
EXPLANATORY NOTE

(This note is not part of the Order)

This Order, made under section 8 of the Inheritance Tax Act 1984 (formerly the Capital Transfer Tax Act 1984) (“section 8”), substitutes a new Table of rate bands and rates in Schedule 1 to that Act for the Table which was substituted by section 93(1) of the Finance Act 1997 in relation to chargeable transfers made in the year beginning 6th April 1997.

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 in the retail prices index for September 1997 over that for September 1996, and rounded up to the nearest £1,000 in accordance with subsections (2) and (3) of section 8 (as amended by paragraph 3 of Schedule 19 to the Finance Act 1986 and section 197 of the Finance Act 1993). The “retail prices index” is defined in subsection (3) of section 8, as amended by paragraph 21 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 1996 is 153.8 and for September 1997 is 159.3 (based on January 1987 as 100) (see Table 3.1 on page T28 of the October 1997 issue (No. 528) of Economic Trends, a publication of the Government Statistical Service).

The new Table will apply in relation to chargeable transfers on or after 6th April 1998 unless Parliament otherwise determines.