

2002 No. 2930

INCOME TAX

The Income Tax (Indexation) (No. 2) Order 2002

Made - - - -

27th November 2002

The Treasury, in exercise of the powers conferred upon them by 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 2002.

2.—(1) The amounts which, unless Parliament otherwise determines, will be treated by virtue of sections 257C(1) and 265(1A) of the Income and Corporation Taxes Act 1988 as specified for the year 2003-04 in sections 257 and 257A(b), and 265(c) of that Act are set out in paragraphs (2), (3), and (4).

(2) In section 257(5) of that Act (personal allowance – income limit for age-related allowances) – £18,300.

(3) In section 257A of that Act (married couple's allowance) –

(a) in subsection (2) (married couple's allowance – age 68 to 74 and born before 6 April 1935) – £5,565;

(b) in subsection (3) (married couple's allowance – age 75 and over) – £5,635;

(c) in subsection (5) (income limit for age-related allowances) – £18,300;

(d) in subsection (5A) (minimum married couple's allowance) – £2,150.

(4) In section 265(1) of that Act (blind person's allowance) – £1,510.

Nick Ainger
Jim Fitzpatrick

27th November 2002

Two of the Lords Commissioners of Her Majesty's Treasury

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- (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), and section 107(3) of, and Part III(10) of Schedule 23 to, the Finance Act 1993 (c.34), extended by section 56(2) of the Finance Act 1997 (c.16), and further amended by section 25(3) of the Finance Act 1999 (c.16), and section 27(b) of the Finance Act 2002 (c.23).
- (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.
- (c) Section 265 was substituted by paragraph 8 of Schedule 3 to the Finance Act 1988 with effect for the year 1990-91 and subsequent years of assessment, and was amended by sections 33(10) and 57(4) of the Finance Act 1989 (c.26), by section 33(4) of the Finance Act 1991 (c.31), by paragraph 8 of Schedule 5 and Part VII(1) of Schedule 18 to the Finance (No.2) Act 1992 (c.48), by paragraph 3 of Schedule 10, paragraph 10 of Schedule 8, and Part V(1) (2) (3) and (17) of Schedule 26, to the Finance Act 1994 (c.9), by paragraph 19 of Schedule 20, paragraph 6 of Schedule 21 and Part V(10) of Schedule 41 to the Finance Act 1996 (c.8), by section 56 of the Finance Act 1997 (c.16), and by Part III(15) of Schedule 20 to 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 6 April 2003 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), 257A (married couple’s allowances for those born before 6 April 1935), and 265 (blind person’s allowance) of the Act for the year of assessment 2003-04.

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 2002-03 by the Income Tax (Indexation) (No.2) Order 2001 (S.I. 2001/3773). The relevant amount for the purposes of section 265(1) (blind person’s allowance) of the Act was specified for the year 2002-03 by the Income Tax (Indexation) Order 2002 (S.I. 2002/707).

The amounts in sections 257(5), 257A(2), (3), (5) and (5A), and 265(1) of the Act are increased by this Order in accordance with the percentage increase in the retail prices index for September 2002 over that for September 2001. 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 2001 is 174.6 and for September 2002 is 177.6.

Section 28(1) of the Finance Act 2002 specifies that for the year 2003-04 the amount in section 257(1) of the Act (personal allowance) is £4,615. Section 29(1)(a) of the Finance Act 2002 specifies that for the year 2003-04 the amount in section 257(2) of the Act (personal allowance for those aged between 65 and 74) is £6,610. Section 29(1)(b) of the Finance Act 2002 specifies that for the year 2003-04 the amount in section 257(3) of the Act (personal allowance for those aged 75 or over) is the amount that would apply by virtue of section 257C(1) of the Act (the amount increased in accordance with the percentage increase in the retail prices index for September 2002 over that for September 2001 and where relevant rounding it up to the nearest £10) plus £240. The amount that would apply by virtue of section 257C(1) of the Act is £6,480 and therefore the allowance is £6,720.

£1.50

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under the authority and superintendence of Carol Tullo, Controller of
Her Majesty’s Stationery Office and Queen’s Printer of Acts of Parliament.
E1776 12/2002 121776 19585

ISBN 0-11-044110-9



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