an individual's dividend income would otherwise be charged at the ^{F56}... basic [^{F57}, higher or additional] rate ^{F58}... [^{F59}or the Welsh basic, higher or additional rate].

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[^{F60}(5) In relation to an individual who is a Scottish taxpayer, references in this section to income that would otherwise be charged at a particular rate are to be read as references to income that would, if the individual were not a Scottish taxpayer, be charged at that rate (and subsection (4) is to be read accordingly).]

Textual Amendments

- F42** Words in s. 13 heading substituted (with effect in accordance with Sch. 2 para. 25 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), **Sch. 2 para. 5(5)**
- F43** Words in s. 13(1)(b) omitted (21.7.2008 with effect in accordance with Sch. 1 para. 65 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **Sch. 1 para. 6(a)**
- F44** Words in s. 13(1)(b) omitted (30.11.2016 with effect in relation to tax year 2017-18 and subsequent tax years) by [Scotland Act 2016 \(c. 11\)](#), **ss. 13(14)**, 14(11)(a)(15), 72(3); S.I. 2016/1161, **regs. 2, 3**
- F45** Words in s. 13(1)(b) inserted (24.7.2018) by [Wales Act 2014 \(c. 29\)](#), **ss. 9(6)(a)**, 14, 29(4); S.I. 2018/892, **art. 3** (with arts. 5, 6, 8)
- F46** Word in s. 13(2)(a) omitted (21.7.2008 with effect in accordance with s. 68(2) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **s. 68(1)(a)**
- F47** Words in s. 13(2)(b) omitted (30.11.2016 with effect in relation to tax year 2017-18 and subsequent tax years) by [Scotland Act 2016 \(c. 11\)](#), **ss. 13(14)**, 14(11)(b)(15), 72(3); S.I. 2016/1161, **regs. 2, 3**
- F48** Words in s. 13(2)(b) inserted (24.7.2018) by [Wales Act 2014 \(c. 29\)](#), **ss. 9(6)(b)**, 14, 29(4); S.I. 2018/892, **art. 3** (with arts. 5, 6, 8)
- F49** S. 13(2)(c) and word inserted (21.7.2008 with effect in accordance with s. 68(2) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **s. 68(1)(b)**
- F50** S. 13(2A) inserted (with effect in accordance with Sch. 2 para. 25 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), **Sch. 2 para. 5(2)**
- F51** Words in s. 13(2A)(b) omitted (30.11.2016 with effect in relation to tax year 2017-18 and subsequent tax years) by [Scotland Act 2016 \(c. 11\)](#), **ss. 13(14)**, 14(11)(c)(15), 72(3); S.I. 2016/1161, **regs. 2, 3**
- F52** Words in s. 13(2A)(b) inserted (24.7.2018) by [Wales Act 2014 \(c. 29\)](#), **ss. 9(6)(c)**, 14, 29(4); S.I. 2018/892, **art. 3** (with arts. 5, 6, 8)
- F53** Words in s. 13(3) substituted (with effect in accordance with Sch. 2 para. 25 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), **Sch. 2 para. 5(3)**
- F54** Words in s. 13(3) inserted (with effect in accordance with Sch. 38 para. 12 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), **Sch. 38 para. 6(d)**
- F55** Words in s. 13(3) inserted (24.7.2018) by [Wales Act 2014 \(c. 29\)](#), **ss. 9(6)(d)**, 14, 29(4); S.I. 2018/892, **art. 3** (with arts. 5, 6, 8)
- F56** Word in s. 13(4) omitted (21.7.2008 with effect in accordance with Sch. 1 para. 65 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **Sch. 1 para. 6(b)**
- F57** Words in s. 13(4) substituted (with effect in accordance with Sch. 2 para. 25 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), **Sch. 2 para. 5(4)**
- F58** Words in s. 13(4) omitted (30.11.2016 with effect in relation to tax year 2017-18 and subsequent tax years) by [Scotland Act 2016 \(c. 11\)](#), **ss. 13(14)**, 14(11)(d)(15), 72(3); S.I. 2016/1161, **regs. 2, 3**
- F59** Words in s. 13(4) inserted (24.7.2018) by [Wales Act 2014 \(c. 29\)](#), **ss. 9(6)(e)**, 14, 29(4); S.I. 2018/892, **art. 3** (with arts. 5, 6, 8)
- F60** S. 13(5) inserted (30.11.2016 with effect in relation to tax year 2017-18 and subsequent tax years) by [Scotland Act 2016 \(c. 11\)](#), **ss. 13(14)**, 14(11)(e)(15), 72(3); S.I. 2016/1161, **regs. 2, 3**

