

Status: Point in time view as at 01/04/2018.

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SCHEDULES

SCHEDULE 2

Section 6

INCOME TAX RATES

PART 1

AMENDMENTS OF ITA 2007

- 1 ITA 2007 is amended as follows.
- 2 (1) Section 6 (rates of income tax) is amended as follows.
 - (2) In subsection (2), for “and higher rate” substitute “, higher rate and additional rate”.
 - (3) In the heading, for “**and higher rate**” substitute “, **higher rate and additional rate**”.
- 3 (1) Section 8 (dividend ordinary rate and dividend upper rate) is amended as follows.
 - (2) Insert at the end—

“(3) The dividend additional rate is 42.5%.”
 - (3) In the heading, for “**and dividend upper rate**” substitute “, **dividend upper rate and dividend additional rate**”.
- 4 (1) Section 10 (income charged at basic and higher rates: individuals) is amended as follows.
 - (2) In subsection (3), insert at the end “and up to the higher rate limit.”
 - (3) After that subsection insert—

“(3A) Income tax is charged at the additional rate on an individual's income above the higher rate limit.”
 - (4) After subsection (5) insert—

“(5A) The higher rate limit is £150,000.”
 - (5) In subsection (6), for “is” substitute “ and higher rate limit are ”.
 - (6) In the heading, for “**and higher**” substitute “, **higher and additional**”.
- 5 (1) Section 13 (income charged at dividend ordinary and dividend upper rates: individuals) is amended as follows.
 - (2) After subsection (2) insert—

“(2A) Income tax is charged at the dividend additional rate on an individual's income which—
 - (a) is dividend income,

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- (b) would otherwise be charged at the additional rate, and
(c) is not relevant foreign income charged in accordance with section 832 of ITTOIA 2005.”
- (3) In subsection (3), for “and (2)” substitute “ to (2A) ”.
- (4) In subsection (4), for “or higher” substitute “ , higher or additional ”.
- (5) In the heading, for “**and dividend upper**” substitute “ , **dividend upper and dividend additional** ”.
- 6 In section 414(2)(b) (relief for gifts to charity), after “limit” insert “ and the higher rate limit ”.
- 7 In section 515(a) (rate of tax in respect of heritage maintenance settlements), for “higher rate” substitute “ additional rate ”.
- 8 (1) Section 989 (definitions) is amended as follows.
- (2) After the definition of “Act” insert—
- ““additional rate” means the rate of income tax determined in pursuance of section 6(2),”.
- (3) After the definition of “distribution” insert—
- ““dividend additional rate” means the rate of income tax specified in section 8(3),”.
- (4) After the definition of “higher rate” insert—
- ““higher rate limit” has the meaning given by section 10,”.
- 9 (1) Schedule 4 (index of defined expressions) is amended as follows.
- (2) After the entry relating to “Act” insert—

“additional rate	section 6(2) (as applied by section 989).”
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(3) In the entry relating to “basic rate limit”, for “20(2)” substitute “ 10 ”.

(4) After the entry relating to “dividends (in Chapter 1 of Part 13)” insert—

“dividend additional rate	section 8(3) (as applied by section 989).”
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(5) After the entry relating to “higher rate” insert—

“higher rate limit	section 10 (as applied by section 989).”
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PART 2

AMENDMENTS OF OTHER ACTS

FA 2004

- 10 Part 4 of FA 2004 (pension schemes etc) is amended as follows.

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11 In section 192 (relief for pension contributions at source), for subsection (4) substitute—

“(4) If (apart from this section) income tax at the higher rate or the additional rate is chargeable in respect of any part of the individual's total income for the tax year, on the making of a claim the basic rate limit and the higher rate limit for the tax year in the individual's case are increased by the amount of the contribution.”

12 In section 208 (unauthorised payments charge), for subsection (6) substitute—

“(6) The Treasury may by order amend subsection (5) so as to vary the rate of the unauthorised payments charge.

(6A) An order under subsection (6) may make provision for there to be different rates in different circumstances.”

13 In section 209 (unauthorised payments surcharge), for subsection (7) substitute—

“(7) The Treasury may by order amend subsection (6) so as to vary the rate of the unauthorised payments surcharge.

(8) An order under subsection (7) may make provision for there to be different rates in different circumstances.”

14 In section 215 (amount of lifetime allowance charge), after subsection (2) insert—

“(2A) The Treasury may by order amend subsection (2) so as to vary the rates of the lifetime allowance charge.

(2B) An order under subsection (2A) may make provision for there to be different rates in different circumstances.”

^{F1}15

Textual Amendments

F1 Sch. 2 para. 15 omitted (with effect in accordance with Sch. 17 Pt. 2 of the amending Act) by virtue of Finance Act 2011 (c. 11), Sch. 17 para. 26(1)(a)

16 In section 240 (amount of scheme sanction charge), after subsection (3) insert—

“(3A) The Treasury—

(a) may by order amend subsection (1) so as to vary the rate of the scheme sanction charge, and

(b) may by order amend subsection (3)(a) so as to vary the percentage mentioned there.

(3B) An order under subsection (3A) may make provision for there to be different rates or percentages in different circumstances.”

17 In section 242 (de-registration charge), insert at the end—

“(5) The Treasury may by order amend subsection (4) so as to vary the rate of the de-registration charge.

(6) An order under subsection (5) may make provision for there to be different rates in different circumstances.”

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- 18 (1) Section 282 (orders and regulations) is amended as follows.
- (2) After subsection (1) insert—
- “(1A) No order may be made under section 208(6), 209(7), 215(2A), 227(5A), 240(3A) or 242(5) unless a draft of the statutory instrument containing it has been laid before, and approved by a resolution of, the House of Commons.”
- (3) In subsection (2), after “Part” insert “, if made without a draft having been approved by a resolution of the House of Commons,”.

ITTOIA 2005

- 19 ITTOIA 2005 is amended as follows.
- 20 In section 640(6)(b) (grossing-up of deemed income)—
- (a) omit the “and” at the end of sub-paragraph (i), and
- (b) insert at the end “up to and including the year 2009-2010, and
- (iii) 50%, if the relevant tax year is the year 2010-2011 or any subsequent tax year.”

F221

Textual Amendments

- F2** Sch. 2 para. 21 omitted (with effect in accordance with s. 4(18) of the amending Act) by virtue of Finance Act 2016 (c. 24), s. 4(14)(c)

- 22 In section 685A(3) (settlor-interested settlements), for “higher rate” substitute “additional rate”.
- 23 (1) Part 2 of Schedule 4 (index of defined expressions) is amended as follows.
- (2) After the entry relating to “acquisition expenditure (in Chapter 9 of Part 2)” insert—

“additional rate	section 6(2) of ITA 2007 (as applied by section 989 of that Act).”
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- (3) After the entry relating to “distribution” insert—

“the dividend additional rate	section 8(3) of ITA 2007 (as applied by section 989 of that Act).”
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F(No.2)A 2005

- 24 In section 7(5) of F(No.2)A 2005 (charge to income tax on social security pension lump sum)—
- (a) in paragraph (d), after “basic rate limit for that year” insert “ but does not exceed the higher rate limit for that year”, and
- (b) after that paragraph insert—
- “(e) if P's Step 3 income for that year of assessment exceeds the higher rate limit for that year, the additional rate for that year.”

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PART 3

COMMENCEMENT

- 25 (1) The powers conferred by the amendments made by this Schedule may be exercised at any time on or after the day on which this Act is passed but not so as to make provision having effect before the tax year 2010-11.
- (2) Subject to that, the amendments made by this Schedule have effect for the tax year 2010-11 and subsequent tax years.

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