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STATUTORY INSTRUMENTS

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**2008 No. 3024**

**INCOME TAX**

**The Income Tax (Indexation) (No. 4) Order 2008**

*Made* - - - - 24th November 2008  
*Laid before the House of*  
*Commons* - - - - 24th November 2008  
*Coming into force* - - 6th April 2009

The Treasury make the following Order in compliance with the duty imposed on them by sections 257C(3) and 265(1A) of the Income and Corporation Taxes Act 1988(1).

**Citation, commencement and interpretation**

1.—(1) This Order may be cited as the Income Tax (Indexation) (No. 4) Order 2008 and shall come into force on the 6th April 2009.

(2) In this Order references to sections, without more, are references to sections of the Income and Corporation Taxes Act 1988.

**Indexation of personal allowance and married couple's allowance for the tax year 2009-10**

2. For the tax year 2009-10 the amounts specified in the provisions mentioned in section 257C(1) (indexation of allowances)(2) are replaced as follows—

- (a) the amount specified in section 256B (the minimum amount)(3) is replaced with “£2,670”;
- (b) in section 257 (personal allowance)(4)—

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(1) 1988 c. 1. Sections 257 to 257F were substituted for section 257 by section 33 of the Finance Act 1988 (c. 39), and section 257C(3) was relevantly amended by paragraph 34(2) of Schedule 1 to the Income Tax Act 2007 (c. 3) and regulation 55(c) of S.I. 2005/3229. Section 265 was substituted by paragraph 8 of Schedule 3 to the Finance Act 1988 and subsection (1A) was inserted by section 56(2) of the Finance Act 1997 (c. 16).

(2) Section 257C(1) was relevantly amended by section 107(3)(a) of the Finance Act 1993 (c. 34), paragraph 34(2) of Schedule 1 to the Income Tax Act 2007 and regulation 55(a) and (b) of S.I. 2005/3229.

(3) Section 256B was inserted by paragraph 28 of Schedule 1 to the Income Tax Act 2007 and amended by article 2(2) of S.I. 2008/673.

(4) In section 257, subsection (1) was relevantly amended by paragraph 29(2) of Schedule 1 to the Income Tax Act 2007 and section 2(1)(b) of the Finance Act 2008 (c.9); subsection (2) was relevantly amended by paragraph 13 of Schedule 20 to the Finance Act 1996 (c. 8), paragraph 29(3) of Schedule 1 to the Income Tax Act 2007 and section 3(1)(a) of the Finance Act 2008; subsection (3) was relevantly amended by section 33(4)(a) of the Finance Act 1989 (c. 26), paragraph 13 of Schedule 20 to the Finance Act 1996, paragraph 29(4) of Schedule 1 to the Income Tax Act 2007 and s3(1)(b) of the Finance Act 2008; and subsection (5) was relevantly amended by section 33(5)(b) of the Finance Act 1989, paragraph 29(5) of Schedule 1 to the Income Tax Act 2007 and article 2(3)(d) of S.I. 2008/673.

- (i) the amount specified in subsection (1) (personal allowance for those aged under 65) is replaced with “£6,345”,
- (ii) the amount specified in subsection (2) (personal allowance for those aged 65 to 74) is replaced with “£9,490”,
- (iii) the amount specified in subsection (3) (personal allowance for those aged 75 and over) is replaced with “£9,640”, and
- (iv) the amount specified in subsection (5) (adjusted net income limit) is replaced with “£22,900”;
- (c) in section 257A (married couple’s allowance: marriages before 5th December 2005)(5)—
  - (i) the amount specified in subsection (2) (married couple’s allowance: one spouse aged less than 75 and born before 6th April 1935) is replaced with “£6,865”,
  - (ii) the amount specified in subsection (3) (married couple’s allowance: one spouse aged 75 or over) is replaced with “£6,965”, and
  - (iii) the amount specified in subsection (5) (adjusted net income limit) is replaced with “£22,900”;
- (d) in section 257AB (marriages and civil partnerships on or after 5th December 2005)(6)—
  - (i) the amount specified in subsection (2)(a) (married couple’s allowance: one spouse or civil partner aged 75 or over) is replaced with “£6,965”,
  - (ii) the amount specified in subsection (2)(b) (married couple’s allowance: one spouse or civil partner aged less than 75 and born before 6th April 1935) is replaced with “£6,865”, and
  - (iii) the amount specified in subsection (4) (adjusted net income limit) is replaced with “£22,900”.

### **Indexation of blind person’s allowance for the tax year 2009-10**

**3.** For the tax year 2009-10 the amount specified in section 265(1) (blind person’s allowance)(7) is replaced with “£1,890”.

*Steve McCabe*

*Frank Roy*

Two of the Lords Commissioners of Her Majesty’s Treasury

24th November 2008

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- (5) Sections 257 to 257F were substituted for section 257 by section 33 of the Finance Act 1988. In section 257A, subsection (2) was relevantly amended by section 77(2)(b) of the [Finance Act 1994 \(c. 9\)](#), paragraph 14(3) of Schedule 20 to the Finance Act 1996, section 31(3) of the [Finance Act 1999 \(c. 16\)](#), paragraph 30(2) of Schedule 1 to the Income Tax Act 2007, regulation 51(2) of [S.I. 2005/3229](#) and article 2(4)(a) of [S.I. 2008/673](#); subsection (3) was relevantly amended by section 33(8) (a) of the Finance Act 1989, section 77(2)(c) of the Finance Act 1994, paragraph 14(3) of Schedule 20 to the Finance Act 1996, section 31(4) of the Finance Act 1999, paragraph 30(2) of Schedule 1 to the Income Tax Act 2007, regulation 51(3) of [S.I. 2005/3229](#) and article 2(4)(b) of [S.I. 2008/673](#); and subsection (5) was relevantly amended by section 33(9)(b) of the Finance Act 1989, section 31(6) of the Finance Act 1999, paragraph 30(3) of Schedule 1 to the Income Tax Act 2007, and article 2(4)(c) of [S.I. 2008/673](#).
  - (6) Section 257AB was inserted by regulation 52 of [S.I. 2005/3229](#); subsections (2) and (4) were relevantly amended by paragraph 31 of Schedule 1 to the Income Tax Act 2007 and article 2(5) of [S.I. 2008/673](#).
  - (7) Section 265 was substituted by paragraph 8 of Schedule 3 to the Finance Act 1988. Subsection (1) was amended by paragraph 19 of Schedule 20 to the Finance Act 1996, paragraph 35 of Schedule 1 to the Income Tax Act 2007 and article 3 of [S.I. 2008/673](#).

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## EXPLANATORY NOTE

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

This Order replaces the amounts specified in sections 256B, 257, 257A, 257AB and 265 of the Income and Corporation Taxes Act 1988 (“the Act”) in accordance with section 257C(1) of the Act.

This Order applies to individuals who are not resident in the United Kingdom and who also satisfy the other conditions of section 278(2) of the Act. The allowances, the minimum amount and the adjusted net income limit for 2009-10 which apply to individuals who are resident in the United Kingdom in the tax year 2009-10 are specified in the Income Tax (Indexation) (No. 3) Order 2008 (S.I.2008 No. 3023).

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