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STATUTORY INSTRUMENTS

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**2008 No. 3023**

**INCOME TAX**

**The Income Tax (Indexation) (No. 3) Order 2008**

Made - - - - 24th November 2008

The Treasury make the following Order in compliance with the duties imposed upon them by sections 21(5) and 57(6) of the Income Tax Act 2007<sup>(1)</sup>.

**Citation and interpretation**

1.—(1) This Order may be cited as the Income Tax (Indexation) (No. 3) Order 2008.

(2) In this Order references to sections, without more, are references to sections of the Income Tax Act 2007.

**Indexation of rate limits for tax year 2009-10**

2. For the tax year 2009-10 the amount specified in section 10(5) (basic rate limit)<sup>(2)</sup> is replaced with “£36,600”.

3. For the tax year 2009-10 the amount specified in section 12(3) (starting rate limit for savings)<sup>(3)</sup> is replaced with “£2,440”.

**Indexed amounts for the tax year 2009-10**

4. For the tax year 2009-10—

(a) the amount specified in section 35 (personal allowance for those aged under 65)<sup>(4)</sup> is replaced with “£6,345”;

(b) the amount specified in section 36(1) (personal allowance for those aged 65 to 74)<sup>(5)</sup> is replaced with “£9,490”;

(c) the amount specified in section 37(1) (personal allowance for those aged 75 and over)<sup>(6)</sup> is replaced with “£9,640”;

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(1) 2007 c. 3. Section 21(5) was amended by paragraph 11(5) of Schedule 1 to the Finance Act 2008 (c. 9) (“FA 2008”).

(2) Section 10(5) was substituted by section 4(1) of FA 2008.

(3) Section 12 was substituted by paragraph 5 of Schedule 1 to FA 2008.

(4) Section 35 was last amended by section 2(1)(a) of FA 2008.

(5) Section 36(1) was last amended by section 3(1)(a) of FA 2008.

(6) Section 37(1) was last amended by section 3(1)(b) of FA 2008.

- (d) the amount specified in section 38(1) (blind person's allowance)(7) is replaced with "£1,890";
- (e) the amount specified in section 43 (tax reductions for married couples and civil partners: the minimum amount)(8) is replaced with "£2,670";
- (f) in section 45(3) (marriages before 5th December 2005)—
  - (i) the amount specified in subsection (3)(a) (married couple's allowance: one spouse aged 75 or over)(9) is replaced with "£6,965", and
  - (ii) the amount specified in subsection (3)(b) (married couple's allowance: one spouse aged less than 75 and born before 6th April 1935)(10) is replaced with "£6,865";
- (g) in section 46 (marriages and civil partnerships on or after 5th December 2005)—
  - (i) the amount specified in subsection (3)(a) (married couple's allowance: one spouse or civil partner aged 75 or over)(11) is replaced with "£6,965", and
  - (ii) the amount specified in subsection (3)(b) (married couple's allowance: one spouse or civil partner aged less than 75 and born before 6th April 1935)(12) is replaced with "£6,865"; and
- (h) the amount specified in each of sections 36(2), 37(2), 45(4) and 46(4) (adjusted net income limit)(13) is replaced with "£22,900".

*Steve McCabe*

*Frank Roy*

Two of the Lords Commissioners of her  
Majesty's Treasury

24th November 2008

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(7) Section 38(1) was last amended by article 2(5) of [S.I. 2007/3481](#).

(8) Section 43 was amended by article 2(6) of [S.I. 2007/3481](#).

(9) Section 45(3)(a) was amended by article 2(7)(a) of [S.I. 2007/3481](#).

(10) Section 45(3)(b) was amended by article 2(7)(b) of [S.I. 2007/3481](#).

(11) Section 46 (3)(a) was amended by article 2(8)(a) of [S.I. 2007/3481](#).

(12) Section 46(3)(b) was amended by article 2(8)(b) of [S.I. 2007/3481](#).

(13) All the provisions referred to in this paragraph were amended by article 2(9) of [S.I. 2007/3481](#).

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## EXPLANATORY NOTE

*(This note is not part of the Order)*

This Order is made pursuant to the duties set out at sections 21(5) and 57(6) of the Income Tax Act 2007 (“the Act”). For the tax year 2009-10 it replaces certain amounts specified in the Act with new, increased amounts. The increases are calculated, according to the method provided by sections 21 and 57, by reference to the increase in the retail prices index.

Increases made pursuant to section 21(5) are to the basic rate limit and the starting rate limit for savings. Increases made pursuant to section 57(6) are to personal allowances, married couple’s allowance, blind person’s allowance, the income limit for certain of the personal allowances and the married couple’s allowance (“the adjusted net income limit”) and the minimum amount of the married couple’s allowance (“the minimum amount”).

A full impact assessment has not been produced for this instrument as no impact on the private or voluntary sectors is foreseen.