



Income Tax Act 2007

2007 CHAPTER 3

PART 3

PERSONAL RELIEFS

CHAPTER 4

GENERAL

56 Residence etc of claimants

- (1) This section applies in relation to an individual who claims—
 - (a) an allowance under Chapter 2 (personal allowance and blind person's allowance) for a tax year, or
 - (b) a tax reduction under Chapter 3 (tax reductions for married couples and civil partners) for a tax year.
- (2) The individual meets the requirements of this section if the individual—
 - (a) is UK resident for the tax year, or
 - (b) meets the condition in subsection (3).
- (3) An individual meets the condition in this subsection if, at any time in the tax year, the individual—
 - [^{F1}(za) is a national of an EEA state,]
 - (a) is resident in the Isle of Man or the Channel Islands,
 - (b) has previously resided in the United Kingdom and is resident abroad for the sake of the health of—
 - (i) the individual, or
 - (ii) a member of the individual's family who is resident with the individual,
 - (c) is a person who is or has been employed in the service of the Crown,
 - (d) is employed in the service of any territory under Her Majesty's protection,

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- (e) is employed in the service of a missionary society, or
- (f) is a person whose late spouse or late civil partner was employed in the service of the Crown.

Textual Amendments

F1 S. 56(3)(za) inserted (21.7.2008 with effect in accordance with s. 70(4) of the amending Act) by Finance Act 2008 (c. 9), s. 70(2)

57 Indexation of allowances

- (1) This section provides for increases in the amounts specified in—
- (a) section [^{F2}35(1)] (personal allowance for those [^{F3}born after 5 April 1948]),
 - ^{F4}(b)
 - ^{F5}(c)
 - (d) section 38(1) (blind person's allowance),
 - (e) section 43 (tax reductions for married couples and civil partners: the minimum amount),
 - (f) section 45(3)(a) and (b) (marriages before 5 December 2005),
 - (g) section 46(3)(a) and (b) (marriages and civil partnerships on or after 5 December 2005), and
 - (h) sections 36(2), 37(2), 45(4) and 46(4) (adjusted net income limit).
- (2) It applies if the retail prices index for the September before the start of a tax year is higher than it was for the previous September.
- (3) For the tax year—
- (a) the allowances specified in sections [^{F6}35(1)][^{F7}and] 38(1),
 - (b) the amounts specified in sections 45(3)(a) and (b) and 46(3)(a) and (b), and
 - (c) the minimum amount specified in section 43,
- are found as follows.

Step 1

Multiply the allowance, amount or (as the case may be) the minimum amount for the previous tax year by the same percentage as the percentage increase in the retail prices index.

Step 2

If the result of Step 1 is a multiple of £10, it is the increase for the tax year.

If the result of Step 1 is not a multiple of £10, round it up to the nearest amount which is a multiple of £10.

That amount is the increase for the tax year.

Step 3

Add the increase for the tax year to the allowance, amount or (as the case may be) the minimum amount for the previous tax year.

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The result is the allowance, amount or (as the case may be) the minimum amount for the tax year.

- (4) For the tax year, the adjusted net income limits specified in sections 36(2), 37(2), 45(4) and 46(4) are found as follows.

Step 1

Increase the adjusted net income limit for the previous tax year by the same percentage as the percentage increase in the retail prices index.

Step 2

If the result of Step 1 is a multiple of £100, it is the adjusted net income limit for the tax year.

If the result of Step 1 is not a multiple of £100, round it up to the nearest amount which is a multiple of £100.

That amount is the adjusted net income limit for the tax year.

- (5) Subsections (1) to (4) do not require a change to be made in the amounts deductible or repayable under PAYE regulations during the period beginning on 6 April and ending on 17 May in the tax year.
- (6) Before the start of the tax year the Treasury must make an order replacing the amounts specified in the provisions listed in subsection (1) with the amounts which, as a result of this section, are the allowances, amounts, the minimum amount and the adjusted net income limits for the tax year.

Textual Amendments

- F2** Word in s. 57(1)(a) substituted (with effect in accordance with s. 4(5) of the amending Act) by [Finance Act 2009 \(c. 10\), s. 4\(3\)](#)
- F3** Words in s. 57(1)(a) substituted (17.7.2012) (with effect in accordance with s. 1(8) of the amending Act) by [Finance Act 2012 \(c. 14\), s. 4\(6\)\(a\)\(i\)](#)
- F4** S. 57(1)(b) omitted (17.7.2012) (with effect in accordance with s. 1(8) of the amending Act) by virtue of [Finance Act 2012 \(c. 14\), s. 4\(6\)\(a\)\(ii\)](#)
- F5** S. 57(1)(c) omitted (17.7.2012) (with effect in accordance with s. 1(8) of the amending Act) by virtue of [Finance Act 2012 \(c. 14\), s. 4\(6\)\(a\)\(ii\)](#)
- F6** Word in s. 57(3)(a) substituted (with effect in accordance with s. 4(5) of the amending Act) by [Finance Act 2009 \(c. 10\), s. 4\(3\)](#)
- F7** Word in s. 57(3)(a) substituted (17.7.2012) (with effect in accordance with s. 1(8) of the amending Act) by [Finance Act 2012 \(c. 14\), s. 4\(6\)\(b\)](#)

Modifications etc. (not altering text)

- C1** S. 57 excluded (21.7.2008) by [Finance Act 2008 \(c. 9\), s. 2\(2\)\(a\)](#)
- C2** S. 57 excluded (21.7.2008) by [Finance Act 2008 \(c. 9\), s. 3\(2\)\(a\)](#)
- C3** S. 57 excluded (21.7.2009) by [Finance Act 2009 \(c. 10\), s. 3\(2\)\(a\)](#)
- C4** S. 57 excluded (19.7.2011) by [Finance Act 2011 \(c. 11\), s. 3\(2\)](#)
- C5** S. 57 excluded (17.7.2012) by [Finance Act 2012 \(c. 14\), s. 3\(2\)](#)

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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.
- (3) The gross amount of a contribution is the amount of the contribution before deduction of tax under section 192(1) of FA 2004.
- [^{F8}(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

- F8** 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 to legislation:

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