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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”) provide that the Treasury shall by order made by statutory instrument before 6th April 1991 specify the amounts which by virtue of those sections shall, unless Parliament otherwise determines, be treated as specified for the year 1991-92. These are the basic rate limit (section 1 of the Act) and the personal and married couple’s allowances (sections 257 and 257A of the Act respectively).

The amount of the basic rate limit in section 1 for the year 1990-91 was fixed by section 17(1) of the Finance Act 1990 (c. 29).

The amounts of personal and married couple’s allowances in sections 257 and 257A of the Act (as substituted by section 33 of the Finance Act 1988) were specified in the Income Tax (Indexation) Order 1990 (S.I. 1990/677).

Those amounts are increased by this Order in accordance with the percentage increase in the retail prices index for December 1990 over that for December 1989. Certain of the amounts have been rounded up to the nearest £ 1 00 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 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 1989 is 118.8 and for December 1990 129.9 (based on January 1987 as 100). (Table 6.1 on page S. 58 of the February 1991 number of the Employment Gazette, the official journal of the Department of Employment.)