



Finance Act 2001

2001 CHAPTER 9

PART 3

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER 1

CHARGE AND RATES

Income tax

50 Charge and rates for 2001-02

Income tax shall be charged for the year 2001-02, and for that year—

- (a) the starting rate shall be 10%,
- (b) the basic rate shall be 22%, and
- (c) the higher rate shall be 40%.

51 Starting rate limit for 2001-02

- (1) For the year 2001-02 the amount specified in section 1(2)(aa) of the Taxes Act 1988 (the starting rate limit) shall be £1,880.
- (2) Accordingly, section 1(4) of that Act (indexation), so far as it relates to the amount so specified, does not apply for that year.

52 Children's tax credit: amount for 2001-02 and subsequent years

- (1) In section 257AA(2) of the Taxes Act 1988 (which specifies the amount by reference to which the children's tax credit is calculated) for "£4,420" substitute "£5,200".
- (2) This section has effect for the year 2001-02 and subsequent years of assessment.

Status: This is the original version (as it was originally enacted).

53 Children’s tax credit: baby rate

- (1) After section 257AA(2) of the Taxes Act 1988 (which specifies the amount by reference to which the children’s tax credit is calculated) insert—
 - “(2A) For a year of assessment during the whole or part of which a qualifying baby (or more than one) is resident with the claimant, subsection (2) above has effect as if the amount specified there were increased by £5,200.”.
- (2) After subsection (3) of that section (reduction of amount where claimant has income within the higher rate band) insert—
 - “(3A) Where subsection (2A) above applies, the reference in subsection (3) above to the amount specified in subsection (2) above is to the higher amount applicable by virtue of subsection (2A) above.”.
- (3) After subsection (4) of that section (meaning of “qualifying child”) insert—
 - “(4A) In this section “qualifying baby”, in relation to a year of assessment, means a qualifying child born in that year.”.
- (4) In section 257C(1) and (3) of the Taxes Act 1988 (indexation) for “257AA(2)” substitute “257AA(2) and (2A)”.
- (5) Schedule 13B to the Taxes Act 1988 (children’s tax credit: provisions applicable where child lives with more than one adult in a year of assessment) is amended in accordance with Schedule 11 to this Act.
- (6) Subsections (1) to (3) and (5) above have effect for the year 2002-03 and subsequent years of assessment.
- (7) Subsection (4) above has effect for the purposes of the application of section 257AA of the Taxes Act 1988 for the year 2003-04 and subsequent years of assessment.

Corporation tax

54 Charge and main rate for financial year 2002

Corporation tax shall be charged for the financial year 2002 at the rate of 30%.

55 Small companies' rate and fraction for financial year 2001

For the financial year 2001—

- (a) the small companies' rate shall be 20%, and
- (b) the fraction mentioned in section 13(2) of the Taxes Act 1988 (marginal relief for small companies) shall be one fortieth.

56 Corporation tax starting rate and fraction for financial year 2001

For the financial year 2001—

- (a) the corporation tax starting rate shall be 10%, and
- (b) the fraction mentioned in section 13AA(3) of the Taxes Act 1988 (marginal relief for small companies) shall be one fortieth.