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STATUTORY INSTRUMENTS

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**1999 No. 597**

**INCOME TAX**

**The Income Tax (Indexation) Order 1999**

Made - - - - 9th March 1999

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 1999.

2.—(1) The amounts which, unless Parliament otherwise determines, will be treated by virtue of sections 1(4)(2), 257C(1) and 265(1A) of the Income and Corporation Taxes Act 1988 as specified for the year 1999–00 in sections 1(2)(3), 257(2), (3) and (5), 257A(4) and 265(5) 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) (lower rate limit)—£4,500;
- (b) in paragraph (b) (basic rate limit)—£28,000.

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

- (a) in subsection (2) (personal allowance—age 65 to 74)—£5,590;
- (b) in subsection (3) (personal allowance—age 75 and over)—£5,780;
- (c) in subsection (5) (income limit for age-related allowances)—£16,800.

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

- (a) in subsection (1) (married couple's allowance)—£1,970;

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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 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).
- (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). 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.
- (5) 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.

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- (b) in subsection (2) (married couple's allowance—age 65 to 74)—£5,125;
- (c) in subsection (3) (married couple's allowance—age 75 and over)—£5,195;
- (d) in subsection (5) (income limit for age-related allowances)—£16,800.
- (5) In section 265(1) of the said Act (blind person's allowance)—£1,380.

9th March 1999

*David Jamieson*  
*Jim Dowd*  
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 1999 specify the amounts which by virtue of those sections shall, unless Parliament otherwise determines, be treated as specified for the year 1999–00.

This Order specifies the relevant amounts for the purposes of section 1(2) (lower rate and basic rate limits), section 257(2), (3) and (5) (personal allowances for persons of 65 or more), section 257A (married couple’s allowance) and section 265(1) (blind person’s allowance) of the Act for the year 1999–00. 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 1998 (S.I.1998/2704).

The relevant amounts for the purposes of sections 1(2) (lower rate and basic rate limits), 257 (personal allowances), 257A(1) (basic married couple’s allowance) and 265(1) (blind person’s allowance) of the Act were specified for the year 1998–99 by the Income Tax (Indexation) Order 1998 (S.I. 1998/755).

The amounts of the married couple’s allowances for persons of 65 or more were specified for the year 1998–99 by the Income Tax (Indexation) Order 1998 but amended by section 27(2) of the Finance Act 1998 (c. 36) for the purposes of indexation for the year 1999–00.

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(2), (3) and (5), 257A and 265 of the Act are increased by this Order in accordance with the percentage increase in the retail prices index for September 1998 over that for September 1997. 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 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 1997 is 159.3 and for September 1998 164.4 (based on January 1987 as 100) (see Table 3.1 on page T28 of the November 1998 issue (No. 540) of *Economic Trends*, a publication of the Government Statistical Service).