



# Finance Act 2015

## 2015 CHAPTER 11

### PART 1

#### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

### CHAPTER 1

#### CHARGE, RATES ETC

##### *Income tax*

#### **1 Charge and rates for 2015-16**

- (1) Income tax is charged for the year 2015-16.
- (2) For that tax year—
  - (a) the basic rate is 20%,
  - (b) the higher rate is 40%, and
  - (c) the additional rate is 45%.

#### **2 Limits and allowances for 2015-16**

- (1) For the tax year 2015-16—
  - (a) the amount specified in section 37(2) of ITA 2007 (income limit for personal allowance for those born before 6 April 1938) is replaced with “ £27,700 ”,
  - (b) the amount specified in section 38(1) of that Act (blind person's allowance) is replaced with “ £2,290 ”,
  - (c) the amount specified in section 43 of that Act (“minimum amount” for calculating tax reductions for married couples and civil partners) is replaced with “ £3,220 ”,

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- (d) the amount specified in section 45(3)(a) of that Act (amount for calculating allowance in relation to marriages before 5 December 2005 where spouse is 75 over) is replaced with “ £8,355 ”,
  - (e) the amount specified in section 45(4) of that Act (income limit for calculating allowance in relation to marriages before 5 December 2005) is replaced with “ £27,700 ”,
  - (f) the amount specified in section 46(3)(a) of that Act (amount for calculating allowance in relation to marriages and civil partnerships on or after 5 December 2005 where spouse or civil partner is 75 or over) is replaced with “ £8,355 ”, and
  - (g) the amount specified in section 46(4) of that Act (income limit for calculating allowance in relation to marriages and civil partnerships on or after 5 December 2005) is replaced with “ £27,700 ”.
- (2) Accordingly, for that tax year, section 57 of that Act (indexation of allowances), so far as relating to the amounts specified in sections 37(2), 38(1), 43, 45(3)(a), 45(4), 46(3)(a) and 46(4) of that Act, does not apply.

### **3 Personal allowances for 2015-16**

- (1) Section 2 of FA 2014 (basic rate limit for 2015-16 and personal allowances from 2015) is amended as set out in subsections (2) and (3).
- (2) In subsection (1)(b) (amount specified for 2015-16 in section 35(1) of ITA 2007 (personal allowance for those born after 5 April 1938)), for “ £10,500 ” substitute “ £10,600 ”.
- (3) In subsection (8) (amendments of section 57 of ITA 2007), omit the “and” at the end of paragraph (a) and after that paragraph insert—  
 “(aa) in subsection (1)(h), omit “36(2),” and”.
- (4) In section 55B(4)(a) of ITA 2007 (transferable tax allowance for married couples and civil partners: entitlement to tax reduction), for “£1,050” substitute “ £1,060 ”.
- (5) The amendments made by subsections (3) and (4) have effect for the tax year 2015-16 and subsequent tax years.

### **4 Basic rate limit from 2016**

- (1) The amount specified in section 10(5) of ITA 2007 (basic rate limit) is replaced—
  - (a) for the tax year 2016-17, with “£31,900”, and
  - (b) for the tax year 2017-18, with “£32,300”.
- (2) Accordingly, for those tax years section 21 of that Act (indexation of limits), so far as relating to the basic rate limit, does not apply.

### **5 Personal allowance from 2016**

- (1) The amount specified in section 35(1) of ITA 2007 (personal allowance for those born after 5 April 1938) is replaced—
  - (a) for the tax year 2016-17, with “£10,800”, and
  - (b) for the tax year 2017-18, with “£11,000”.

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- (2) Accordingly, for those tax years, section 57 of that Act (indexation of allowances), so far as relating to the amount specified in section 35(1) of that Act, does not apply.
- (3) In section 34(1)(a) of that Act, for “sections 35 and 37 deal” substitute “ section 35 deals ”.
- (4) In section 35 of that Act (personal allowance for those born after 5 April 1938)—
  - (a) for paragraphs (a) and (b) substitute “ meets the requirements of section 56 (residence etc). ”, and
  - (b) for the heading substitute “ Personal allowance ”.
- (5) Omit section 37 of that Act (personal allowance for those born before 6 April 1938).
- (6) In section 45(4) of that Act (marriages before 5 December 2005), for paragraphs (a) and (b) substitute “ half the excess ”.
- (7) In section 46(4) of that Act (marriages and civil partnerships on or after 5 December 2005), for paragraphs (a) and (b) substitute “ half the excess ”.
- (8) In section 55B of that Act (transferable tax allowance for married couples and civil partners: tax reduction: entitlement), in subsection (6) omit “or 37”.
- (9) In section 55C of that Act (election to reduce personal allowance), in subsections (1) (b) and (2), omit “or 37”.
- (10) In section 57 of that Act (indexation of allowances)—
  - (a) in subsection (1)(a), for the words following “35(1)” substitute “ (personal allowance) ”,
  - (b) in subsection (1)(h), omit “37(2),” , and
  - (c) in subsection (4), omit “37(2),”.
- (11) The amendments made by subsections (3) to (10) have effect for the tax year 2016-17 and subsequent tax years.

### *Corporation tax*

## **6 Charge for financial year 2016**

- (1) Corporation tax is charged for the financial year 2016.
- (2) For that year the main rate of corporation tax is 20%.

**Status:**

Point in time view as at 26/03/2015.

**Changes to legislation:**

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