



# Finance Act 1999

## 1999 CHAPTER 16

### PART III

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

##### *Income tax rates and charge etc.*

#### **22 Starting rate.**

- (1) The following shall be substituted for section 1(2)(aa) of the Taxes Act 1988 (the charge to income tax: lower rate)—
  - “(aa) in respect of so much of an individual’s total income as does not exceed £1,500, at such rate as Parliament may determine to be the starting rate for that year.”
- (2) The following shall be substituted for section 1(2A) of that Act (lower rate limit)—
  - “(2A) The amount up to which an individual’s income is by virtue of subsection (2) above chargeable for any year at the starting rate shall be known as the starting rate limit.”
- (3) In section 1(3) of that Act (basic rate limit), for “lower rate” there shall be substituted “starting rate”.
- (4) In section 1(4) of that Act (indexation), for the words from “and, if the result is not a multiple of £100” to the end there shall be substituted “and—
  - (a) if the result in the case of the amount specified in subsection (2)(aa) above is not a multiple of £10, rounding it up to the nearest amount which is such a multiple, and
  - (b) if the result in the case of the amount specified in subsection (2)(b) above is not a multiple of £100, rounding it up to the nearest amount which is such a multiple.”
- (5) Section 1(4) of that Act (indexation), so far as it relates to section 1(2)(aa), shall not apply for the year 1999-00.

*Status: Point in time view as at 27/07/1999.*

**Changes to legislation:** Finance Act 1999, Cross Heading: Income tax rates and charge etc. is up to date with all changes known to be in force on or before 12 February 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (6) In section 1(6A) of that Act (repayment), for “lower rate” there shall be substituted “starting rate”.
- (7) In section 1A of that Act (application of lower rate to income from savings and distributions)—
- (a) the following shall be inserted before subsection (2)—
- “(1B) In relation to any year of assessment for which income tax is charged the lower rate is 20 per cent. or such other rate as Parliament may determine.”, and
- (b) the following shall be inserted after subsection (6)—
- “(6A) Where income tax at the basic rate has been borne on income chargeable at the lower rate any necessary repayment of tax shall be made on the making of a claim.”
- (8) In the following provisions of that Act, for “lower rate” there shall be substituted “starting rate”
- (a) section 547(5)(c) (life policies, etc.: method of charging gain to tax);
- (b) section 550(3) (life policies, etc.: relief where gain charged at a higher rate).
- (9) In the following provisions of that Act, for “at the lower rate by virtue of section 1(2)(aa)” there shall be substituted “at the starting rate”
- (a) section 549(2) (life policies, etc.: deficiencies allowable as deductions);
- (b) section 699(2) (relief from higher rate for inheritance tax on accrued income);
- (c) section 819(2) (old references to standard rate tax).
- (10) In section 832(1) of that Act (interpretation of the Tax Acts)—
- (a) the following shall be substituted for the definition of “lower rate”—
- ““lower rate”, in relation to the charging of income tax for any year of assessment, means the rate of income tax specified in or determined in pursuance of section 1A(1B);”, and
- (b) the following shall be inserted after the definition of “Schedule A business”—
- ““starting rate”, in relation to the charging of income tax for any year of assessment, means the rate of income tax determined in pursuance of section 1(2)(aa), and any reference to the starting rate limit shall be construed in accordance with section 1(2A);”.
- (11) In the following provisions of the <sup>M1</sup>Taxes Management Act 1970, for “or the lower rate” there shall be substituted “, the lower rate or the starting rate”
- (a) section 7(6) (notice of liability to income tax and capital gains tax);
- (b) section 91(3)(c) (effect of reliefs on tax charged on income subject to deduction).
- (12) Subsections (1) to (3) and (6) to (11) above apply for the year 1999-00 and subsequent years of assessment; and subsection (4) above applies for the year 2000-01 and subsequent years of assessment.

#### Marginal Citations

M1 [1970 c.9.](#)

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## **23 Charge and rates for 1999-00.**

Income tax shall be charged for the year 1999-00, and for that year—

- (a) the starting rate shall be 10 per cent.;
- (b) the basic rate shall be 23 per cent.; and
- (c) the higher rate shall be 40 per cent.

## **24 Personal allowances for 1999-00 for those aged 65 or more.**

- (1) For the year 1999-00 the amounts specified in subsections (2) and (3) of section 257 of the Taxes Act 1988 (personal allowances for those aged at least 65 but less than 75 and for those aged 75 or more) shall be taken to be £5,720 and £5,980, respectively.
- (2) 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 1999-00.

## **25 Operative date of indexation for PAYE.**

- (1) The Taxes Act 1988 shall be amended in accordance with subsections (2) and (3) below.
- (2) In section 1 (charge to income tax), after subsection (4) there shall be inserted—

“(5A) Subsection (4) above shall not require any change to be made in the amounts deductible or repayable under section 203 during the period beginning with 6th April and ending with 17th May in the year of assessment.”
- (3) In section 257C (indexation of allowances), after subsection (1) there shall be inserted—

“(2A) Subsection (1) above shall not require any change to be made in the amounts deductible or repayable under section 203 during the period beginning with 6th April and ending with 17th May in the year of assessment.”
- (4) This section has effect for the year 1999-00 and subsequent years of assessment.

**Status:**

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