



Income Tax Act 2007

2007 CHAPTER 3

PART 2

BASIC PROVISIONS

CHAPTER 3

CALCULATION OF INCOME TAX LIABILITY

23 The calculation of income tax liability

To find the liability of a person (“the taxpayer”) to income tax for a tax year, take the following steps. *Step 1*

Identify the amounts of income on which the taxpayer is charged to income tax for the tax year.

The sum of those amounts is “total income”.

Each of those amounts is a “component” of total income.

Step 2

Deduct from the components the amount of any relief under a provision listed in relation to the taxpayer in section 24 to which the taxpayer is entitled for the tax year.

See [F1sections 24A and 25] for further provision about the deduction of those reliefs.

[F2See also section 24B which provides that a taxpayer’s net income is taken to be £0 in certain cases.]

The sum of the amounts of the components left after this step is “net income”.

Step 3

Changes to legislation: There are currently no known outstanding effects for the Income Tax Act 2007, Section 23. (See end of Document for details)

Deduct from the amounts of the components left after Step 2 any allowances to which the taxpayer is entitled for the tax year under Chapter 2 of Part 3 of this Act or ^{F3}... (individuals: personal allowance and blind person's allowance).

See section 25 for further provision about the deduction of those allowances.

Step 4

Calculate tax at each applicable rate on the amounts of the components left after Step 3.

See Chapter 2 of this Part for the rates at which income tax is charged and the income charged at particular rates.

If the taxpayer is a trustee, see also Chapters 3 to ^{F4}5] and 10 of Part 9 (special rules about settlements and trustees) for further provision about the income charged at particular rates.

[^{F5}See also section 863I of ITTOIA 2005 which provides for certain partnership profits to be charged at the additional rate.]

Step 5

Add together the amounts of tax calculated at Step 4.

Step 6

Deduct from the amount of tax calculated at Step 5 any tax reductions to which the taxpayer is entitled for the tax year under a provision listed in relation to the taxpayer in section 26.

See sections 27 to 29 for further provision about the deduction of those tax reductions.

Step 7

Add to the amount of tax left after Step 6 any amounts of tax for which the taxpayer is liable for the tax year under any provision listed in relation to the taxpayer in section 30.

The result is the taxpayer's liability to income tax for the tax year.

Textual Amendments

- F1** Words in s. 23 substituted (with effect in accordance with Sch. 3 para. 3 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), **Sch. 3 para. 2(2)**
- F2** Words in s. 23 inserted (6.4.2024 in relation to the tax year 2024-25 and subsequent tax years) by [Finance \(No. 2\) Act 2023 \(c. 30\)](#), **Sch. 2 paras. 10(2), 14(3)(a)**
- F3** Words in s. 23 omitted (with effect in accordance with Sch. 1 para. 7 of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), **Sch. 1 para. 6(o)(i)**
- F4** Word in s. 23 substituted (6.4.2024 in relation to the tax year 2024-25 and subsequent tax years) by [Finance \(No. 2\) Act 2023 \(c. 30\)](#), **Sch. 2 paras. 13(3)(f), 14(4)**
- F5** Words in s. 23 inserted (with effect in accordance with Sch. 17 para. 21 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), **Sch. 17 para. 19**

Modifications etc. (not altering text)

- C1** S. 23 applied (N.I.) (6.4.2009) by [The Education \(Student Loans\) \(Repayment\) Regulations \(Northern Ireland\) 2009 \(S.R. 2009/128\)](#), regs. 1(1), **24(3)**

Changes to legislation: There are currently no known outstanding effects for the Income Tax Act 2007, Section 23. (See end of Document for details)

- C2** S. 23 modified (21.7.2009) by [Finance Act 2009 \(c. 10\)](#), **Sch. 6 para. 1(5)**
- C3** S. 23 applied (21.7.2009) by [Finance Act 2009 \(c. 10\)](#), **Sch. 35 para. 1(10)**
- C4** [S. 23](#) applied (22.7.2020) by [Finance Act 2020 \(c. 14\)](#), **Sch. 16 para. 10(1)** (with [Sch. 16 para. 10\(3\)](#))
- C5** [S. 23](#) applied (10.6.2021) by [Finance Act 2021 \(c. 26\)](#), **Sch. 2 para. 2(5)** (with [Sch. 2 para. 3\(2\)\(3\)](#))
- C6** [S. 23](#) applied (10.6.2021) by [Finance Act 2021 \(c. 26\)](#), **Sch. 2 para. 1(5)** (with [Sch. 2 para. 3\(2\)\(3\)](#))
- C7** [S. 23](#) applied (with application in accordance with [Sch. 1 para. 64](#) of the amending Act) by [Finance Act 2022 \(c. 3\)](#), **Sch. 1 para. 75(2)**

Changes to legislation:

There are currently no known outstanding effects for the Income Tax Act 2007, Section 23.