

1990 No. 677

INCOME TAX

The Income Tax (Indexation) Order 1990

Made - - - - 20th March 1990

The Treasury, in pursuance of sections 1(6) and 257C(3) of the Income and Corporation Taxes Act 1988(a), hereby make the following Order:

1. This Order may be cited as the Income Tax (Indexation) Order 1990.

2.—(1) The amounts which, unless Parliament otherwise determines, will be treated by virtue of sections 1(4) and 257C(1) of the Income and Corporation Taxes Act 1988 as specified for the year 1990–91 in sections 1(2)(b), 257 and 257A(c) of that Act are set out in paragraphs (2), (3) and (4).

(2) In section 1(2) of the said Act (basic rate limit)—£22,300.

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

(a) in subsection (1) (personal allowance)—£3,005;

(b) in subsection (2) (personal allowance—age 65 to 74)—£3,670;

(c) in subsection (3) (personal allowance—age 75 and over)—£3,820;

(d) in subsection (5) (income limit for age-related allowances)—£12,300.

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

(a) in subsection (1) (married couple's allowance)—£1,720;

(b) in subsection (2) (married couple's allowance—age 65 to 74)—£2,145;

(c) in subsection (3) (married couple's allowance—age 75 and over)—£2,185;

(d) in subsection (5) (income limit for age-related allowances)—£12,300.

*Stephen Dorrell*  
*Thomas Sackville*

20th March 1990

Two of the Lords Commissioners of Her Majesty's Treasury

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(a) 1988 c.1; section 1(6) was amended by section 24(2) of the Finance Act 1988 (c.39) and 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.

(b) Section 1(2) was amended by section 24(2) of the Finance Act 1988.

(c) 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).

## 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") provide that the Treasury shall by order made by statutory instrument before 6th April 1990 specify the amounts which by virtue of those sections shall, unless Parliament otherwise determines, be treated as specified for the year 1990-91. These are the basic rate limit (section 1 of the Act) and the personal and married couple's allowances (sections 257 and 257A of the Act) respectively.

The amount of the basic rate limit in section 1 for the year 1989-90 was specified in the Income Tax (Indexation) Order 1989 (S.I. 1989/467).

The personal reliefs for the years 1990-91 and subsequent years of assessment are the personal and married couple's allowances in sections 257 and 257A of the Act as substituted by section 33 of the Finance Act 1988. The amounts of those allowances for the year 1990-91 were substituted in sections 257 and 257A by section 33 of the Finance Act 1989 and those amounts are assumed by section 257C(4) of the Act to have applied for the year 1989-90 for the purposes of indexation.

Those amounts are increased by this Order in accordance with the percentage increase (7.7%) in the retail prices index for December 1989 over that for December 1988. Certain of the amounts have been rounded 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 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 retail prices index for December 1988 is 110.3 and for December 1989 118.8 (based on January 1987 as 100). (Table 6.1 on page S54 of the February 1990 number of the *Employment Gazette*, the official journal of the Department of Employment.)

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