



# Finance Act 2022

## 2022 CHAPTER 3

### PART 1

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

##### *Income tax charge, rates etc*

#### **1 Income tax charge for tax year 2022-23**

Income tax is charged for the tax year 2022-23.

#### **2 Main rates of income tax for tax year 2022-23**

For the tax year 2022-23 the main rates of income tax are as follows—

- (a) the basic rate is 20%,
- (b) the higher rate is 40%, and
- (c) the additional rate is 45%.

#### **3 Default and savings rates of income tax for tax year 2022-23**

(1) For the tax year 2022-23 the default rates of income tax are as follows—

- (a) the default basic rate is 20%,
- (b) the default higher rate is 40%, and
- (c) the default additional rate is 45%.

(2) For the tax year 2022-23 the savings rates of income tax are as follows—

- (a) the savings basic rate is 20%,
- (b) the savings higher rate is 40%, and
- (c) the savings additional rate is 45%.

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*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2022, Cross Heading: Income tax charge, rates etc. (See end of Document for details)*

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#### **4 Increase in rates of tax on dividend income**

- (1) In section 8 of ITA 2007 (which provides, among other things, for the dividend ordinary rate, dividend upper rate and dividend additional rate)—
  - (a) in subsection (1) (the dividend ordinary rate), for “7.5%” substitute “8.75%”,
  - (b) in subsection (2) (the dividend upper rate), for “32.5%” substitute “33.75%”, and
  - (c) in subsection (3) (the dividend additional rate), for “38.1%” substitute “39.35%”.
- (2) In section 9(2) of ITA 2007 (the dividend trust rate), for “38.1%” substitute “39.35%”.
- (3) The amendments made by this section have effect for the tax year 2022-23 and subsequent tax years.

#### **5 Freezing starting rate limit for savings for tax year 2022-23**

- (1) For the tax year 2022-23 the amount specified in section 12(3) of ITA 2007 (the starting rate limit for savings) is “£5,000”.
- (2) Accordingly, section 21 of that Act (indexation) does not apply in relation to the starting rate limit for savings for that tax year.

**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 2022, Cross Heading:  
Income tax charge, rates etc.