Draft Order laid before the House of Commons under paragraph 19(5) of Schedule 35 to the Finance Act 2009 (c.10) for approval by resolution of that House.

DRAFT STATUTORY INSTRUMENTS

2010 No…

INCOME TAX

The Special Annual Allowance Charge (Variation of Rate) Order 2010

Made - - - -	2010
Coming into force - -	2010

The Treasury make this Order in exercise of the power conferred by paragraph 19(1) and (2) of Schedule 35 to the Finance Act 2009(**a**).

In accordance with paragraph 19(5) of that Schedule, a draft of this instrument was laid before the House of Commons and approved by a resolution of that House.

Citation and commencement

1. This Order may be cited as the Special Annual Allowance Charge (Variation of Rate) Order 2010 and shall have effect for the tax year 2010-11 and subsequent tax years.

Amendment of paragraph 1(8) of Schedule 35 to the Finance Act 2009

2. In paragraph 1(8) of Schedule 35 to the Finance Act 2009 (pensions: special annual allowance charge), for "rate of 20%" substitute "appropriate rate" and insert at the end—

"For this purpose "the appropriate rate" is—

(a) 0% in relation to so much (if any) of the chargeable amount as, when added to the reduced net income amount, does not exceed the basic rate limit,

(b) 20% in relation to so much (if any) of the chargeable amount, as when so added, exceeds the basic rate limit but does not exceed the higher rate limit, and

(c) 30% in relation to so much (if any) of the chargeable amount as, when so added, exceeds the higher rate limit.

In this sub-paragraph—

"chargeable amount" means the amount in respect of which the special annual allowance charge is charged, and

"the reduced net income amount" means the amount after taking step 3 in section 23 of ITA 2007 in the case of the individual for the tax year.".

(**a**) 2009 c. 10.

A Commissioner
A Commissioner

Date Two of the Lords Commissioners of Her Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends paragraph 1(8) of Schedule 35 to the Finance Act 2009 which sets the rate of the special annual allowance charge. The rate of the special annual allowance charge is amended for the tax year 2010-11 and subsequent tax years.

A full and final impact assessment has not been published for this instrument as a negligible impact on the private or voluntary sectors is foreseen.

© Crown copyright 2010

Printed and published in the UK by The Stationery Office Limited under the authority and superintendence of Carol Tullo, Controller of Her Majesty's Stationery Office and Queen's Printer of Acts of Parliament.

£4.00

E5661 1/2010 105661T 19585