
STATUTORY INSTRUMENTS

2001 No. 638

INCOME TAX

The Income Tax (Indexation) Order 2001

Made - - - - 7th March 2001

The Treasury, in pursuance of sections 1(6) and 257C(3) of the Income and Corporation Taxes Act 1988(1), hereby make the following Order:

1. This Order may be cited as the Income Tax (Indexation) Order 2001.

2.—(1) The amounts which, unless Parliament otherwise determines, will be treated by virtue of sections 1(4)(2), 257C(1) and 265(1A) of the Income and Corporation Taxes Act 1988 as specified for the year 2001–02 in sections 1(2)(3) and 265(4) of that Act are set out in paragraphs (2) and (3).

(2) In section 1(2) of the said Act (the charge to income tax)—

(a) in paragraph (aa) (starting rate limit)—£1,580;

(b) in paragraph (b) (basic rate limit)—£29,400.

(3) In section 265(1) of the said Act (blind person's allowance)—£1,450.

(1) 1988 c. 1. Section 1(6) was amended by section 24(2) of the Finance Act 1988 (c. 39) and by section 9(1) and (7) of the Finance Act 1992 (c. 20). Sections 257 to 257F were substituted for section 257 by section 33 of the Finance Act 1988 with effect for the year 1990–91 and subsequent years of assessment, and were amended by section 31(6) and (7) and section 32(1)(a) and (c) of the Finance Act 1999 (c. 16) with effect for the year 1999–00 and subsequent years of assessment and by section 31(2) to (5) and (8) and section 32(1)(b) and (2) of the Finance Act 1999 with effect for the year 2000–01 and subsequent years of assessment. Section 257C was amended by Part IV of Schedule 19 to the Finance Act 1990 (c. 29) and by section 107(3) of, and Part III(10) of Schedule 23 to, the Finance Act 1993 (c. 34), and was extended by section 56(2) of the Finance Act 1997 (c. 16) and by section 25(3) of the Finance Act 1999.

(2) Section 1(4) was amended by section 24(2) of the Finance Act 1988, by section 9(1) and (6) of the Finance Act 1992, by section 107(2) of the Finance Act 1993 and by section 22(4) of the Finance Act 1999 with effect for the year 2000–01 and subsequent years of assessment.

(3) Section 1(2) was amended by section 24(2) of the Finance Act 1988, by section 9(1) to (3) of the Finance Act 1992 and by section 22(1) of the Finance Act 1999.

(4) Section 265 was substituted by paragraph 8 of Schedule 3 to the Finance Act 1988, and was amended by sections 33(10) and 57(4) of the Finance Act 1989, section 33(4) of the Finance Act 1991 (c. 31), paragraph 8 of Schedule 5 and Part VII(1) of Schedule 18 to the Finance (No. 2) Act 1992 (c. 48), paragraph 3 of Schedule 10, paragraph 10 of Schedule 8, and Part V(1)(2)(3) and (17) of Schedule 26, to the Finance Act 1994, and by section 56 of the Finance Act 1997.

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

7th March 2001

Jim Dowd
Greg Pope
Two of the Lords Commissioners of Her
Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

Sections 1(6) and 257C(3) of the Income and Corporation Taxes Act 1988 (“the Act”) operate to provide that the Treasury shall by order made by statutory instrument before 6th April 2001 specify the amounts which by virtue of those sections shall, unless Parliament otherwise determines, be treated as specified for the year 2001–02.

This Order specifies the relevant amounts for the purposes of section 1(2) (starting rate and basic rate limits) and section 265(1) (blind person’s allowance) of the Act for the year 2001–02. The relevant amounts for the purposes of section 257 (personal allowances) and section 257A (married couple’s allowances for those born before 6th April 1935) were specified by the Income Tax (Indexation) (No. 2) Order 2000 (S.I. [2000/2996](#)).

The relevant amounts for the purposes of sections 1(2) (starting rate and basic rate limits) and 265(1) (blind person’s allowance) of the Act were specified for the year 2000–01 by the Income Tax (Indexation) Order 2000 (S.I. [2000/806](#)).

Following the amendments to sections 1(4) and 257C(1) of the Act made by section 107(1) to (3) of the Finance Act 1993, the amounts in sections 1(2)(aa) and (b), and 265(1) of the Act are increased by this Order in accordance with the percentage increase in the retail prices index for September 2000 over that for September 1999. The basic rate limit has been rounded up to the nearest £100 in accordance with sections 1(4)(b) of the Act and, in the case of the other amounts, the amounts or increases have been rounded up to the nearest £10 in accordance with sections 1(4)(a) and 257C(1) (b) of the Act.

The “retail prices index” is defined in section 833(2) of the Act, as amended by paragraph 22 of Schedule 2 to the Transfer of Functions (Registration and Statistics) Order 1996 (S.I. [1996/273](#)), as the “general index of retail prices (for all items) published by the Office for National Statistics”. The retail prices index for September 1999 is 166.2 and for September 2000 171.7 (based on January 1987 as 100) (see Table 3.1 on page T28 of the November 2000 issue (No. 564) of *Economic Trends*, a National Statistics publication).