[^{F61}13A Income charged at the dividend nil rate

- (1) Subsection (2) applies if, ignoring this section, at least some of an individual's income would be charged to income tax at the dividend ordinary rate, the dividend upper rate or the dividend additional rate.

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- (2) Income tax is charged at the dividend nil rate (rather than the dividend ordinary rate, dividend upper rate or dividend additional rate) on one or more amounts of the individual's income as follows—

Step 1 Identify the amount (“D”) of the individual's income which would, ignoring this section, be charged at the dividend ordinary rate. *Rule 1A:* If D is more than [^{F62}£1,000], the first [^{F62}£1,000] of D is charged at the dividend nil rate (rather than the dividend ordinary rate), and is the only amount charged at the dividend nil rate. *Rule 1B:* If D is equal to [^{F62}£1,000], D is charged at the dividend nil rate (rather than the dividend ordinary rate), and is the only amount charged at the dividend nil rate. *Rule 1C:* If D is less than [^{F62}£1,000] but more than nil, D is charged at the dividend nil rate (rather than the dividend ordinary rate).

Step 2 If D is less than [^{F62}£1,000], identify the amount (“U”) of the individual's income which would, ignoring this section, be charged at the dividend upper rate. *Rule 2A:* If the total of D and U is more than [^{F62}£1,000]—

- (a) the first £M of U is charged at the dividend nil rate (rather than the dividend upper rate), where £M is the difference between [^{F62}£1,000] and D, and
- (b) the amounts charged under this Rule and Rule 1C are the only amounts charged at the dividend nil rate.

Rule 2B: If the total of D and U is equal to [^{F62}£1,000], U is charged at the dividend nil rate (rather than the dividend upper rate), and the amounts charged under this Rule and Rule 1C are the only amounts charged at the dividend nil rate. *Rule 2C:* If the total of D and U is less than [^{F62}£1,000] but more than nil, U is charged at the dividend nil rate (rather than the dividend upper rate).

Step 3 If the total of D and U is less than [^{F62}£1,000], identify the amount (“A”) of the individual's income which would, ignoring this section, be charged at the dividend additional rate. *Rule 3A:* If the total of D, U and A is more than [^{F62}£1,000], the first £X of A is charged at the dividend nil rate (rather than the dividend additional rate), where £X is the difference between—

[^{F62}£1,000], and
the total of D and U,

and the amounts charged under this Rule, and Rules 1C and 2C, are the amounts charged at the dividend nil rate. *Rule 3B:* If the total of D, U and A is less than or equal to [^{F62}£1,000], A is charged at the dividend nil rate (rather than the dividend additional rate), and the amounts charged under this Rule, and Rules 1C and 2C, are the amounts charged at the dividend nil rate.]

Textual Amendments

- F61** S. 13A inserted (with effect for the tax year 2016-17 and subsequent years) by [Finance Act 2016 \(c. 24\), s. 5\(5\)\(10\)](#)
- F62** Sum in s. 13A(2) substituted (with effect for the tax year 2023-24) by [Finance Act 2023 \(c. 1\), s. 7\(1\)\(2\)](#)

14 Income charged at the dividend ordinary rate: other persons

- (1) Income tax is charged at the dividend ordinary rate on the income of persons other than individuals which—

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- (a) is dividend income,
 - (b) would otherwise be charged at the basic rate, and
 - (c) is not relevant foreign income charged in accordance with section 832 of ITTOIA 2005 (relevant foreign income charged on the remittance basis).
- (2) This is subject to—
- Chapters 3 to 6 of Part 9 (which provide for some income of trustees to be charged at the dividend trust rate or at the trust rate),
^{F63} ... and
 any other provisions of the Income Tax Acts (apart from section 11) which provide for income of persons other than individuals to be charged at different rates of income tax in some circumstances.

