
STATUTORY INSTRUMENTS

2019 No. 201

**The Devolved Income Tax Rates
(Consequential Amendments) Order 2019**

Amendments to the Income Tax Act 2007

- 12.**—(1) The Income Tax Act 2007(1) is amended as follows.
- (2) In section 11D(6)(2) (income charged at the savings basic, higher and additional rates)—
- (a) after “individual who is a Scottish taxpayer”, insert “or Welsh taxpayer”, and
- (b) for “not a Scottish taxpayer” substitute “neither a Scottish taxpayer nor a Welsh taxpayer”.
- (3) In section 26(1)(a)(3) (tax reductions at Step 6 of section 23 calculation: individuals), after the entry for section 399B of ITA 2007 insert—
- “section 414A(3) (gift aid where devolved basic rate is above basic rate),”.
- (4) In section 30(1)(4) (additional amounts of tax at Step 7 of section 23 calculation: individuals), before the entry for section 424 of ITA 2007 insert—
- “section 414A(4) read with section 414A(5) (gift aid where devolved basic rate is below basic rate),”.
- (5) In section 31(2)(5) (total income: supplementary) after “at the basic rate” insert “, the Welsh basic rate”.
- (6) In section 55B(6) (tax reduction: entitlement)—
- (a) in subsection (2)(b), after “the Scottish intermediate rate,” insert “the Welsh basic rate,”, and
- (b) in subsection (3)—
- (i) after “Scottish taxpayer” insert “or Welsh taxpayer”, and
- (ii) after “Scottish basic rate” insert “or Welsh basic rate”.
- (7) In subsection 55C(1)(c)(7) (election to reduce personal allowance) after “the Scottish intermediate rate,” insert “the Welsh basic rate,”.
- (8) After section 414 (gift aid: relief) insert—

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- (1) [2007 c. 3](#).
- (2) Section 11D was inserted by section 6(1) and (9) of the Finance Act 2016.
- (3) Section 26(1)(a) was amended by paragraph 6(o)(ii) to the Finance Act 2009, paragraph 8 of Schedule 6 and paragraph 32(2) (a) of Schedule 39 to the Finance Act [2012 \(c.14\)](#), section 11(3) and paragraph 6 of Schedule 11 to the Finance Act 2014, section 24(8) of the Finance (No.2) Act [2015 \(c.33\)](#) and article 5(2) of [S.I. 2015/1810](#).
- (4) Section 30(1) was amended by paragraph 8(a) of Schedule 3 and paragraph 6(3) of Schedule 1 to the Finance Act 2012, paragraph 3(2) of Schedule 5 to the Finance Act 2016 and article 5(3) of [S.I. 2015/1810](#).
- (5) Section 31(2) was amended by paragraph 12 of Schedule 1 to the Finance Act 2008, section 11(4) of the Finance Act 2014 and article 14(2) of [S.I. 2015/1810](#).
- (6) Section 55B was inserted by section 11(2) of the Finance Act 2014. Subsection (2)(b) was amended by article 14(3)(a) of [S.I. 2015/1810](#), sections 4(8), 5(6)(a) and 6(15)(a) of the Finance Act 2016 and article 6(2) of [S.I. 2018/459](#).
- (7) Section 55C(1) was inserted by section 11(2) of the Finance Act 2014. Subsection (1)(c) was amended by article 14(4) of [S.I. 2015/1810](#), sections 4(8), 5(7)(a) and 6(16) of the Finance Act 2016 and article 6(2) of [S.I. 2018/459](#).

“414A Tax reduction or charge if basic rate, and devolved basic rate, differ

(1) Subsections (3) and (4) apply if an individual makes a gift to a charity which is a qualifying donation, and for the tax year in which the gift is made—

- (a) the individual is a Scottish taxpayer or a Welsh taxpayer,
- (b) there is a difference between—
 - (i) the applicable devolved basic rate, and
 - (ii) the basic rate, and
- (c) any of the individual’s income is liable to the applicable devolved basic rate.

(2) In this section—

“the applicable devolved basic rate”—

- (a) is the Scottish basic rate if the individual is a Scottish taxpayer, and
- (b) is the Welsh basic rate if the individual is a Welsh taxpayer,

“the ADBR amount” is the amount of the individual’s income liable to the applicable devolved basic rate, and

“the rate difference” means the difference between the basic rate and the applicable devolved basic rate.”

(3) If, for the tax year in which the gift is made, the applicable devolved basic rate is above the basic rate—

- (a) the individual is entitled to a tax reduction for that tax year,
- (b) the tax reduction is given effect at Step 6 of the calculation in section 23,
- (c) where the ADBR amount is more than or equal to the grossed up amount of the gift, the amount of the tax reduction is equal to the grossed up amount of the gift multiplied by the rate difference, and
- (d) otherwise, the amount of the tax reduction is equal to the ADBR amount multiplied by the rate difference.

(4) If, for the tax year in which the gift is made, the applicable devolved basic rate is lower than the basic rate—

- (a) income tax is charged under this subsection for that tax year,
- (b) the individual is the person liable for the tax,
- (c) where the ADBR amount is more than or equal to the grossed up amount of the gift, the amount of the tax is equal to the grossed up amount of the gift multiplied by the rate difference, and
- (d) otherwise, the amount of the tax is the ADBR amount multiplied by the rate difference,

but see subsection (5).

(5) If, in the case of an individual (and ignoring this subsection), the total amount of tax charged under subsection (4) for a tax year is greater than the individual’s section 414(2)(b) tax saving for that year, the total amount of that tax is limited so as to be equal to the individual’s section 414(2)(b) tax saving for that year.

(6) For the purposes of subsection (5), the amount of an individual’s “section 414(2)(b) tax saving” for a tax year is—

- (a) if the amount calculated at Step 5 of the calculation in section 23 in the individual’s case for that year is less than it would be were section 414(2)(b) not to have effect, equal to the difference, and

- (b) otherwise is nil.”.
- (9) In section 745(8) (rates of tax applicable to income charged under sections 720 and 727 etc)—
 - (a) after subsection (1A) insert—
 - “(1B) Income tax at the Welsh basic rate when that rate is above 0% and below, or equal to, the basic rate is not charged under section 720 or 727 in respect of any income if (and to the corresponding extent that) the income mentioned in section 721(2) or 728(1) (a) has borne tax at the basic rate.”,
 - (b) in subsection (2) for “and (1A) ” substitute “, (1A) and (1B)”, and
 - (c) in subsection (3) for “neither of subsections (1) and (1A)” substitute “none of subsections (1), (1A) and (1B)”.

(8) Section 745(1A) was inserted by article 6(6)(a) of [S.I. 2018/459](#); Section 745(2) was amended by [S.I. 2018/459](#) and subsection (3) of that section was substituted by paragraph 18 of Schedule 10 to, the Finance Act 2013 (c. 29) and was amended by article 6(6)(c) of [S.I. 2018/459](#).