STATUTORY INSTRUMENTS

1988 No. 505

INHERITANCE TAX

The Inheritance Tax (Indexation) Order 1988

Made - - - - 15th March 1988

The Treasury, in pursuance of section 8(4) of the Inheritance Tax Act 1984**(a)**, hereby make the following Order:

1. This Order may be cited as the Inheritance Tax (Indexation) Order 1988.

2. The amounts which, unless Parliament otherwise determines, shall be treated by virtue of section 8 of the Inheritance Tax Act 1984 as specified in the Table in Schedule 1 to that Act**(b)** in relation to chargeable transfers on or after 6th April 1988 are as follows–

TABLE OF RATES OF TAX

Portion of value		*Rate of tax*
Lower Limit £	*Upper Limit* £	*Per cent*
0	94,000	Nil
94,000	146,000	30
146,000	229,000	40
229,000	343,000	50
343,000	—	60

Tony Durant
David Lightbown
15th March 1988 Two of the Lords Commissioners of Her Majesty's Treasury

(a) 1984 c.51; section 8 was amended by section 101(3) of, and Schedule 19, paragraph 3 to, the Finance Act 1986 (c.41) with respect to transfers of value made, and other events occurring, on or after 18th March 1986 subject to Part II of Schedule 19; and section 8(1) was disapplied in relation to chargeable transfers made in the year beginning 6th April 1987 by section 57(1) of the Finance Act 1987 (c.16). By virtue of section 100(1) and (2) of the Finance Act 1986 on and after 25th July 1986 the Capital Transfer Tax Act 1984 may be cited as the Inheritance Tax Act 1984, and any reference in that Act to capital transfer tax is to have effect as a reference to inheritance tax, except where the reference relates to a liability arising before 25th July 1986. **(b)** The table in Schedule 1 was substituted by 57(2) of the Finance Act 1987 with application to any chargeable transfer (within the meaning of the Inheritance Tax Act 1984) made on or after 17th March 1987. Previously, the Table in that Schedule was that substituted by section 101(3) of, and Schedule 19, paragraph 36 to, the Finance Act 1986 with respect to transfers of value made, and other events occurring, on or after 18th March 1986 subject to Part II of Schedule 19.

EXPLANATORY NOTE

(This note is not part of the Order)

By this Order, made under the provisions of section 8 of the Inheritance Tax Act 1984 (formerly the Capital Transfer Tax Act 1984) a new Table of rate bands and rates is substituted in Schedule 1 to that Act for the Table which was substituted by the Finance Act 1987. The figures in the first and second columns of the new Table are the amounts specified in the Table in Schedule 1 to the Inheritance Tax Act 1984 (as so substituted) increased by the amount of the percentage increase (3.7%) in the retail prices index for December 1987 over that for December 1986. The figures are rounded upward to the nearest £1,000 in accordance with section 8(2). The "retail prices index" is defined in section 8(3) as "the general index of retail prices (for all items) published by the Department of Employment". The retail prices index for December 1986 is 393.0 (based on January 1974 as 100) and for December 1987 is 103.3 (based on January 1987 as 100). (Table 6.4 on pages S56 and S57 of the February 1988 number of the *Employment Gazette*, the official journal of the Department of Employment. The retail prices index for January 1987 is 394.5 (based on January 1974 as 100) and the percentage increase is calculated thus: $\left(\frac{103.3 \times 394.5}{393}\right) - 100.$)

The new Table will apply in relation to chargeable transfers on or after 6th April 1988 unless Parliament otherwise determines.

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