

FINANCE ACT 2009

EXPLANATORY NOTES

INTRODUCTION

Section 2: Income Tax: Basic Rate Limit for 2009-10

Background Note

4. An individual's taxable income up to the basic rate limit is liable to income tax at the basic rate of income tax. An individual's taxable income above the basic rate limit is liable to income tax at the higher rate of income tax.
5. The provisions in ITA which provide for the basic rate of income tax also provide for the amount, unless Parliament determines otherwise, to be increased annually by indexation. HM Treasury order of 24 November 2008 (2008 N^o. 3023) which specified the indexed amount for the 2009-10 tax year, is overridden by this section.
6. The table below sets out the amounts of the basic rate limit for 2008-09, the amount specified by order for 2009-10 and the amount specified by this section for 2009-10:

2008-09	2009-10 by Treasury order	2009-10 by this section
£34,800	£36,600	£37,400

7. The effect of this section is to override the amount specified by order for the basic rate limit and to set it at an amount £800 greater than the indexed increase.