



# Finance Act 2021

## 2021 CHAPTER 26

### PART 1

#### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

##### *Income tax charge, rates etc*

#### **1 Income tax charge for tax year 2021-22**

Income tax is charged for the tax year 2021-22.

#### **2 Main rates of income tax for tax year 2021-22**

For the tax year 2021-22 the main rates of income tax are as follows—

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

#### **3 Default and savings rates of income tax for tax year 2021-22**

(1) For the tax year 2021-22 the default rates of income tax are as follows—

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

(2) For the tax year 2021-22 the savings rates of income tax are as follows—

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

---

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2021, Cross Heading: Income tax charge, rates etc. (See end of Document for details)*

---

#### 4 Starting rate limit for savings for tax year 2021-22

- (1) For the tax year 2021-22, the amount specified in section 12(3) of ITA 2007 (the starting rate limit for savings) is “£5,000”.
- (2) Accordingly, section 21 of that Act (indexation) does not apply in relation to the starting rate limit for savings for that tax year.

#### 5 Basic rate limit and personal allowance for future tax years

- (1) For the tax years 2022-23, 2023-24, 2024-25 [<sup>F1</sup>, 2025-26, 2026-27 and 2027-28], the amount specified in section 10(5) of ITA 2007 (basic rate limit) is “£37,700”.
- (2) For the tax years 2022-23, 2023-24, 2024-25 [<sup>F2</sup>, 2025-26, 2026-27 and 2027-28], the amount specified in section 35(1) of ITA 2007 (personal allowance) is “£12,570”.
- (3) Accordingly—
  - (a) section 21 of ITA 2007 (indexation of basic rate limit) 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 2022-23, 2023-24, 2024-25 [<sup>F3</sup>, 2025-26, 2026-27 and 2027-28].

#### Textual Amendments

- F1** Words in s. 5(1) substituted (10.1.2023) by [Finance Act 2023 \(c. 1\), s. 5\(2\)](#)
- F2** Words in s. 5(2) substituted (10.1.2023) by [Finance Act 2023 \(c. 1\), s. 5\(3\)](#)
- F3** Words in s. 5(3) substituted (10.1.2023) by [Finance Act 2023 \(c. 1\), s. 5\(4\)](#)

**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 2021, Cross Heading:  
Income tax charge, rates etc.