
STATUTORY INSTRUMENTS

2010 No. 2879

INCOME TAX

The Income Tax (Indexation) Order 2010

Made - - - - 2nd December 2010

The Treasury, in exercise of the powers conferred by sections 21(5) and 57(6) of the Income Tax Act 2007(1), make the following Order:

Citation and interpretation

- 1.—(1) This Order may be cited as the Income Tax (Indexation) Order 2010.
- (2) In this Order, references to sections are references to sections in the Income Tax Act 2007.

Indexation of the rate limits for the tax year 2011–12

2. For the tax year 2011–12, the amount specified in section 10(5) (basic rate limit)(2) is replaced with “£39,200”.
3. For the tax year 2011–12, the amount specified in section 12(3) (starting rate limit for savings)(3) is replaced with “£2,560”.

Indexation of allowances for the tax year 2011–12

4. For the tax year 2011–12—
 - (a) the amount specified in section 35(1) (personal allowance for those aged under 65)(4) is replaced with “£6,785”;
 - (b) the amount specified in section 36(1) (personal allowance for those aged 65 to 74)(5) is replaced with “£9,940”;
 - (c) the amount specified in section 37(1) (personal allowance for those aged 75 and over)(6) is replaced with “£10,090”;

(1) 2007 c. 3; section 21 was amended by the Finance Act 2008 (c. 9) (“FA 2008”), Schedule 1, paragraph 11. Section 57 was amended by section 4(3) of the Finance Act 2009 (c. 10) (“FA 2009”).

(2) Section 10(5) was substituted by section 4(1) of FA 2008. The amount specified in section 10(5) was substituted by section 2(1) of FA 2009. See also section 1(3) of the Finance Act 2010 (c. 13) (“FA 2010”).

(3) Section 12 was substituted by paragraph 5 of Schedule 1 to FA 2008. The amount specified in section 12(3) was substituted by article 3 of S.I. 2008/3023. See also section 1(3) of FA 2010.

(4) Section 35(1) was last amended by section 4(1) of FA 2009. The amount specified in section 35(1) was substituted by section 3(1) FA 2009. See also section 1(3) of FA 2010.

(5) The amount specified in section 36(1) was substituted by article 4(b) of S.I. 2008/3023. See also section 1(3) of FA 2010.

(6) The amount specified in section 37(1) was substituted by article 4(c) of S.I. 2008/3023. See also section 1(3) of FA 2010.

- (d) the amount specified in section 38(1) (blind person’s allowance)(7) is replaced with “£1,980”;
- (e) the amount specified in section 43 (tax reductions for married couples and civil partners: the minimum amount)(8) is replaced with “£2,800”;
- (f) in section 45 (marriages before 5th December 2005)—
 - (i) the amount specified in subsection (3)(a) (married couple’s allowance: one spouse aged 75 or over and born before 6th April 1935)(9) is replaced with “£7,295”;
 - (ii) the amount specified in subsection (3)(b) (married couple’s allowance: one spouse aged less than 75 and born before 6th April 1935)(10) is replaced with “£7,185”;
- (g) in section 46 (marriages and civil partnerships on or after 5th December 2005)—
 - (i) the amount specified in subsection (3)(a) (married couple’s allowance: one spouse or civil partner aged 75 or over and born before 6th April 1935)(11) is replaced with “£7,295”;
 - (ii) the amount specified in subsection (3)(b) (married couple’s allowance: one spouse or civil partner aged less than 75 and born before 6th April 1935)(12) is replaced with “£7,185”;
- (h) the amount specified in each of sections 36(2)(13), 37(2)(14), 45(4) and 46(4) (adjusted net income limit)(15) is replaced with “£24,000”.

*Michael Fabricant
Angela Watkinson*

Two of the Lords Commissioners of Her
Majesty’s Treasury

2nd December 2010

(7) The amount specified in section 38(1) was substituted by article 4(d) of *S.I. 2008/3023*. See also section 1(3) of FA 2010.
 (8) The amount specified in section 43 was substituted by article 4(e) of *S.I. 2008/3023*. See also section 1(3) of FA 2010.
 (9) The amount specified in section 45(3)(a) was substituted by article 4(f)(i) of *S.I. 2008/3023*. See also section 1(3) of FA 2010.
 (10) The amount specified in section 45(3)(b) was substituted by article 4(f)(ii) of *S.I. 2008/3023*. See also section 1(3) of FA 2010.
 (11) The amount specified in section 46(3)(a) was substituted by article 4(g)(i) of *S.I. 2008/3023*. See also section 1(3) of FA 2010.
 (12) The amount specified in section 46(3)(b) was substituted by article 4(g)(ii) of *S.I. 2008/3023*. See also section 1(3) of FA 2010.
 (13) Section 36(2) was last amended by section 4(2) of FA 2009. See also section 1(3) of FA 2010.
 (14) Section 37(2) was last amended by section 4(2) of FA 2009. See also section 1(3) of FA 2010.
 (15) The amount specified in all of the provisions in this paragraph was substituted by article 4(h) of *S.I. 2008/3023*. See also section 1(3) of FA 2010.

EXPLANATORY NOTE

(This note is not part of the Order)

For the tax year 2011–12 this Order replaces certain amounts specified in the Income Tax Act 2007 with new, increased amounts. In accordance with the method provided by sections 21 and 57, the increases are calculated by reference to the increase in the retail prices index. Where the retail prices index for the September before the start of the tax year is higher than it was for the previous September an order must be made replacing the amounts.

Increases made pursuant to section 21(5) are to the basic rate limit and the starting rate limit for savings. Increases made pursuant to section 57(6) are to personal allowances, married couple's allowance, blind person's allowance, the income limit for certain of the personal allowances, the married couple's allowance ("the adjusted net income limit") and the minimum amount of the married couple's allowance ("the minimum amount").

The basic rate limit and the personal allowance for those aged under 65 were last increased by the Finance Act 2009 (c. 10). The other amounts were last increased by the Income tax (Indexation) Order 2008 (S.I. 2008/3023). Section 1(3) of the Finance Act 2010 (c. 13) maintained all those rates for the tax year 2010–11. The retail prices index has increased and this Order sets out the new rates for the tax year 2011–12.

A full impact assessment has not been produced for this instrument as no impact on the private or voluntary sectors is foreseen.