

2020 No. 343

INCOME TAX

The Income Tax (Indexation) Order 2020

Made - - - -

23rd March 2020

The Treasury make the following Order in exercise of the powers conferred by section 57(6) of the Income Tax Act 2007(a):

Citation and interpretation

- 1.—(1) This Order may be cited as the Income Tax (Indexation) Order 2020.
- (2) In this Order, references to sections are references to sections of the Income Tax Act 2007.

Indexation of allowances for the tax year 2020-21

2. For the tax year 2020-21—
 - (a) the amount specified in section 38(1)(b) (blind person’s allowance) is replaced with “£2,500”;
 - (b) the amount specified in section 43(c) (tax reductions for married couples and civil partners: the minimum amount) is replaced with “£3,510”;
 - (c) the amount specified in section 45(3)(a)(d) (married couple’s allowance: marriages before 5 December 2005) is replaced with “£9,075”;
 - (d) the amount specified in section 46(3)(a)(e) (married couple’s allowance: marriages and civil partnerships on or after 5 December 2005) is replaced with “£9,075”;
 - (e) the amount specified in sections 45(4) and 46(4)(f) (married couple’s allowance: adjusted net income limit) is replaced with “£30,200”.

David Rutley
Iain Stewart

23rd March 2020

Two of the Lords Commissioners of Her Majesty’s Treasury

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- (a) 2007 c. 3. Section 57 was amended by section 4(3) of the Finance Act 2009 (c. 10), section 4(6) of the Finance Act 2012 (c.14), Part 10 of Schedule 1 to the Statute Law (Repeals) Act 2013 (c. 2) (“SLRA 2013”), section 4(3) of the Finance Act 2014 (c. 26) (“FA 2014”), section 5(10) of the Finance Act 2015 (c. 11) (“FA 2015”) and section 3(2) of the Finance (No. 2) Act 2015 (c. 33).
 - (b) The amount specified in section 38(1) was last substituted by S.I. 2018/1150.
 - (c) The amount specified in section 43 was last substituted by of S.I. 2018/1150.
 - (d) Section 45(3) was amended by Part 10 of Schedule 1 to the SLRA 2013. The amount specified in section 45(3)(a) was last substituted by S.I. 2018/1150.
 - (e) Section 46(3) was amended by Part 10 of Schedule 1 to SLRA 2013. The amount specified in section 46(3)(a) was last substituted by S.I. 2018/1150.
 - (f) Section 45(4) was amended by section 2(6) of FA 2014 with effect for the tax year 2015-16 and subsequent tax years, and by section 5(6) of FA 2015 with effect for the tax year 2016-17 and subsequent tax years. Section 46(4) was amended by section 2(7) of FA 2014 with effect for the tax year 2015-16 and subsequent tax years, and by section 5(7) of FA 2015 with effect for the tax year 2016-17 and subsequent tax years. The amounts specified in sections 45(4) and 46(4) were last substituted by S.I. 2018/1150.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order fulfils the indexation requirement in section 57 of the Income Tax Act 2007 (c. 3). Section 57 provides that certain specified allowances and limits are increased by reference to the Consumer Prices Index. These increases have effect for the 2020-21 tax year.

This Order does not provide for an increase of the amount of the personal allowance in section 35(1). The personal allowance has already been set at £12,500 for the tax years 2019-20 and 2020-21 by section 5(1) of the Finance Act 2019 (c. 1) so the requirement to provide for indexation of that allowance for those tax years was disapplied by section 5(5) of that Act.

A Tax Information and Impact Note has not been prepared for this instrument as it gives effect to previously announced policy and relates to a predetermined indexation formula.

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