



Finance Act 2000

2000 CHAPTER 17

PART III

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER I

CHARGE AND RATES

Income tax

31 Charge and rates for 2000-01

Income tax shall be charged for the year 2000-01, and for that year—

- (a) the starting rate shall be 10%,
- (b) the basic rate shall be 22%, and
- (c) the higher rate shall be 40%.

32 Extension of starting rate to savings income of individuals

- (1) Section 1A of the Taxes Act 1988 (application of lower rate or Schedule F ordinary rate to income from savings and distributions) is amended as follows.
- (2) In subsection (1)(b) (income of individuals to which those rates do not apply), after the words “is not” insert “—
 - (i) savings income falling within section 1(2)(aa), or
 - (ii)”.
 - (3) After subsection (1) insert—

“(1AA) In subsection (1)(b)(i) above “savings income” means income to which this section applies other than—

Status: This is the original version (as it was originally enacted).

- (a) income chargeable under Schedule F, or
 - (b) equivalent foreign income falling within subsection (3)(b) below and chargeable under Case V of Schedule D.”.
- (4) This section has effect for the year 2000-01 and subsequent years and shall be deemed to have had effect for the year 1999-00.

33 Deduction of income tax from foreign dividends

- (1) In section 4 of the Taxes Act 1988 (construction of references in Income Tax Acts to deduction of tax), after subsection (1A) (which provides for deduction at lower rate from savings and distributions) insert—

“(1B) To the extent that section 118E (paying and collecting agents: deduction of tax) applies in relation to foreign dividend income—

- (a) subsections (1) and (1A) above shall not apply, and
- (b) any provision of that section of the kind mentioned in subsection (1) above shall be construed as referring to deduction or payment of income tax at the Schedule F ordinary rate in force for the relevant year of assessment.

For this purpose “foreign dividend income” means any such dividend or other distribution of a company not resident in the United Kingdom as would be chargeable under Schedule F if the company were resident in the United Kingdom.”.

- (2) This section has effect for the year 2000-01 and shall be deemed to have had effect for the year 1999-00.

34 Children’s tax credit

- (1) In section 257AA(2) of the Taxes Act 1988 (which specifies the amount by reference to which the children’s tax credit is calculated) for “£4,160” substitute “£4,420”.
- (2) This section has effect for the year 2001-02 and subsequent years of assessment.