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STATUTORY INSTRUMENTS

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**2004 No. 772**

**INCOME TAX**

**The Income Tax (Indexation) Order 2004**

*Made* - - - - *17th March 2004*

The Treasury, in exercise of the powers conferred upon them by section 1(6) of the Income and Corporation Taxes Act 1988<sup>(1)</sup> hereby make the following Order:

1. This Order may be cited as the Income Tax (Indexation) Order 2004.
2. Unless Parliament determines otherwise, the amount treated as specified by virtue of section 1(4) of the Income and Corporation Taxes Act 1988 for the year 2004-05—
  - (a) in section 1(2)(aa)<sup>(2)</sup> of the Act (starting rate limit of charge to income tax) is £2,020;
  - (b) in section 1(2)(b)<sup>(3)</sup> of the Act (basic rate limit of charge to income tax) is £31,400.

17th March 2004

*John Heppell*  
*Nick Ainger*  
Two of the Lords Commissioners of Her  
Majesty's Treasury

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(1) 1988 c. 1. Section 1(6) was amended by section 9(7) and (10) of the Finance Act 1992 (c. 20).  
(2) Section 1(2)(aa) was amended by section 22(1) and (12) of the Finance Act 1999 (c. 16).  
(3) Section 1(2)(b) was amended by section 24(2) of the Finance Act 1988 (c. 39).

**Status:** This is the original version (as it was originally made).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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## EXPLANATORY NOTE

*(This note is not part of the Order)*

Section 1(6) of the Income and Corporation Taxes Act 1988 (“the Act”) provides that the Treasury shall by order made by statutory instrument before each year of assessment specify the amounts which by virtue of that section shall, unless Parliament otherwise determines, be treated as specified for the purposes of section 1(2)(aa) (starting rate limit of charge to income tax), and section 1(2)(b) (basic rate limit of charge to income tax) of the Act for the year of assessment 2004-05.

These amounts were specified for the year 2003-04 by the Income Tax (Indexation) Order 2003 (S.I.2003/840).

The amounts in section 1(2)(aa) and (b) of the Act are increased by this Order in accordance with the percentage increase in the retail prices index for September 2003 over that for September 2002. The amount in section 1(2)(aa) is rounded up to the nearest £10 in accordance with section 1(4)(a) and the amount in section 1(2)(b) is rounded up to the nearest £100 in accordance with section 1(4)(b).

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 2002 is 177.6 and for September 2003 is 182.5 (based on January 1987 as 100). The retail prices index for September 2003 was published in the November 2003 edition of Economic Trends, number 600, page 96, Table 3.1.

This Order does not impose any costs on business.