

2002 No. 707

INCOME TAX

The Income Tax (Indexation) Order 2002

Made - - - - -

15th March 2002

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 2002.

2.—(1) The amounts which, unless Parliament otherwise determines, will be treated by virtue of sections 1(4)(b), 257C(1) and 265(1A) of the Income and Corporation Taxes Act 1988 as specified for the year 2002–03 in sections 1(2)(c), 257AA(2)(d) and 265(e) of that Act are set out in paragraphs (2), (3) and (4).

(2) In section 1(2) of that Act (the charge to income tax)—

(a) in paragraph (aa) (starting rate limit)—£1,920;

(b) in paragraph (b) (basic rate limit)—£29,900.

(3) In section 257AA(2) of that Act (children's tax credit)—£5,290.

(4) In section 265(1) of that Act (blind person's allowance)—£1,480.

Tony McNulty  
Graham Stringer

15th March 2002

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 by section 9(1) and (7) of the Finance Act 1992 (c. 20). 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, and were amended by section 31(6) and (7) and section 32(1)(a) and (c) of the Finance Act 1999 (c. 16) with effect for the year 1999-00 and subsequent years of assessment and by section 31(2) to (5) and (8) and section 32(1)(b) and (2) of the Finance Act 1999 with effect for the year 2000-01 and subsequent years of assessment. Section 257C was amended by section 17(2) and Part IV of Schedule 19 to the Finance Act 1990 (c. 29) and by section 107(3) of, and Part III(10) of Schedule 23, to the Finance Act 1993 (c. 34), and was extended by section 56(2) of the Finance Act 1997 (c. 16), by section 25(3) of the Finance 1999 with effect for the year 1999-00 and subsequent years of assessment, and by section 30(3) of the Finance Act 1999 with effect for the year 2002-03 and subsequent years of assessment.
- (b) Section 1(4) was amended by section 24(2) of the Finance Act 1988, by section 9(1) and (6) of the Finance Act 1992, by section 107(2) of the Finance Act 1993 and by section 22(4) of the Finance Act 1999 with effect for the year 2000-01 and subsequent years of assessment.
- (c) Section 1(2) was amended by section 24(2) of the Finance Act 1988, by section 9(1) to (3) of the Finance Act 1992 and by section 22(1) of the Finance Act 1999.
- (d) Section 257AA(2) was added by section 30(1) of the Finance Act 1999 with effect for the year 2001-02 and subsequent years of assessment.
- (e) Section 265 was substituted by paragraph 8 of Schedule 3 to the Finance Act 1988 with effect for the year 1990-91 and subsequent years of assessment, and was amended by sections 33(10) and 57(4) of the Finance Act 1989 (c. 26), by section 33(4) of the Finance Act 1991 (c. 31), by paragraph 8 of Schedule 5 and Part VII(1) of Schedule 18 to the Finance (No. 2) Act 1992 (c. 48), by paragraph 3 of Schedule 10, paragraph 10 of Schedule 8, and Part V(1), (2), (3) and (17) of Schedule 26, to the Finance Act 1994 (c. 9), by paragraph 19 of Schedule 20, paragraph 6 of Schedule 21 and Part V(10) of Schedule 41 to the Finance Act 1996 (c. 8), by section 56 of Finance Act 1997 (c. 16), and by Part III(15) of Schedule 20 to the Finance Act 1999.

## 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”) operate to provide that the Treasury shall by order made by statutory instrument before 6th April 2002 specify the amounts which by virtue of those sections shall, unless Parliament otherwise determines, be treated as specified for the year 2002–03.

This Order specifies the relevant amounts for the purposes of section 1(2) (starting rate and basic rate limits), section 257AA (children’s tax credit) and section 265(1) (blind person’s allowance) of the Act for the year 2002–03. The relevant amounts for the purposes of section 257 (personal allowances) and section 257A (married couple’s allowances for those born before 6th April 1935) were specified by the Income Tax (Indexation) (No. 2) Order 2001 (S.I. 2001/3773).

The relevant amounts for the purposes of sections 1(2) (basic rate limit) and 265(1) (blind person’s allowance) of the Act were specified for the year 2001–02 by the Income Tax (Indexation) Order 2001 (S.I. 2001/638).

The relevant amount for the purpose of section 1(2) (starting rate limit) of the Act was specified for the year 2001–02 by section 51 of the Finance Act 2001.

The relevant amount for the purpose of section 257AA(2) (children’s tax credit) of the Act was specified for the year 2001–02 by section 52 of the Finance Act 2001.

Following the amendments to sections 1(4) and 257C(1) of the Act made by section 107(1) to (3) of the Finance Act 1993 and section 30(3) of the Finance Act 1999, the amounts in sections 1(2)(aa) and (b), 257AA(2) and 265(1) of the Act are increased by this Order in accordance with the percentage increase in the retail prices index for September 2001 over that for September 2000. The basic rate limit has been rounded up to the nearest £100 in accordance with section 1(4)(b) of the Act and, in the case of the other amounts, the amounts or increases have been rounded up to the nearest £10 in accordance with sections 1(4)(a) and 257C(1)(b) of the Act.

The “retail prices index” is defined in section 833(2) of the Act, as amended by paragraph 22 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).

£1.50

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under the authority and superintendence of Carol Tullo, Controller of  
Her Majesty’s Stationery Office and Queen’s Printer of Acts of Parliament.  
E0545 4/2002 120545 19585

ISBN 0-11-039729-0



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