



Finance (No. 2) Act 2015

2015 CHAPTER 33

PART 1

PRINCIPAL RATES ETC

Personal allowance and basic rate limit for income tax

3 Personal allowance and national minimum wage

(1) After section 57 of ITA 2007 insert—

“57A Personal allowance linked to national minimum wage

- (1) This section provides for increases in the amount specified in section 35(1) (personal allowance).
- (2) It applies in relation to a tax year if—
 - (a) the relevant national minimum wage at the start of the tax year is greater than it was at the start of the previous tax year, and
 - (b) the amount specified in section 35(1) immediately before the start of the tax year is at least £12,500.
- (3) For the tax year, the personal allowance specified in section 35(1) is to be the yearly equivalent of the relevant national minimum wage at the start of the tax year.
- (4) Subsections (1) to (3) 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.
- (5) Before the start of the tax year the Treasury must make an order replacing the amount specified in section 35(1) with the amount which, as a result of this section, is the personal allowance for the tax year.

Status: Point in time view as at 15/09/2016.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 2015, Cross Heading: Personal allowance and basic rate limit for income tax. (See end of Document for details)

- (6) For the purposes of this section, the “relevant national minimum wage”, at any time, is—
- (a) the hourly rate prescribed under section 3(2)(b) of the National Minimum Wage Act 1998 in relation to persons aged 21, or
 - (b) if no hourly rate is so prescribed in relation to such persons, the single hourly rate prescribed under section 1(3) of that Act.
- (7) For the purposes of this section, the yearly equivalent of the relevant national minimum wage at any time is the amount equal to—

$$NMW \times 30 \times 52$$

where NMW is the relevant national minimum wage at that time.”

- (2) In section 57 of ITA 2007 (indexation of allowances), at the end insert—
- “(8) This section ceases to have effect in relation to the amount specified in section 35(1) when that amount becomes (by virtue of this section or otherwise) an amount of £12,500 or more.”
- (3) In section 1014 of ITA 2007 (orders and regulations), in subsection (5)(b), after subparagraph (ii) insert—
- “(ia) section 57A (personal allowance linked to national minimum wage),”.

4 Personal allowance and national minimum wage: Chancellor's duties

- (1) This section applies where the personal allowance for income tax for the time being specified in section 35(1) of ITA 2007 is less than £12,500.
- (2) Before the Chancellor of the Exchequer announces a proposal to increase that allowance to an amount which is less than £12,500, he or she must consider the financial effect of the proposal on a person paid the relevant national minimum wage.
- (3) If such a proposal is announced, the Chancellor of the Exchequer must make a statement as to what he or she considers that that financial effect would be.
- (4) In this section—
- “person paid the relevant national minimum wage” means a person who works for 30 hours a week for a year at the relevant national minimum wage;
- “relevant national minimum wage” means—
- (a) the hourly rate prescribed under section 3(2)(b) of the National Minimum Wage Act 1998 in relation to persons aged 21, or
 - (b) if no hourly rate is so prescribed in relation to such persons, the single hourly rate prescribed under section 1(3) of that Act.
- (5) This section ceases to have effect when the allowance referred to in subsection (1) becomes an amount of £12,500 or more.

5 Personal allowance from 2016

In section 5(1) of FA 2015 (personal allowance from 2016)—

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- (a) in paragraph (a) (personal allowance for 2016-17), for “ “£10,800” ” substitute “ “£11,000” ”, and

^{F1}(b)

Textual Amendments

F1 S. 5(b) omitted (15.9.2016) by virtue of [Finance Act 2016 \(c. 24\), s. 3\(2\)](#)

6 Basic rate limit from 2016

In section 4(1) of FA 2015 (basic rate limit from 2016)—

- (a) in paragraph (a) (basic rate limit for 2016-17), for “ “£31,900” ” substitute “ “£32,000” ”, and

^{F2}(b)

Textual Amendments

F2 S. 6(b) omitted (15.9.2016) by virtue of [Finance Act 2016 \(c. 24\), s. 2\(2\)](#)

Status:

Point in time view as at 15/09/2016.

Changes to legislation:

There are currently no known outstanding effects for the Finance (No. 2) Act 2015, Cross
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