



Finance Act 1997

1997 CHAPTER 16

PART V

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

Income tax charge, rates and reliefs

54 Charge and rates of income tax for 1997-98

- (1) Income tax shall be charged for the year 1997-98, and for that year—
 - (a) the lower rate shall be 20 per cent.;
 - (b) the basic rate shall be 23 per cent.; and
 - (c) the higher rate shall be 40 per cent.
- (2) For the year 1997-98 section 1(2) of the Taxes Act 1988 shall apply as if the amount specified in paragraph (aa) (the lower rate limit) were £4,100; and, accordingly, section 1(4) of that Act (indexation) shall apply for the year 1997-98 in relation only to the amount specified in section 1(2)(b) of that Act (the basic rate limit).
- (3) In section 686(1A) of the Taxes Act 1988 (meaning of “the rate applicable to trusts”), for the words “for any year of assessment shall be the rate equal to the sum of the basic rate and the additional rate in force for that year” there shall be substituted “, in relation to any year of assessment for which income tax is charged, shall be 34 per cent. or such other rate as Parliament may determine”.
- (4) Subsection (3) above has effect in relation to the year 1997-98 and subsequent years of assessment.
- (5) Section 559(4) of the Taxes Act 1988 (deductions from payments to sub-contractors in the construction industry) shall have effect—
 - (a) in relation to payments made on or after 1st July 1997 and before the appointed day (within the meaning of section 139 of the Finance Act 1995), with “23 per cent.” substituted for “24 per cent.”; and

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- (b) in relation to payments made on or after that appointed day, as if the substitution for which section 139(1) of the Finance Act 1995 provided were a substitution of “the relevant percentage” for “23 per cent.”

55 Modification of indexed allowances

- (1) For the year 1997-98 the amounts specified in the provisions mentioned in subsection (2) below shall be taken to be as set out in that subsection; and, accordingly, section 257C(1) of the Taxes Act 1988 (indexation), so far as it relates to the amounts so specified, shall not apply for the year 1997-98.
- (2) In section 257 of that Act (personal allowance)—
- (a) the amount in subsection (1) (basic allowance) shall be £4,045;
 - (b) the amount in subsection (2) (allowance for persons aged 65 or more but not aged 75 or more) shall be £5,220; and
 - (c) the amount in subsection (3) (allowance for persons aged 75 or more) shall be £5,400.

56 Blind person’s allowance

- (1) In subsection (1) of section 265 of the Taxes Act 1988 (blind person’s allowance), for “£1,250” there shall be substituted “£1,280”.
- (2) After that subsection there shall be inserted the following subsection—
- “(1A) Section 257C (indexation) shall have effect (using the rounding up rule in subsection (1)(b) of that section) for the application of this section for the year 1998-99 and any subsequent year of assessment as it has effect for the application of sections 257 and 257A.”
- (3) Subsection (1) above shall apply for the year 1997-98 and, subject to subsection (2) above, for subsequent years of assessment.

57 Limit on relief for interest

For the year 1997-98 the qualifying maximum defined in section 367(5) of the Taxes Act 1988 (limit on relief for interest on certain loans) shall be £30,000.