

2021 No. 111

INCOME TAX

The Income Tax (Indexation) Order 2021

Made - - - - *1st February 2021*

The Treasury, in exercise of the powers conferred by sections 21(5) and 57(6) of the Income Tax Act 2007(a), make the following Order:

Citation and Interpretation

- 1.—(1) This Order may be cited as the Income Tax (Indexation) Order 2021.
- (2) In this Order, references to sections are references to sections of the Income Tax Act 2007.

Indexation of the basic rate limit for the tax year 2021-22

2. For the tax year 2021-22, the amount specified in section 10(5)(b) (basic rate limit) is replaced with “£37,700”.

Indexation of allowances for the tax year 2021-22

3. For the tax year 2021-22—
 - (a) the amount specified in section 35(1)(c) (personal allowance) is replaced with “£12,570”;
 - (b) the amount specified in section 38(1)(d) (blind person’s allowance) is replaced with “£2,520”;
 - (c) the amount specified in section 43(e) (tax reductions for married couples and civil partners: the minimum amount) is replaced with “£3,530”;
 - (d) the amount specified in section 45(3)(a)(f) (married couple’s allowance: marriages before 5 December 2005) is replaced with “£9,125”;
 - (e) the amount specified in section 46(3)(a)(g) (married couple’s allowance: marriages and civil partnerships on or after 5 December 2005) is replaced with “£9,125”; and

(a) 2007 c. 3; section 21 was amended by paragraph 11 of Schedule 1 to the Finance Act 2008 (c. 9) (“FA 2008”) and section 4(2) of the Finance Act 2014 (c. 26) (“FA 2014”). Section 57 was amended by section 4(3) of the Finance Act 2009 (c. 10) (“FA 2009”), section 4(6) of the Finance Act 2012 (c. 14), Part 10 of Schedule 1 to the Statute Law (Repeals) Act 2013 (c. 2) (“SLRA 2013”), section 4(3) of FA 2014, section 5(10) of the Finance Act 2015 (c. 11) (“FA 2015”) and section 5(4)(a) of the Finance Act 2019 (c. 1) (“FA 2019”).

(b) Section 10(5) was substituted by section 4(1) of FA 2008. The amount specified in section 10(5) was last substituted by section 5(1) of FA 2019.

(c) Section 35(1) was renumbered by section 4(1) of FA 2009 and amended by section 5(4) of FA 2015. The amount specified in section 35(1) was last substituted by section 5(2) of FA 2019.

(d) The amount specified in section 38(1) was last substituted by article 2(a) of S.I. 2020/343.

(e) The amount specified in section 43 was last substituted by article 2(b) of S.I. 2020/343.

(f) Section 45(3) was amended by Part 10 of Schedule 1 to SLRA 2013. The amount specified in section 45(3)(a) was last substituted by article 2(c) of S.I. 2020/343.

(g) Section 46(3) was amended by Part 10 of Schedule 1 to SLRA 2013. The amount specified in section 46(3)(a) was last substituted by article 2(d) of S.I. 2020/343.

- (f) the amount specified in sections 45(4) and 46(4)(a) (married couple's allowance: adjusted net income limit) is replaced with "£30,400".

James Morris

David Rutley

1st February 2021

Two of the Lords Commissioners of Her Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

This Order fulfils the indexation requirements in sections 21 (relating to the basic rate limit only) and 57 (indexation of allowances) of the Income Tax Act 2007 (c. 3) that certain allowances and limits are increased by reference to the consumer prices index. These increases have effect for the 2021-22 tax year.

A Tax Information and Impact Note has not been prepared for this instrument as it gives effect to previously announced policy and relates to a predetermined indexation formula.

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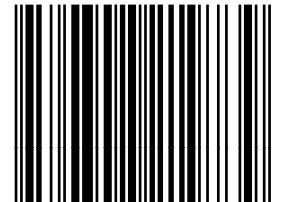
(a) Section 45(4) was amended by section 5(6) of FA 2015. The amount specified in section 45(4) was last substituted by article 2(e) of S.I. 2020/343. Section 46(4) was amended by section 5(7) of FA 2015. The amount specified in section 46(4) was last substituted by article 2(e) of S.I. 2020/343.

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