

2011 No. 2926

INCOME TAX

The Income Tax (Indexation) Order 2011

Made - - - - *6th December 2011*

The Treasury make the following Order in exercise of the powers conferred by sections 21(5) and 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 2011.

(2) In this Order, unless otherwise stated, references to sections are references to sections in the Income Tax Act 2007.

Indexation of the rate limits for the tax year 2012-13

2. For the tax year 2012-13—

- (a) the amount specified in section 10(5) (basic rate limit)(b) is replaced with “£37,000”;
- (b) the amount specified in section 12(3) (starting rate limit for savings)(c) is replaced with “£2,710”.

Indexation of allowances for the tax year 2012-13

3. For the tax year 2012-13—

- (a) the amount specified in section 35(1) (personal allowance for those aged under 65)(d) is replaced with “£7,895”;
- (b) the amount specified in section 36(1) (personal allowance for those aged 65 to 74)(e) is replaced with “£10,500”;
- (c) the amount specified in section 37(1) (personal allowance for those aged 75 and over)(f) is replaced with “£10,660”;

(a) 2007 c. 3; section 21 was amended by paragraph 11 of Schedule 1 to the Finance Act 2008 (c. 9) (“FA 2008”). Section 57 was amended by section 4(3) of the Finance Act 2009 (c. 10) (“FA 2009”).

(b) Section 10(5) was substituted by section 4(1) of FA 2008. The amount specified in section 10(5) was last substituted by section 2(1) of the Finance Act 2011 (c. 11) (“FA 2011”).

(c) Section 12 was substituted by paragraph 5 of Schedule 1 to FA 2008. The amount specified in section 12(3) was last substituted by article 3 of S.I. 2010/2879.

(d) Section 35 was amended by section 4(1) of FA 2009. The amount specified in section 35(1) was last substituted by section 3(1) of FA 2011.

(e) Section 36 was amended by section 4(2) of FA 2009. The amount specified in section 36(1) was last substituted by article 4(b) of S.I. 2010/2879.

(f) Section 37 was amended by section 4(2) of FA 2009. The amount specified in section 37(1) was last substituted by article 4(c) of S.I. 2010/2879.

- (d) the amount specified in section 38(1) (blind person's allowance)(a) is replaced with "£2,100";
- (e) the amount specified in section 43 (tax reductions for married couples and civil partners: the minimum amount)(b) is replaced with "£2,960";
- (f) in section 45 (marriages before 5 December 2005: married couple's allowance)—
 - (i) the amount specified in subsection (3)(a)(c) is replaced with "£7,705";
 - (ii) the amount specified in subsection (3)(b)(d) is replaced with "£7,595";
- (g) in section 46 (marriages and civil partnerships on or after 5 December 2005: married couple's allowance)—
 - (i) the amount specified in subsection (3)(a)(e) is replaced with "£7,705";
 - (ii) the amount specified in subsection (3)(b)(f) is replaced with "£7,595";
- (h) the amount specified in each of sections 36(2), 37(2), 45(4), 46(4) (adjusted net income limit)(g) is replaced with "£25,400".

Angela Watkinson
James Duddridge

6th December 2011

Two of the Lords Commissioners of Her Majesty's Treasury

(a) The amount specified in section 38(1) was last substituted by article 4(d) of S.I. 2010/2879.
 (b) The amount specified in section 43 was last substituted by article 4(e) of S.I. 2010/2879.
 (c) The amount specified in section 45(3)(a) was last substituted by article 4(f)(i) of S.I. 2010/2879.
 (d) The amount specified in section 45(3)(b) was last substituted by article 4(f)(ii) of S.I. 2010/2879.
 (e) The amount specified in section 46(3)(a) was last substituted by article 4(g)(i) of S.I. 2010/2879.
 (f) The amount specified in section 46(3)(b) was last substituted by article 4(g)(ii) of S.I. 2010/2879.
 (g) Section 36(2) was amended by section 4(2) of FA 2009. Section 37(2) was amended by section 4(2) of FA 2009. The amount specified in each of the provisions in this sub-paragraph was substituted by article 4(h) of S.I. 2010/2879.

EXPLANATORY NOTE

(This note is not part of the Order)

For the tax year 2012-13 this Order replaces certain amounts specified in the Income Tax Act 2007 with new, increased amounts. In accordance with the method provided by sections 21 and 57, the increases are calculated by reference to the increase in the retail prices index. Where the retail prices index for the September before the start of the tax year is higher than it was for the previous September an order must be made replacing those amounts. The retail prices index has increased and this Order sets out the new rate limits and allowances for the tax year 2012-13.

Increases made pursuant to section 21(5) are to the basic rate limit and the starting rate limit for savings. Increases made pursuant to section 57(6) are to personal allowances, married couple's allowance, blind person's allowance, the income limit for certain of the personal allowances and the married couple's allowance ("the adjusted net income limit") and the minimum amount of the married couple's allowance ("the minimum amount").

The basic rate limit and the personal allowance for those aged under 65 were last amended by the Finance Act 2011 (c. 11). The other amounts were last increased by the Income Tax (Indexation) Order 2010 (S.I. 2010/2879).

In line with government commitments, 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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