

2001 No. 3773

INCOME TAX

The Income Tax (Indexation) (No. 2) Order 2001

Made - - - - - 27th November 2001

The Treasury, in pursuance of section 257C(3) of the Income and Corporation Taxes Act 1988(a), hereby make the following Order:

1. This Order may be cited as the Income Tax (Indexation) (No. 2) Order 2001.
- 2.—(1) The amounts which, unless Parliament otherwise determines, will be treated by virtue of section 257C(1) of the Income and Corporation Taxes Act 1988 as specified for the year 2002–03 in sections 257 and 257A(b) of that Act are set out in paragraphs (2) and (3).
 - (2) In section 257 of that Act (personal allowance)—
 - (a) in subsection (1) (personal allowance)—£4,615;
 - (b) in subsection (2) (personal allowance—age 65–74)—£6,100;
 - (c) in subsection (3) (personal allowance—age 75 and over)—£6,370;
 - (d) in subsection (5) (income limit for age-related allowances)—£17,900.
 - (3) In section 257A of that Act (married couple's allowance)—
 - (a) in subsection (2) (married couple's allowance—age 67 to 74 and born before 6th April 1935)—£5,465;
 - (b) in subsection (3) (married couple's allowance—age 75 and over)—£5,535;
 - (c) in subsection (5) (income limit for age-related allowances)—£17,900;
 - (d) in subsection (5A) (minimum married couple's allowance)—£2,110.

*Anne McGuire
John Heppell*

27th November 2001

Two of the Lords Commissioners of Her Majesty's Treasury

(a) 1988 c. 1. Sections 257 to 257F were substituted for section 257 by section 33 of the Finance Act 1988 (c. 39) with effect for the year 1990–91 and subsequent years of assessment. Section 257C was amended by Part IV of Schedule 19 to the Finance Act 1990 (c. 29), section 107(3) of, and Part III(10) of Schedule 23 to, the Finance Act 1993 (c. 34), and section 25(3) of the Finance Act 1999 (c. 16).

(b) Sections 257 and 257A as substituted by section 33 of the Finance Act 1988 were amended by section 33 of the Finance Act 1989 (c. 26). Section 257 was further amended by paragraph 13 of Schedule 20 and Part V(10) of Schedule 41 to the Finance Act 1996 (c. 8); and section 257A was further amended by section 77(2) of, and paragraph 1 of Schedule 8 to, the Finance Act 1994 (c. 9) and by paragraph 14 of Schedule 20 to the Finance Act 1996, and was amended and extended by section 31 of the Finance Act 1999.

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).

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