



# Finance Act 2002

## 2002 CHAPTER 23

### PART 3

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

### CHAPTER 1

#### CHARGE AND RATE BANDS

##### *Income tax*

#### **26 Charge and rates for 2002-03**

Income tax shall be charged for the year 2002-03, and for that year—

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

#### **27 Indexed rate bands for 2002-03: PAYE deductions etc**

For the year 2002-03, the following provisions of the Taxes Act 1988 shall have effect as if “17th June” were substituted for “17th May”—

- (a) section 1(5A) (which provides that statutory inflation-linked changes to income tax rate bands for a year of assessment do not require changes to be made to PAYE deductions or repayments until 18th May in that year);
- (b) section 257C(2A) (which makes corresponding provision in relation to personal allowances etc) as it has effect for the application of—
  - (i) section 257AA(2) of that Act (children’s tax credit), and
  - (ii) section 265 of that Act (blind person’s allowance).

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*Status: This is the original version (as it was originally enacted).*

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**28 Personal allowance for 2003-04 for those aged under 65**

- (1) For the year 2003-04 the amount specified in section 257(1) of the Taxes Act 1988 (personal allowance for those aged under 65) shall be taken to be £4,615.
- (2) Accordingly, section 257C(1) of that Act (indexation), so far as it relates to the amount so specified, does not apply for that year.

**29 Personal allowances for 2003-04 for those aged 65 or over**

- (1) For the year 2003-04—
  - (a) the amount specified in section 257(2) of the Taxes Act 1988 (personal allowance for those aged between 65 and 74) shall be taken to be £6,610;
  - (b) the amount specified in section 257(3) of that Act (personal allowance for those aged 75 or over) shall be taken to be the indexed amount plus £240.

In paragraph (b) “the indexed amount” means the amount that would apply by virtue of section 257C(1) of that Act (indexation).

- (2) Accordingly, section 257C(1), so far as it relates to the amounts specified in section 257(2) and (3), does not apply for that year (except as it applies for the purposes of subsection (1)(b) above).

*Corporation tax*

**30 Charge and main rate for financial year 2003**

Corporation tax shall be charged for the financial year 2003 at the rate of 30%.

**31 Small companies' rate and fraction for financial year 2002**

For the financial year 2002—

- (a) the small companies' rate shall be 19%, and
- (b) the fraction mentioned in section 13(2) of the Taxes Act 1988 (marginal relief for small companies) shall be 11/400ths.

**32 Corporation tax starting rate and fraction for financial year 2002**

For the financial year 2002—

- (a) the corporation tax starting rate shall be 0%, and
- (b) the fraction mentioned in section 13AA(3) of the Taxes Act 1988 (marginal relief for small companies) shall be 19/400ths.