
EXPLANATORY NOTE

(This note is not part of the Order)

By this Order, made under the provisions of section 8 of the Inheritance Tax Act 1984 (formerly the Capital Transfer Tax Act 1984) a new Table of rate bands and rates is substituted in Schedule 1 to that Act for the Table which was substituted by the Inheritance Tax (Indexation) Order 1989 (S.I.1989/468). 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 (7.7%) in the retail prices index for December 1989 over that for December 1988. The figures are rounded upward to the nearest £1,000 in accordance with section 8(2). The “retail prices index” is defined in section 8(3), as amended by paragraph 5 of Schedule 2 to the Transfer of Functions (Economic Statistics) Order 1989 (S.I. 1989/992), as “the general index of retail prices (for all items) published by the Central Statistical Office of the Chancellor of the Exchequer”. The retail prices index for December 1988 is 110.3 and for December 1989 is 118.8 (based on January 1987 as 100). (Table 6.1 on page S.54 of the February 1990 number of the *Employment Gazette*, the official journal of the Department of Employment.)

The new Table will apply in relation to chargeable transfers on or after 6th April 1990 unless Parliament otherwise determines.