



# Income and Corporation Taxes Act 1988

## 1988 CHAPTER 1

### PART XIII

#### MISCELLANEOUS SPECIAL PROVISIONS

#### CHAPTER I

#### INTELLECTUAL PROPERTY

##### Modifications etc. (not altering text)

C1 Pt. 13 Ch. 1 modified (8.11.1995) by [Atomic Energy Authority Act 1995 \(c. 37\)](#), [Sch. 3 para. 20](#)

##### *Patents and know-how*

**520 Allowances for expenditure on purchase of patent rights: post-31st March 1986 expenditure.**

F1 .....

##### Textual Amendments

F1 [Ss. 520-523](#) repealed (with effect in accordance with s. 579 of the repealing Act) by [Capital Allowances Act 2001 \(c. 2\)](#), [Sch. 2 para. 44](#), [Sch. 4](#)

**521 Provisions supplementary to section 520.**

F2 .....

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#### Textual Amendments

- F2** Ss. 520-523 repealed (with effect in accordance with s. 579 of the repealing Act) by [Capital Allowances Act 2001 \(c. 2\)](#), Sch. 2 para. 44, **Sch. 4**

### 522 Allowances for expenditure on purchase of patent rights: pre-1st April 1986 expenditure.

**F3** .....

#### Textual Amendments

- F3** Ss. 520-523 repealed (with effect in accordance with s. 579 of the repealing Act) by [Capital Allowances Act 2001 \(c. 2\)](#), Sch. 2 para. 44, **Sch. 4**

### 523 Lapses of patent rights, sales etc.

**F4** .....

#### Textual Amendments

- F4** Ss. 520-523 repealed (with effect in accordance with s. 579 of the repealing Act) by [Capital Allowances Act 2001 \(c. 2\)](#), Sch. 2 para. 44, **Sch. 4**

### 524 Taxation of receipts from sale of patent rights.

**F5** .....

#### Textual Amendments

- F5** S. 524 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), Sch. 1 para. 179, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

### 525 Capital sums: <sup>F6</sup> . . . winding up or partnership change.

**F7** .....

#### Textual Amendments

- F6** Word in s. 525 sidenote omitted (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by virtue of [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), **Sch. 1 para. 202(5)** (with Sch. 2)
- F7** S. 525 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), Sch. 1 para. 180, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

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## 526 Relief for expenses.

F8 .....

### Textual Amendments

**F8** S. 526 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 181, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

## 527 Spreading of royalties over several years.

[<sup>F9M1</sup>(1) Where—

- (a) a royalty or other sum is paid to a company in respect of the user of a patent,
- (b) the user extended over a period of six complete years or more, and
- (c) the payment is one from which a sum representing income tax must be deducted under section 903 of ITA 2007,

the company may on the making of a claim require that the corporation tax payable by it by reason of the receipt of that sum shall be reduced so as not to exceed the total amount of corporation tax which would have been payable by it if that royalty or sum had been paid in six equal instalments at yearly intervals, the last of which was paid on the date on which the payment was in fact made.]

(2) Subsection (1) above shall apply in relation to a royalty or other sum where the period of the user is two complete years or more but less than six complete years as it applies to the royalties and sums mentioned in that subsection, but with the substitution for the reference to six equal instalments of a reference to so many equal instalments as there are complete years comprised in that period.

(3) <sup>F10</sup> .....

(4) <sup>F11</sup> .....

### Textual Amendments

**F9** S. 527(1) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), **Sch. 1 para. 108(2)** (with Sch. 2)

**F10** S. 527(3) repealed (with effect in accordance with Sch. 14 Pt. 8 Note 5 of the repealing Act) by Finance Act 1988 (c. 39), **Sch. 14 Pt. 8**

**F11** S. 527(4) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 108(3), **Sch. 3 Pt. 1** (with Sch. 2)

### Marginal Citations

**M1** Source - 1970 s.384

## 528 Manner of making allowances and charges.

F12 .....

