
STATUTORY INSTRUMENTS

1998 No. 756

INHERITANCE TAX

The Inheritance Tax (Indexation) Order 1998

Made - - - - 17th March 1998

The Treasury, in pursuance of section 8(4) of the Inheritance Tax Act 1984(1), hereby make the following Order:

1. This Order may be cited as the Inheritance Tax (Indexation) Order 1998.
2. The amounts which, unless Parliament otherwise determines, will be treated by virtue of section 8 of the Inheritance Tax Act 1984 as specified in the Table in Schedule 1 to that Act(2) in relation to chargeable transfers on or after 6th April 1998 are as follows—

TABLE OF RATES OF TAX

<i>Portion of value</i>		<i>Rate of tax</i>
<i>Lower Limit</i>	<i>Upper Limit</i>	<i>Per cent.</i>
£	£	
0	223,000	NIL
223,000		40

(1) 1984 c. 51. Section 8 was amended by section 101(3) of, and paragraph 3 of Schedule 19 to, the Finance Act 1986 (c. 41) (subject to Part II of Schedule 19 to that Act), section 136(3) of, and Part X of Schedule 14 to, the Finance Act 1988 (c. 39) and section 197 of the Finance Act 1993 (c. 34), and by paragraph 21 of Schedule 2 to the Transfer of Functions (Registration and Statistics) Order 1996 (S.I. 1996/273). Section 8(1) was disappplied in relation to chargeable transfers made in the years beginning 6th April 1992, 6th April 1993, 6th April 1994, 6th April 1996 and 6th April 1997 by section 72(2) of the Finance (No. 2) Act 1992 (c. 48), section 196 of the Finance Act 1993, section 246 of the Finance Act 1994 (c. 9), section 183(2) of the Finance Act 1996 (c. 8) and section 93(2) of the Finance Act 1997 (c. 16) respectively. 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.

(2) The Table in Schedule 1 was substituted by section 93(1) of the Finance Act 1997 in relation to chargeable transfers made in the year beginning 6th April 1997, by section 183(1) of the Finance Act 1996 in relation to chargeable transfers made in the year beginning 6th April 1996, and by S.I. 1994/3011 in relation to chargeable transfers made in the year beginning 6th April 1995. Previously the Table in that Schedule was substituted by section 72(1) of the Finance (No. 2) Act 1992 in relation to chargeable transfers made on or after 10th March 1992, and that Table also applied, by virtue of section 196 of the Finance Act 1993 and section 246 of the Finance Act 1994, to chargeable transfers made in the years beginning 6th April 1993 and 6th April 1994 respectively.

Status: This is the original version (as it was originally made).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

17th March 1998

Graham Allen
Jim Dowd
Two of the Lords Commissioners of Her
Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

This Order, made under section 8 of the Inheritance Tax Act 1984 (formerly the Capital Transfer Tax Act 1984) (“section 8”), substitutes a new Table of rate bands and rates in Schedule 1 to that Act for the Table which was substituted by section 93(1) of the Finance Act 1997 in relation to chargeable transfers made in the year beginning 6th April 1997.

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 in the retail prices index for September 1997 over that for September 1996, and rounded up to the nearest £1,000 in accordance with subsections (2) and (3) of section 8 (as amended by paragraph 3 of Schedule 19 to the Finance Act 1986 and section 197 of the Finance Act 1993). The “retail prices index” is defined in subsection (3) of section 8, as amended by paragraph 21 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 1996 is 153.8 and for September 1997 is 159.3 (based on January 1987 as 100) (see Table 3.1 on page T28 of the October 1997 issue (No. 528) of Economic Trends, a publication of the Government Statistical Service).

The new Table will apply in relation to chargeable transfers on or after 6th April 1998 unless Parliament otherwise determines.