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(**1**).

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

(**1**) 2009 c. 10.