



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

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

- (1) This section has effect for determining^[F1] —
- ^[F2](za) which part of a Scottish taxpayer's income consists of savings income,]
 - ^[F3](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,
 - ^[F4](aa) the extent to which a person's income above the starting rate limit for savings consists of savings income,] and
 - ^[F5](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).

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- (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—
 - (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

- F1** 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](#)
- F2** 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](#)
- F3** 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](#))
- F4** S. 16(1)(aa) inserted (with effect for the tax year 2016-17 and subsequent years) by [Finance Act 2016 \(c. 24\)](#), [s. 4\(6\)\(17\)](#)
- F5** 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](#)

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Changes and effects yet to be applied to :

- s. 16(2)(a) and word omitted by [2023 c. 30 Sch. 2 para. 13\(3\)\(e\)](#)

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.)