STATUTORY INSTRUMENTS

2000 No. 806

INCOME TAX

The Income Tax (Indexation) Order 2000

Made - - - - 21st March 2000

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 2000.

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 2000–01 in sections 1(2)(**c**), 257(2), (3) and (5), 257A(**d**) and 265(**e**) of that Act are set out in paragraphs (2) to (5).

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

(a) in paragraph (aa) (starting rate limit)—£1,520;

(b) in paragraph (b) (basic rate limit)—£28,400.

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

(a) in subsection (2) (personal allowance—age 65 to 74)—£5,790;

(b) in subsection (3) (personal allowance—age 75 and over)—£6,050;

(c) in subsection (5) (income limit for age-related allowances)—£17,000.

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

(a) in subsection (2) (married couple's allowance—age 65 to 74 and born before 6th April 1935)—£5,185;

(**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 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) and by section 25(3) of the Finance Act 1999.

(**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**) 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). Section 257 was further amended by paragraph 13 of Schedule 20 and Part V(10) of Schedule 41 to the Finance Act 1996 (c. 8); and section 257A was further amended by section 77(2) of, and paragraph 1 of Schedule 8 to, the Finance Act 1994 (c. 9) and by paragraph 14 of Schedule 20 to the Finance Act 1996, and was amended and extended by section 31 of the Finance Act 1999.

(**e**) Section 265 was substituted by paragraph 8 of Schedule 3 to the Finance Act 1988, and was amended by sections 33(10) and 57(4) of the Finance Act 1989, section 33(4) of the Finance Act 1991 (c. 31), paragraph 8 of Schedule 5 and Part VII(1) of Schedule 18 to the Finance (No. 2) Act 1992 (c. 48), 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, and by section 56 of the Finance Act 1997.

(b) in subsection (3) (married couple's allowance—age 75 and over)—£5,255;

(c) in subsection (5) (income limit for age-related allowances)—£17,000;

(d) in subsection (5A) (minimum married couple's allowance)—£2,000.

(5) In section 265(1) of the said Act (blind person's allowance)—£1,400.

David Jamieson
Jim Dowd

21st March 2000 Two of the Lords Commissioners of Her Majesty's Treasury

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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 2000 specify the amounts which by virtue of those sections shall, unless Parliament otherwise determines, be treated as specified for the year 2000–01.

This Order specifies the relevant amounts for the purposes of section 1(2) (starting rate and basic rate limits), section 257(2), (3) and (5) (personal allowances for persons of 65 or more), section 257A (married couple's allowances for those born before 6th April 1935) and section 265(1) (blind person's allowance) of the Act for the year 2000–01.

The starting rate limit specified in section 1(2)(aa) replaced the lower rate limit with effect from 6th April 1999.

The relevant amount for the purposes of section 257(1) of the Act (basic personal allowance) was specified by the Income Tax (Indexation) (No. 2) Order 1999 (S.I. 1999/3038). By virtue of section 31(2) of the Finance Act 1999 section 257A(1) (basic married couple's allowance) ceases to have effect after the year 1999–00.

The relevant amounts for the purposes of sections 1(2)(b) (basic rate limit), 257(5) (income limit for age-related personal allowances), 257A(2) and (3) (age-related married couple's allowance) and 265(1) (blind person's allowance) of the Act were specified for the year 1999–00 by the Income Tax (Indexation) Order 1999 (S.I. 1999/597). The relevant amount for the purposes of section 1(2)(aa) (starting rate limit) was specified for the year 1999–00 by section 22 of the Finance Act 1999. The relevant amounts for the purposes of section 257(2) and (3) (age-related personal allowances) were specified for the year 1999–00 by section 24(1) of the Finance Act 1999. The relevant amount for the purposes of section 257A(5A) (minimum married couple's allowance) was specified for the year 1999–00 by section 31(7) of the Finance Act 1999.

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, the amounts in sections 1(2)(aa) and (b), 257(2), (3) and (5), 257A(2), (3), (5) and (5A) and 265(1) of the Act are increased by this Order in accordance with the percentage increase in the retail prices index for September 1999 over that for September 1998. Certain of the amounts have been rounded up to the nearest £100 in accordance with sections 1(4)(b) and 257C(1)(a) of the Act and, in the case of the other amounts, the amounts or the 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 1998 is 164.4 and for September 1999 166.2 (based on January 1987 as 100) (see Table 3.1 on page T28 of the November 1998 issue (No. 552) of *Economic Trends*, a publication of the Government Statistical Service).

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