
 STATUTORY INSTRUMENTS

1985 No. 430

INCOME TAX

The Income Tax (Indexation) Order 1985

Made - - - - - 19th March 1985

The Treasury, in pursuance of section 24(9) of the Finance Act 1980(a), hereby make the following Order:—

1. This Order may be cited as the Income Tax (Indexation) Order 1985.

2.—(1) The amounts which, unless Parliament otherwise determines, will be treated by virtue of section 24 of the Finance Act 1980 as specified for the year 1985–86 in section 32 of the Finance Act 1971(b) and section 8 of the Income and Corporation Taxes Act 1970(c) are as follows.

(2) In section 32 of the said Act of 1971 (basic rate limit and higher rate bands)—

(a) the basic rate limit £16,200;

(b) the higher rate bands—

<i>Band</i>	<i>Part of total income in excess of basic rate limit</i>
First	The first £3,000
Second	The next £5,200
Third	The next £7,900
Fourth	The next £7,900
Fifth	The remainder.

(3) In section 8 of the said Act of 1970 (personal allowances)—

(a) subsection (1)(a) (married) £3,305;

(b) subsection (1)(b) and (2) (single and wife's earned income relief) £2,105;

(c) subsection (1A)(a) and (b) (age allowance) £4,145 and £2,610;

(d) subsection (1B) (income limit for age allowance) £8,500.

Donald Thompson,
A. G. Hamilton,
Two of the Lords Commissioners
of Her Majesty's Treasury.

19th March 1985.

(a) 1980 c. 48; section 24 was amended by section 17(2) of and Schedule 7 to the Finance Act 1984 (c. 43).

(b) 1971 c. 68; section 32 was amended by section 17(2) of and Schedule 7 to the Finance Act 1984.

(c) 1970 c. 10.

EXPLANATORY NOTE

(This Note is not part of the Order.)

Section 24 of the Finance Act 1980 provides that the Treasury shall by order made by statutory instrument before 6 April 1985 specify the amounts which by virtue of that section shall, unless Parliament otherwise determines, be treated as specified for the year 1985-86. These are the thresholds for the higher rates of tax—the basic rate limit and the higher rate bands (section 32, Finance Act 1971, as amended by section 17 of and Schedule 7 to the Finance Act 1984—abolition of investment income surcharge for 1984-85 and subsequent years of assessment) and the personal allowances (section 8, Income and Corporation Taxes Act 1970). These amounts are increased in accordance with the increase in the retail prices index for December 1984 over that for December 1983. The “retail prices index” is defined in section 24(8) as “the general index of retail prices (for all items) published by the Department of Employment”.

The retail prices index for December 1984 is 358·5 and for December 1983 342·8 (based on January 1974 as 100). (Table 6·4 of the Department of Employment Gazette, January 1985). This Order specifies the amounts which take account of that increase. They will have effect for income tax for the year 1985-86 unless Parliament otherwise determines.

SI 1985/430
ISBN 0-11-056430-8

