



Finance Act 2019

2019 CHAPTER 1

PART 1 U.K.

DIRECT TAXES

Income tax rates, allowances and limits

3 Main rates of income tax for tax year 2019-20 U.K.

For the tax year 2019-20 the main rates of income tax are as follows—

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

4 Default and savings rates of income tax for tax year 2019-20 U.K.

(1) For the tax year 2019-20 the default rates of income tax are as follows—

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

(2) For the tax year 2019-20 the savings rates of income tax are as follows—

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

5 Basic rate limit and personal allowance U.K.

(1) For the tax years 2019-20 and 2020-21, the amount specified in section 10(5) of ITA 2007 (basic rate limit) is “£37,500”.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2019, Cross Heading: Income tax rates, allowances and limits. (See end of Document for details)

- (2) For the tax years 2019-20 and 2020-21, the amount specified in section 35(1) of ITA 2007 (personal allowance) is “£12,500”.
- (3) In consequence of the amendment made by subsection (2), omit section 4 of F(No.2)A 2015 (which has effect only if the personal allowance is less than £12,500).
- (4) Omit the following (which relate to the link between the personal allowance and the national minimum wage)—
 - (a) sections 57(8), 57A and 1014(5)(b)(ia) of ITA 2007, and
 - (b) section 3 of F(No.2)A 2015.
- (5) In consequence of the provision made by this section—
 - (a) section 21 of ITA 2007 (indexation of basic rate limit and starting rate limit for savings) does not apply in relation to the basic rate limit, and
 - (b) section 57 of ITA 2007 (indexation of allowances) does not apply in relation to the amount specified in section 35(1) of that Act,for the tax years 2019-20 and 2020-21.

6 Starting rate limit for savings for tax year 2019-20 **U.K.**

Section 21 of ITA 2007 (indexation) does not apply in relation to the starting rate limit for savings for the tax year 2019-20 (so that the starting rate limit for savings remains at £5,000 for that tax year).

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 2019, Cross Heading:
Income tax rates, allowances and limits.