
EXPLANATORY NOTE

(This note is not part of the Order)

Section 257C(3) of the Income and Corporation Taxes Act 1988 (“the Act”) operates to provide that the Treasury shall by order made by statutory instrument before 6th April 2002 specify the amounts which by virtue of that section shall, unless Parliament otherwise determines, be treated as specified for the purposes of sections 257 (personal allowances) and 257A (married couple’s allowances for those born before 6th April 1935) of the Act for the year of assessment 2002–03.

The relevant amounts for the purposes of sections 257(1), (2), (3) and (5) (basic personal allowance, age-related personal allowances and income limit for age-related personal allowances) and section 257A (married couple’s allowances) of the Act were specified for the year 2001–02 by the Income Tax (Indexation) (No. 2) Order 2000 ([S. I. 2000/2996](#)).

Following the amendments to section 257C(1) of the Act made by section 107(3) of the Finance Act 1993, the amounts in sections 257(1), (2), (3) and (5), and 257A(2), (3), (5) and (5A) of the Act are increased by this Order in accordance with the percentage increase in the retail prices index for September 2001 over that for September 2000. Certain of the amounts have been rounded up to the nearest £100 in accordance with section 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 22 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 2000 is 171.7 and for September 2001 is 174.6 (based on January 1987 as 100).