



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Status: This is the original version (as it was originally enacted).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

Corporation tax

35 Charge and main rate for financial year 2001

Corporation tax shall be charged for the financial year 2001 at the rate of 30%.

36 Small companies’ rate for financial year 2000

For the financial year 2000—

- (a) the small companies’ rate shall be 20%, and
- (b) the fraction mentioned in section 13(2) of the Taxes Act 1988 (marginal relief for small companies) shall be one fortieth.

Capital gains tax

37 Application of starting rate to capital gains tax

- (1) In section 4 of the Taxation of Chargeable Gains Act 1992 (rates of capital gains tax), after subsection (1AA) insert—

“(1AB) If (after allowing for any deductions in accordance with the Income Tax Acts) an individual has no income for a year of assessment or his total income for the year is less than the starting rate limit, then—

- (a) if the amount on which he is chargeable to capital gains tax does not exceed the unused part of his starting rate band, the rate of capital gains tax in respect of gains accruing to him in the year shall be equivalent to the starting rate;
- (b) if the amount on which he is chargeable to capital gains tax exceeds the unused part of his starting rate band, the rate of capital gains tax in respect of such gains accruing to him in the year as correspond to the unused part shall be equivalent to the starting rate.

(1AC) The references in subsection (1AB) above to the unused part of an individual’s starting rate band are to the amount by which the starting rate limit exceeds his total income (as reduced by any deductions made in accordance with the Income Tax Acts).”.

- (2) This section has effect for the year 2000-01 and subsequent years of assessment.