
 STATUTORY INSTRUMENTS

1981 No. 351

INCOME TAX

The Income Tax (Indexation) Order 1981

Made - - - - 10th March 1981

The Treasury, in pursuance of section 24(9) of the Finance Act 1980(a), hereby make the following Order:—

1. This Order may be cited as the Income Tax (Indexation) Order 1981.

2.—(1) The amounts which, unless Parliament otherwise determines, will be treated by virtue of section 24 of the Finance Act 1980(a) as specified for the year 1981-82 in section 32 of the Finance Act 1971(b) and section 8 of the Income and Corporation Taxes Act 1970(c) are as follows.

(2) In section 32 of the said Act of 1971 (basic rate limit, investment income threshold and higher rate bands)—

- (a) the basic rate limit: £13,000;
- (b) the investment income threshold £6,400;
- (c) the higher rate bands—

<i>Band</i>				<i>Part of total income in excess of basic rate limit</i>
First	...	...	...	The first £2,400
Second	...	...	...	The next £4,100
Third	...	...	...	The next £6,400
Fourth	...	...	...	The next £6,400
Fifth	...	...	...	The remainder.

(3) In section 8 of the said Act of 1970 (personal allowances)—

- (a) subsection (1)(a) (married) £2,475;
- (b) subsection (1)(b) and (2) (single and wife's earned income relief) £1,585;
- (c) subsection (1A)(a) and (b) (age allowance): £3,335 and £2,100;
- (d) subsection (1B) (income limit for age allowance) £6,800.

John Wakeham,

J. A. Cope,

Two of the Lords Commissioners
of Her Majesty's Treasury.

10th March 1981.

EXPLANATORY NOTE

(This Note is not part of the Order.)

Section 24 of the Finance Act 1980 provides that the Treasury shall by order made by statutory instrument before 6th April 1981 (and likewise each subsequent year) specify the amounts which by virtue of that section shall, unless Parliament otherwise determines, be treated as specified for that year. These are the thresholds for the higher rates of tax—the basic rate limit and the higher rate bands—and the investment income surcharge (section 32, Finance Act 1971) and the personal allowances (section 8, Income and Corporation Taxes Act 1970), increased in accordance with the increase in the retail prices index for December 1980 over that for December 1979. The “retail prices index” is defined in section 24(8) as “the general index of retail prices (for all items) published by the Department of Employment”.

The appropriate increase in the retail prices index is 15.1 per cent. (Table 6.1 of the Employment Gazette, January 1981). This order specifies the amounts which take account of that increase. They will have effect for income tax for the year 1981-82 unless Parliament otherwise determines.

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