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STATUTORY INSTRUMENTS

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**1994 No. 3012**

**INCOME TAX**

**The Income Tax (Indexation) Order 1994**

Made - - - - 29th November 1994

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

1. This Order may be cited as the Income Tax (Indexation) Order 1994.
- 2.—(1) The amounts which, unless Parliament otherwise determines, will be treated by virtue of sections 1(4)(2) and 257C(1) of the Income and Corporation Taxes Act 1988 as specified for the year 1995-96 in sections 1(2)(3), 257 and 257A(4) of that Act are set out in paragraphs (2), (3) and (4).
  - (2) In subsection (2) of section 1 of the said Act (the charge to income tax)—
    - (a) in paragraph (aa) (lower rate limit)—£3,100;
    - (b) in paragraph (b) (basic rate limit)—£24,300.
  - (3) In section 257 of the said Act (personal allowance)—
    - (a) in subsection (1) (personal allowance)—£3,525;
    - (b) in subsection (2) (personal allowance—age 65 to 74)—£4,300;
    - (c) in subsection (3) (personal allowance—age 75 and over)—£4,470;
    - (d) in subsection (5) (income limit for age-related allowances)—£14,600.
  - (4) In subsection (5) of section 257A of the said Act (married couple's allowance—income limit for age-related allowances)—£14,600.

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(1) 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; section 257C was amended by section 17(2) of, 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).

(2) 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 and by section 107(2) of the Finance Act 1993.

(3) Section 1(2) was amended by section 24(2) of the Finance Act 1988 and by section 9(1) to (3) of the Finance Act 1992.

(4) 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), and section 257A was further amended by section 77(2) of, and paragraph 1 of Schedule 8 to, the Finance Act 1994 (c. 9).

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**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

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29th November 1994

*Timothy Kirkhope*  
*Tim Wood*  
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 1995 specify the amounts which by virtue of those sections shall, unless Parliament otherwise determines, be treated as specified for the year 1995-96. These are the lower rate and basic rate limits (section 1 of the Act) and the personal and married couple’s allowances (sections 257 and 257A of the Act respectively).

This Order specifies the relevant amounts for the 1995-96 year of assessment.

The amounts of the lower rate limit and basic rate limit were fixed for the year 1994-95 by section 75(2) of the Finance Act 1994.

For the year 1994-95, sections 257 and 257A(5) of the Act applied, by virtue of sections 76 and 78 of the 1994 Act respectively, as if the amounts specified in them were the same as the amounts specified in them as they applied for the year 1993-94. By virtue of section 52 of the Finance Act 1993, sections 257 and 257A(5) of the Act applied for the year 1993-94 as if the amounts specified in them were the same as the amounts specified in them for the year 1992-93. Those amounts were specified in the Income Tax (Indexation) Order 1992 (S.I. [1992/622](#)).

The relevant amounts for the purposes of subsections (1), (2) and (3) of section 257A of the Act were specified, for the year 1994-95, by section 77(2) of the Finance Act 1994 (which amended those subsections) and, for the year 1995-96, by section 77(9) of the 1994 Act.

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, 257 and 257A(5) of the Act are increased by this Order in accordance with the percentage increase in the retail prices index for September 1994 over that for September 1993. Certain of the amounts have been rounded up 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 up 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 September 1993 is 141.9 and for September 1994 145.0 (based on January 1987 as 100) (see Table 6.4 on page S56 of the November 1994 number of *Employment Gazette*, the official journal of the Department of Employment).