
STATUTORY INSTRUMENTS

2019 No. 201

**The Devolved Income Tax Rates
(Consequential Amendments) Order 2019**

Amendments to the Income Tax (Trading and Other Income) Act 2005

- 10.**—(1) The Income Tax (Trading and Other Income) Act 2005(1) is amended as follows.
- (2) In section 539(2) (relief for deficiencies)—
- (a) in subsection (1)(b) after “the Scottish higher rate”, insert “, the Welsh higher rate”,
 - (b) in subsection (5)—
 - (i) in the words before Step 1, after “Scottish taxpayer”, insert “or a Welsh taxpayer”,
 - (ii) in Step 3, for “at the higher rate,” substitute “at any of the higher rate, the default higher rate and the savings higher rate,”,
 - (iii) in Steps 3A and 3B, after “which” insert “(in the case of a Scottish taxpayer)”,
 - (iv) in Step 3A, for “and the higher rate” substitute “and the savings higher rate or (in the case of a Welsh taxpayer) is liable at the higher of the Welsh higher rate and the savings higher rate”,
 - (v) in Step 3B, for “and the higher rate” substitute “and the savings higher rate or (in the case of a Welsh taxpayer) is liable at the lower of the Welsh higher rate and the savings higher rate”,
 - (vi) in Step 5, in the assumption about income liable at the higher rate, after “higher rate” insert “, or at the default higher rate or the savings higher rate,”,
 - (vii) in Step 5, in the assumption about income liable at the Scottish higher rate, after “Scottish higher rate” insert “, or at the Welsh higher rate”, and
 - (viii) in Step 5, after “Scottish basic rate” insert “or (as the case may be) the Welsh basic rate”,
 - (c) after subsection (6) insert—

“(7) For the purposes of Steps 3A and 3B of the calculation at subsection (3) of this section—

 - (a) if the Scottish higher rate and the savings higher rate are equal, the Scottish higher rate is to be treated as the higher of the two rates (and the savings higher rate as the lower), and
 - (b) if the Welsh higher rate and the savings higher rate are equal, the Welsh higher rate is to be treated as the higher of the two rates (and the savings higher rate as the lower).”.

(1) 2005 c. 5.

(2) Section 539 was substituted by paragraphs 492 and 539 of Schedule 1 to, the Income Tax Act 2007 (c.3). Subsection (1) was amended by S.I. 2015/1810 and subsection (5) was amended by paragraphs 50, 58 and 65 of Schedule 1 to, the Finance Act 2008 and article 9 of S.I. 2015/1810.

- (3) In section 669(3) (reduction in residuary income: inheritance tax on accrued income)—
- (a) in subsection (3)(a), for “the applicable” substitute “an applicable”, and
 - (b) for subsection (3A) substitute—
 - “(3A) For the purposes of subsection (3), each of the following is an “applicable rate”—
 - (a) the higher rate,
 - (b) the additional rate,
 - (c) any Scottish rate that—
 - (i) is above the Scottish basic rate, but
 - (ii) is not the Scottish intermediate rate,
 - (d) the Welsh higher rate, and
 - (e) the Welsh additional rate.”.
- (4) In section 685A(4) (settlor – interested settlements)—
- (a) in subsection (3) for “additional rate or, in the case of a Scottish taxpayer, at the highest Scottish rate” substitute “applicable rate”, and
 - (b) after subsection (3) insert—
 - “(3A) For the purposes of subsection (3), the “applicable rate” means—
 - (a) in the case of a Scottish taxpayer, the highest Scottish rate,
 - (b) in the case of a Welsh taxpayer, the Welsh additional rate, or
 - (c) in any other case, the additional rate.”.

(3) Section 669(3)(a) was substituted by section 4(13) of the Finance Act 2016 and was amended by regulation 8(2) of [S.I. 2017/468](#). Section 669(3A) was inserted by regulation 8(3) of [S.I. 2017/468](#).

(4) Section 685A was inserted by section 89 of, and paragraph 6(1) of Schedule 13 to, the Finance Act 2006 (c.25) and subsection (3) was amended by section 6(5) of, and paragraphs 19 and 22 of Schedule 2 to, the Finance Act 2009 (c.10), article 11 of [S.I. 2015/1810](#) and regulation 8(4) of [2017/468](#)