



# Finance Act 2009

## 2009 CHAPTER 10

### PART 1

#### CHARGES, RATES, ALLOWANCES, ETC

##### *Income tax*

#### **4 Reduction of personal allowance for those with income exceeding £100,000**

- (1) In section 35 of ITA 2007 (personal allowances for those aged under 65), the existing provision becomes subsection (1) of that section; and after that subsection insert—
  - “(2) For an individual whose adjusted net income exceeds £100,000, the allowance under subsection (1) is reduced by one-half of the excess.
  - (3) If the amount of any allowance that remains after the operation of subsection (2) would otherwise not be a multiple of £1, it is to be rounded up to the nearest amount which is a multiple of £1.
  - (4) For the meaning of “adjusted net income” see section 58.”
- (2) In sections 36(2)(b) and 37(2)(b) of ITA 2007 (limit on reduction of personal allowances for those aged 65 to 74 or 75 and over), for “the amount of a personal allowance under section 35” substitute “the amount of any allowance to which the individual would be entitled under section 35 if under the age of 65 throughout the tax year”.
- (3) In section 57(1)(a) and (3)(a) of ITA 2007 (indexation of allowances), for “35” substitute “35(1)”.
- (4) The amendments made by subsections (1) and (2) have effect for the tax year 2010-11 and subsequent tax years.
- (5) The amendment made by subsection (3) has effect for finding allowances for the tax year 2011-12 and subsequent tax years.