Textual Amendments

F63 Words in s. 14(2) omitted (6.4.2014) by virtue of [The Unauthorised Unit Trusts \(Tax\) Regulations 2013 \(S.I. 2013/2819\)](#), regs. 1(3), **37(3)** (with [reg. 32](#))

15 Income charged at the trust rate and the dividend trust rate

For the circumstances in which income tax is charged at the trust rate and the dividend trust rate, see Chapters 3 to 6 of Part 9.

16 Savings and dividend income to be treated as highest part of total income

- (1) This section has effect for determining^{F64} —
- [^{F65}(za) which part of a Scottish taxpayer's income consists of savings income,]
 - [^{F66}(zb) the rate at which income tax would be charged on the non-savings income of a Welsh taxpayer apart from section 11B,]
 - (a) the extent to which a person's income up to the starting rate limit for savings consists of savings income,
 - [^{F67}(aa) the extent to which a person's income above the starting rate limit for savings consists of savings income,] and
 - [^{F68}(ab) the rate at which income tax would be charged on a person's savings income above the starting rate limit for savings apart from sections 11D and 12A,]
 - (b) the rate at which income tax would be charged on a person's dividend income apart from section 13.]
- (2) It also has effect for all other income tax purposes except for the purposes of—
- (a) section 491 (special rates not to apply to first slice of trustees' trust rate income), and
 - (b) sections 535 to 537 of ITTOIA 2005 (gains from contracts for life insurance etc: top slicing relief).
- (3) If a person has savings income but no dividend income, the savings income is treated as the highest part of the person's total income.
- (4) If a person has dividend income but no savings income, the dividend income is treated as the highest part of the person's total income.
- (5) If a person has both savings income and dividend income—

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- (a) the savings income and dividend income are together treated as the highest part of the person's total income, and
 - (b) the dividend income is treated as the higher part of that part of the person's total income.
- (6) See section 1012 for the relationship between—
- (a) the rules in this section, and
 - (b) other rules requiring particular income to be treated as the highest part of a person's total income.
- (7) References in this section to dividend income do not include dividend income which is relevant foreign income charged in accordance with section 832 of ITTOIA 2005 (relevant foreign income charged on the remittance basis).

Textual Amendments

- F64** Words in s. 16(1) substituted (21.7.2008 with effect in accordance with Sch. 1 para. 65 of the amending Act) by [Finance Act 2008 \(c. 9\), Sch. 1 para. 7](#)
- F65** S. 16(1)(za) substituted (30.11.2016 with effect in relation to tax year 2017-18 and subsequent tax years) by [Scotland Act 2016 \(c. 11\), ss. 13\(14\), 14\(12\)\(15\), 72\(3\)](#); S.I. 2016/1161, [regs. 2, 3](#)
- F66** S. 16(1)(zb) inserted (24.7.2018) by [Wales Act 2014 \(c. 29\), ss. 9\(7\), 14, 29\(4\)](#); S.I. 2018/892, [art. 3](#) (with [arts. 5, 6, 8](#))
- F67** S. 16(1)(aa) inserted (with effect for the tax year 2016-17 and subsequent years) by [Finance Act 2016 \(c. 24\), s. 4\(6\)\(17\)](#)
- F68** S. 16(1)(ab) inserted (30.11.2016 with effect in relation to tax year 2017-18 and subsequent tax years) by [Finance Act 2016 \(c. 24\), s. 6\(13\)\(24\)](#); S.I. 2016/1161, [regs. 2, 3](#)

17 **Repayment: tax paid at [^{F69}greater] rate instead of [^{F70}starting rate for savings][^{F71}or savings nil rate]**

- (1) This section applies if income tax [^{F72}at a rate greater than the starting rate for savings] has been paid on income on which income tax is chargeable at the [^{F73}starting rate for savings].

[^{F74}(1A) This section also applies if income tax at a rate greater than the savings nil rate has been paid on income on which income tax is chargeable at the savings nil rate.]

