

**2002 No. 701**

**INHERITANCE TAX**

**The Inheritance Tax (Indexation) Order 2002**

Made - - - - - 15th March 2002

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

1. This Order may be cited as the Inheritance Tax (Indexation) Order 2002.
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(b) in relation to chargeable transfers on or after 6th April 2002 are as follows—

TABLE OF RATES OF TAX

Portion of value		Rate of tax
Lower Limit	Upper Limit	Per cent.
£ 0 247,000	£ 247,000 —	NIL 40

15th March 2002

Tony McNulty  
Graham Stringer  
Two of the Lords Commissioners of Her Majesty's Treasury

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- (a) 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 paragraph 21 of Schedule 2 to the Transfer of Functions (Registration and Statistics) Order 1996 (S.I. 1996/273). 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.
- (b) The Table in Schedule 1 was substituted by S.I. 2001/639 in relation to chargeable transfers made in the year beginning 6th April 2001, by S.I. 2000/803 in relation to chargeable transfers made in the year beginning 6th April 2000, by S.I. 1999/596 in relation to chargeable transfers made in the year beginning 6th April 1999, by S.I. 1998/756 in relation to chargeable transfers made in the year beginning 6th April 1998, by section 93(1) of the Finance Act 1997 in relation to chargeable transfers made in the year beginning 6th April 1997, 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.

## 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 the Inheritance Tax (Indexation) Order 2001 (S.I. 2001/639) in relation to chargeable transfers made in the year beginning 6th April 2001.

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 2001 over that for September 2000, 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 21 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 2000 is 171.7 and for September 2001 is 174.6 (based on January 1987 as 100) (see Table 3.1 on page T28 of the November 2001 issue (No.576) of Economic Trends, a National Statistics publication).

The new Table will apply in relation to chargeable transfers on or after 6th April 2002 unless Parliament otherwise determines.

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