

STATUTORY INSTRUMENTS

1996 No. 2956

INHERITANCE TAX

The Inheritance Tax (Indexation) Order 1996

Made - - - - 26th November 1996

The Treasury, in pursuance of section 8(4) of the Inheritance Tax Act 1984(1), hereby make the following Order:

1. This Order may be cited as the Inheritance Tax (Indexation) Order 1996.
2. The amounts which, unless Parliament otherwise determines, will be treated by virtue of section 8 of the Inheritance Tax Act 1984 as specified in the Table in Schedule 1 to that Act(2) in relation to chargeable transfers on or after 6th April 1997 are as follows —

TABLES OF RATES OF TAX

Portion of value		
Lower Limit	Upper Limit	Rate of tax
£	£	Per cent.
0	205,000	NIL
205,000	—	40

- (1) 1984 c. 51. Section 8 was amended by section 101(3) of, and paragraph 3 of Schedule 19 to, the Finance Act 1986 (c. 41) (subject to Part II of Schedule 19 to that Act), section 136(3) of, and Part X of Schedule 14 to, the Finance Act 1988 (c. 39) and section 197 of the Finance Act 1993 (c. 34), and by article 6(4) of, and paragraph 5 of Schedule 2 to, the Transfer of Functions (Economic Statistics) Order 1989 (S.I. 1989/992). Section 8(1) was disappplied in relation to chargeable transfers made in the years beginning 6th April 1992, 6th April 1993, 6th April 1994 and 6th April 1996 by section 72(2) of the Finance (No. 2) Act 1992 (c. 48), section 196 of the Finance Act 1993, section 246 of the Finance Act 1994 (c. 9) and section 183(2) of the Finance Act 1996 (c. 8) respectively. By virtue of section 100(1) and (2) of the Finance Act 1986, on and after 25th July 1986 the Capital Transfer Tax Act 1984 may be cited as the Inheritance Tax Act 1984, and any reference in that Act to capital transfer tax is to have effect as a reference to inheritance tax, except where the reference relates to a liability arising before 25th July 1986.
- (2) The Table in Schedule 1 was substituted by section 183(1) of the Finance Act 1996 in relation to chargeable transfers made in the year beginning 6th April 1996, and by S.I. 1994/3011 in relation to chargeable transfers made in the year beginning 6th April 1995. Previously, the Table in that Schedule was substituted by section 72(1) of the Finance (No. 2) Act 1992 in relation to chargeable transfers made on or after 10th March 1992, and that Table also applied, by virtue of section 196 of the Finance Act 1993 and section 246 of the Finance Act 1994, to chargeable transfers made in the years beginning 6th April 1993 and 6th April 1994 respectively.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

26th November 1996

Bowen Wells
Michael Bates
Two of the Lords Commissioners of Her
Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

This Order, made under section 8 of the Inheritance Tax Act 1984 (formerly the Capital Transfer Tax Act 1984) (“section 8”) substitutes a new Table of rate bands and rates in Schedule 1 to that Act for the Table which was substituted by section 183(1) of the Finance Act 1996 in relation to chargeable transfers made in the year beginning 6th April 1996.

The figures in the first and second columns of the new Table are the amounts specified in the Table in Schedule 1 to the Inheritance Tax Act 1984 (as so substituted) increased by the amount of the percentage increase in the retail prices index for September 1996 over that for September 1995, and rounded up to the nearest £1,000 in accordance with subsections (2) and (3) of section 8 (as amended by paragraph 3 of Schedule 19 to the Finance Act 1986 and section 197 of the Finance Act 1993). The “retail prices index” is defined in subsection (3) of section 8, as amended by paragraph 5 of Schedule 2 to the Transfer of Functions (Economic Statistics) Order 1989 (S.I.1989/992), as “the general index of retail prices (for all items) published by the Central Statistical Office of the Chancellor of the Exchequer”. (The Central Statistical Office is now known as the Office for National Statistics.) The retail prices index for September 1995 is 150.6 and for September 1996 is 153.8 (based on January 1987 as 100) (see Table 3.1 on page T26 of the October 1996 issue (No. 516) of *Economic Trends*, a publication of the Government Statistical Service).

The new Table will apply in relation to chargeable transfers on or after 6th April 1997 unless Parliament otherwise determines.