- (2) If a claim is made, any necessary repayment of tax must be made.

Textual Amendments

- F69** Word in s. 17 heading substituted (with effect for the tax year 2016-17 and subsequent years) by [Finance Act 2016 \(c. 24\), s. 4\(7\)\(b\)\(i\)\(17\)](#)
- F70** Words in s. 17 heading substituted (21.7.2008 with effect in accordance with Sch. 1 para. 65 of the amending Act) by [Finance Act 2008 \(c. 9\), Sch. 1 para. 8\(3\)](#)
- F71** Words in s. 17 heading inserted (with effect for the tax year 2016-17 and subsequent years) by [Finance Act 2016 \(c. 24\), s. 4\(7\)\(b\)\(ii\)\(17\)](#)
- F72** S. 17(1) words substituted (30.11.2016 with effect in relation to tax year 2017-18 and subsequent tax years) by [Finance Act 2016 \(c. 24\), s. 6\(14\)\(24\)](#); S.I. 2016/1161, [regs. 2, 3](#)
- F73** Words in s. 17(1) substituted (21.7.2008 with effect in accordance with Sch. 1 para. 65 of the amending Act) by [Finance Act 2008 \(c. 9\), Sch. 1 para. 8\(2\)](#)

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F74 S. 17(1A) inserted (with effect for the tax year 2016-17 and subsequent years) by [Finance Act 2016 \(c. 24\), s. 4\(7\)\(a\)\(17\)](#)

18 Meaning of “savings income”

- (1) This section applies for the purposes of the Income Tax Acts.
- (2) “Savings income” is income—
 - (a) which is within subsection (3) or (4), and
 - (b) which is not relevant foreign income charged in accordance with section 832 of ITTOIA 2005 (relevant foreign income charged on the remittance basis).
- (3) Income is within this subsection if it is—
 - (a) income chargeable under Chapter 2 of Part 4 of ITTOIA 2005 (interest),
 - (b) income chargeable under Chapter 7 of Part 4 of ITTOIA 2005 (purchased life annuity payments), other than income from annuities specified in section 718(2) of that Act (annuities purchased from certain life assurance premium payments or under wills etc),
 - (c) income chargeable under Chapter 8 of Part 4 of ITTOIA 2005 (profits from deeply discounted securities), or
 - (d) income chargeable under Chapter 2 of Part 12 of this Act (accrued income profits).
- (4) Income is within this subsection if—
 - (a) it is chargeable under Chapter 9 of Part 4 of ITTOIA 2005 (gains from contracts for life insurance etc), and
 - (b) an individual is, or personal representatives are, liable for income tax on it (under section 465 or 466 of that Act).

Modifications etc. (not altering text)

C2 S. 18 excluded by [Taxes Management Act 1970 \(c. 9\)](#), s. 18E(2)(b) (as inserted (with effect in accordance with s. 381(1)) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), s. 381(1), Sch. 7 para. 103 (with Sch. 9 paras. 1-9, 22))

19 Meaning of “dividend income”

- (1) This section applies for the purposes of the Income Tax Acts.
- (2) “Dividend income” is income which is—
 - (a) chargeable under Chapter 3 of Part 4 of ITTOIA 2005 (dividends etc from UK resident companies),
 - (b) chargeable under Chapter 4 of that Part (dividends from non-UK resident companies),
 - (c) chargeable under Chapter 5 of that Part (stock dividends from UK resident companies),
 - (d) chargeable under Chapter 6 of that Part (release of loan to participator in close company), or
 - (e) a relevant foreign distribution chargeable under Chapter 8 of Part 5 of ITTOIA 2005 (income not otherwise charged).

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- (3) In subsection (2) “relevant foreign distribution” means a distribution of a non-UK resident company which—
- (a) is not chargeable under Chapter 4 of Part 4 of ITTOIA 2005, but
 - (b) would be chargeable under Chapter 3 of that Part if the company were UK resident.

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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. 24B inserted by [2023 c. 30 Sch. 2 para. 10\(3\)](#)
- s. 788(7) inserted by [2007 c. 29 Sch. 21 para. 161\(b\)](#) (The amending provision was repealed before coming into force.)