



Income Tax Act 2007

2007 CHAPTER 3

PART 3

PERSONAL RELIEFS

CHAPTER 4

GENERAL

58 **Meaning of “adjusted net income”**

- (1) For the purposes of Chapters 2 and 3, an individual's adjusted net income for a tax year is calculated as follows.

Step 1

Take the amount of the individual's net income for the tax year.

Step 2

If in the tax year the individual makes, or is treated under section 426 as making, a gift that is a qualifying donation for the purposes of Chapter 2 of Part 8 (gift aid) deduct the grossed up amount of the gift.

Step 3

If the individual is given relief in accordance with section 192 of FA 2004 (relief at source) in respect of any contribution paid in the tax year under a pension scheme, deduct the gross amount of the contribution.

Step 4

Add back any relief under section 457 or 458 (payments to trade unions or police organisations) that was deducted in calculating the individual's net income for the tax year.

The result is the individual's adjusted net income for the tax year.

- (2) The grossed up amount of a gift is the amount of the gift grossed up by reference to the basic rate for the tax year^{F1}

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- (3) The gross amount of a contribution is the amount of the contribution before deduction of tax under section 192(1) of FA 2004.
- [^{F2}(4) Subsection (6) of section 809ZM (removal of income tax relief in respect of tainted donations etc) excludes certain donations from being deducted at step 2 in subsection (1).]

Textual Amendments

- F1** Words in s. 58(2) omitted (6.4.2018) by virtue of [The Scottish Rates of Income Tax \(Consequential Amendments\) Order 2018 \(S.I. 2018/459\)](#), arts. 1(2), **6(3)**
- F2** S. 58(4) inserted (19.7.2011) (with effect in accordance with Sch. 3 para. 27 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), **Sch. 3 para. 9**

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- s. 788(7) inserted by [2007 c. 29 Sch. 21 para. 161\(b\)](#) (The amending provision was repealed before coming into force.)