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**Changes to legislation:** Finance Act 2011, Paragraph 3 is up to date with all changes known to be in force on or before 22 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

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## SCHEDULES

### SCHEDULE 17

#### ANNUAL ALLOWANCE CHARGE

##### PART 1

##### AMENDMENTS

- 3 (1) Section 227 (annual allowance charge) is amended as follows.
- (2) Omit subsections (2) and (3).
- (3) In subsection (4), for “rate of 40%” substitute “ appropriate rate ”.
- (4) After that subsection insert—
- “(4A) The appropriate rate is—
- (a) the basic rate in relation to so much (if any) of the excess as, when added to the individual's reduced net income for the tax year, does not exceed the basic rate limit for the tax year,
- (b) the higher rate in relation to so much (if any) of the excess as, when so added, exceeds the basic rate limit for the tax year but does not exceed the higher rate limit for the tax year, and
- (c) the additional rate in relation to so much (if any) of the excess as, when so added, exceeds the higher rate limit for the tax year.
- (4B) The individual's reduced net income for the tax year is the amount after taking Step 3 in section 23 of ITA 2007 in the case of the individual for the tax year.
- (4C) Where the basic rate limit or the higher rate limit for the tax year is (in accordance with section 192 of this Act or section 414 of ITA 2007) increased in the case of the individual, the references to the limit in subsection (4A) are to the limit as so increased.”
- (5) Omit subsections (5A) and (5B).
- (6) In subsection (6), after the entry relating to sections 230 to 237 (before the “and”) insert— “ sections 237A to 237F (persons liable to charge), ”.

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**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- Sch. 23 para. 45(1)(ia) inserted by [2017 c. 10 Sch. 11 para. 6\(3\)](#)
- Sch. 23 para. 2(1A) inserted by [S.I. 2019/397 reg. 2\(2\)](#) (This amendment not applied to legislation.gvo.uk. Amending Regulations revoked on IP completion day by S.I. 2020/1544, regs. 1, 8; S.I. 2020/1641, reg. 2, Sch.)
- Sch. 23 para. 15A inserted by [S.I. 2019/397 reg. 2\(3\)](#) (This amendment not applied to legislation.gvo.uk. Amending Regulations revoked on IP completion day by S.I. 2020/1544, regs. 1, 8; S.I. 2020/1641, reg. 2, Sch.)