

EXPLANATORY NOTE

(This note is not part of the Regulations)

Section 257C(3) of the Income and Corporation Taxes Act 1988 (“the Act”) requires the Treasury to specify, by order made by statutory instrument before 6th April 2007, 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 where one spouse born before 6th April 1935 and the marriage is contracted before 5th December 2005), 257AB (married couple’s allowance for marriages contracted and civil partnerships registered on or after 5th December 2005), and 265 (blind person’s allowance) of the Act for the year of assessment 2007-08.

The relevant amounts for the purposes of sections 257, 257A, 257AB and 265(1) of the Act were specified for the year 2006-7 by the Income Tax (Indexation) (No.2) Order 2005 ([S.I. 2005/3327](#)).

For 2007-08, the amounts in those sections are increased by this Order in accordance with the percentage increase in the retail prices index for September 2006 over that for September 2005. 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 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 2005 is 193.1 and for September 2006 is 200.1.