
STATUTORY INSTRUMENTS

1996 No. 2952

INCOME TAX

The Income Tax (Indexation) Order 1996

Made - - - - 26th November 1996

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 1996.

2.—(1) The amounts which, unless Parliament otherwise determines, will be treated by virtue of sections 1(4)(2) and 257C(1) of the Income and Corporation Taxes Act 1988 as specified for the year 1997 – 98 in sections 1(2)(3), 257 and 257A(4) of that Act are set out in paragraphs (2), (3) and (4).

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

- (a) in paragraph (aa) (lower rate limit)— £4,000;
- (b) in paragraph (b) (basic rate limit)— £26,100.

(3) In section 257 of the said Act (personal allowance)—

- (a) in subsection (1) (personal allowance)— £3,845;
- (b) in subsection (2) (personal allowance— age 65 to 74)— £5,020;
- (c) in subsection (3) (personal allowance— age 75 and over)— £5,200;
- (d) in subsection (5) (income limit for age-related allowances)— £15,600.

(4) In section 257A of the said Act (married couple's allowance)—

- (a) in subsection (1) (married couple's allowance)— £1,830;
- (b) in subsection (2) (married couple's allowance— age 65 to 74)— £3,185;
- (c) in subsection (3) (married couple's allowance— age 75 and over) £3,225;

(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; 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).

(2) Section 1(4) was amended by section 24(2) of the Finance Act 1988, and by section 9(1) and (6) of the Finance Act 1992 and by section 107(2) of the Finance Act 1993.

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

(4) Sections 257 and 257A as substituted by section 33 of the Finance Act 1988 were amended by section 33 of the Finance Act 1989 (c. 26). Section 257 was further amended by paragraph 13 of Schedule 20 and Part V(10) of Schedule 41 to the Finance Act 1996 (c. 8); and section 257A was further amended by section 77(2) of, and paragraph 1 of Schedule 8 to, the Finance Act 1994 (c. 9) and by paragraph 14 of Schedule 20 to the Finance Act 1996.

Status: This is the original version (as it was originally made).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

(d) in subsection (5) (income limit for age-related allowances)— £15,600.

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)

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 1997 specify the amounts which by virtue of those sections shall, unless Parliament otherwise determines, be treated as specified for the year 1997 – 98. These are the lower rate and basic rate limits (section 1 of the Act) and the personal and married couple’s allowances (sections 257 and 257A of the Act respectively).

This Order specifies the relevant amounts for the 1997 – 98 year of assessment.

The amounts of the lower rate and basic rate limits were specified for the year 1996 – 97 by section 72(2) of the Finance Act 1996.

For the year 1996 – 97, the relevant amounts for the purposes of subsections (1), (2), and (3) of section 257 of the Act were specified by section 74 of the Finance Act 1996. The relevant amounts for the purposes of sections 257(5) and 257A of the Act were specified by the Income Tax (Indexation) Order 1995 (S.I. [1995/3031](#)).

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, 257 and 257A(5) of the Act are increased by this Order in accordance with the percentage increase in the retail prices index for September 1996 over that for September 1995. Certain of the amounts have been rounded up to the nearest £100 in accordance with sections 1(4) and 257C(1)(a) of the Act and, in the case of the other amounts, the increases have been rounded up to the nearest £10 in accordance with section 257C(1)(b) of the Act.

The “retail prices index” is defined in section 833(2) of the Act, 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 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).