



# Finance Act 2012

## 2012 CHAPTER 14

### PART 1

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

### CHAPTER 1

#### INCOME TAX AND CORPORATION TAX CHARGES AND RATE BANDS

#### *Income tax*

#### **4 Personal allowances from 2013**

- (1) Chapter 2 of Part 3 of ITA 2007 (personal allowance etc) is amended in accordance with subsections (2) to (6).
- (2) In section 35 (personal allowance for those aged under 65)—
  - (a) in subsection (1), for paragraph (a) substitute—

“(a) was born after 5 April 1948, and”, and
  - (b) in the heading for “aged under 65” substitute “**born after 5 April 1948**”.
- (3) In section 36 (personal allowance for those aged 65 to 74)—
  - (a) for subsection (1) substitute—

“(1) An individual who makes a claim is entitled to a personal allowance of £10,500, or (if greater) the section 35 amount, for a tax year if the individual—
    - (a) was born after 5 April 1938 but before 6 April 1948, and
    - (b) meets the requirements of section 56 (residence etc).”
  - (b) in subsection (2)—
    - (i) for “For” substitute “ If the allowance under subsection (1) is greater than the section 35 amount, for ”,

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*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2012, Section 4. (See end of Document for details)*

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- (ii) in paragraph (a), for “half the excess” substitute “ an amount equal to half of that excess income ”, and
    - (iii) in paragraph (b), for the words from “amount” to the end substitute “ section 35 amount. ”,
  - (c) after that subsection insert—
    - “(2A) In this section “the section 35 amount” means the amount of any allowance to which the individual would be entitled under section 35 for the tax year if the individual had been born after 5 April 1948.”, and
  - (d) in the heading for “**aged 65 to 74**” substitute “ **born after 5 April 1938 but before 6 April 1948** ”.
- (4) In section 37 (personal allowance for those aged 75 and over)—
  - (a) for subsection (1) substitute—
    - “(1) An individual who makes a claim is entitled to a personal allowance of £10,660, or (if greater) the section 35 amount, for a tax year if the individual—
      - (a) was born before 6 April 1938, and
      - (b) meets the requirements of section 56 (residence etc).”,
  - (b) in subsection (2)—
    - (i) for “For” substitute “ If the allowance under subsection (1) is greater than the section 35 amount, for ”,
    - (ii) in paragraph (a), for “half the excess” substitute “ an amount equal to half of that excess income ”, and
    - (iii) in paragraph (b), for the words from “amount” to the end substitute “ section 35 amount. ”,
  - (c) after that subsection insert—
    - “(2A) In this section “the section 35 amount” means the amount of any allowance to which the individual would be entitled under section 35 for the tax year if the individual had been born after 5 April 1948.”, and
  - (d) in the heading for “**aged 75 and over**” substitute “ **born before 6 April 1938** ”.
- (5) In section 41 (allowances in year of death), omit subsections (2) and (3).
- (6) In section 57 (indexation of allowances)—
  - (a) in subsection (1)—
    - (i) in paragraph (a) for “aged under 65” substitute “ born after 5 April 1948 ”, and
    - (ii) omit paragraphs (b) and (c), and
  - (b) in subsection (3)(a), for “, 36(1), 37(1),” substitute “ and ”.
- (7) In section 508A of ICTA (contemplative religious communities: profits exempt from corporation tax), in subsections (5) and (9)(b) for “under 65” substitute “ born after 5 April 1948 ”.
- (8) The amendments made by this section have effect for the tax year 2013-14 and subsequent tax years.

**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 2012, Section 4.