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**Textual Amendments**

**F12** S. 528 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 182, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**529 Patent income to be earned income in certain cases.**

**F13** .....

**Textual Amendments**

**F13** S. 529 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 206, **Sch. 3** (with Sch. 2)

**530 Disposal of know-how.**

**F14** .....

**Textual Amendments**

**F14** S. 530 repealed (with effect in accordance with s. 579 of the repealing Act) by Capital Allowances Act 2001 (c. 2), Sch. 2 para. 47, **Sch. 4**

**531 Provisions supplementary to section 530.**

**F15** .....

**Textual Amendments**

**F15** S. 531 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 183, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**532 Application of Capital Allowances Act**

**F16** .....

**Textual Amendments**

**F16** S. 532 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 184, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**533 Interpretation of sections 520 to 532.**

**F17** .....

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**Textual Amendments**

**F17** S. 533 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 185, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

*Copyright and public lending right*

**534 Relief for copyright payments etc.**

**F18** .....

**Textual Amendments**

**F18** S. 534 repealed (with effect in accordance with s. 71(3) of the repealing Act) by Finance Act 2001 (c. 9), **Sch. 33 Pt. 2(6)**

**535 Relief where copyright sold after ten years or more.**

**F19** .....

**Textual Amendments**

**F19** S. 535 repealed (with effect in accordance with s. 71(3) of the repealing Act) by Finance Act 2001 (c. 9), **Sch. 33 Pt. 2(6)**

**536 Taxation of royalties where owner abroad.**

**F20** .....

**Textual Amendments**

**F20** Ss. 536, 537, 537B repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 110, **Sch. 3 Pt. 1** (with Sch. 2)

**537 Public lending right.**

**F21** .....

**Textual Amendments**

**F21** Ss. 536, 537, 537B repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 110, **Sch. 3 Pt. 1** (with Sch. 2)

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### *f<sup>F22</sup> Designs*

#### Textual Amendments

- F22** Ss. 537A, 537B and preceding cross-heading inserted (1.8.1989) by [Intellectual Property Act 1988](#) (c. 48), [Sch. 7 para. 36\(6\)](#); S.I. 1989/816, [art. 2](#)

#### **537A Relief for payments in respect of designs.**

F23 .....

#### Textual Amendments

- F23** S. 537A repealed (with effect in accordance with s. 71(3) of the repealing Act) by [Finance Act 2001](#) (c. 9), [Sch. 33 Pt. 2\(6\)](#)

#### **537B Taxation of design royalties where owner abroad.**

F24 .....]

#### Textual Amendments

- F24** Ss. 536, 537, 537B repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007](#) (c. 3), [Sch. 1 para. 110](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

### *Artists' receipts*

#### **538 Relief for painters, sculptors and other artists.**

F25 .....

#### Textual Amendments

- F25** S. 538 repealed (with effect in accordance with s. 71(3) of the repealing Act) by [Finance Act 2001](#) (c. 9), [Sch. 33 Pt. 2\(6\)](#)

## CHAPTER II

### LIFE POLICIES, LIFE ANNUITIES AND CAPITAL REDEMPTION POLICIES

#### Modifications etc. (not altering text)

- C2** Pt. 13 Ch. 2 restricted (with effect in accordance with s. 105(1) of the affecting Act) by [Finance Act 1996](#) (c. 8), [Sch. 13 para. 3\(2\)](#) (with [Sch. 13 para. 16](#))
- C3** Pt. 13 Ch. 2 applied (with modifications) (6.4.1999) by [The Individual Savings Account Regulations 1998](#) (S.I. 1998/1870), [regs. 35\(7\)](#), [36\(3\)-\(7\)](#) (as amended by [The Individual Savings Account \(Amendment\) Regulations 1998](#) (S.I. 1998/3174), [reg. 12](#))

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- C4** Pt. 13 Ch. 2 applied (with modifications) (6.4.1999 with effect in accordance with reg. 1 of the affecting S.I.) by [The Personal Portfolio Bonds \(Tax\) Regulations 1999 \(S.I. 1999/1029\)](#), [reg. 6\(2\)-\(8\)](#) (as amended (6.4.2002) by [The Personal Portfolio Bonds \(Tax\) \(Amendment\) Regulations 2002 \(S.I. 2002/455\)](#)), [regs. 1, 2](#))
- C5** Pt. 13 Ch. 2 modified (9.4.2003) by [Finance Act 2003 \(c. 14\)](#), s. 171(1)(3), [Sch. 34 para. 3](#)
- C6** Pt. 13 Ch. 2 modified (9.4.2003) by [Finance Act 2003 \(c. 14\)](#), s. 171(1)(3), [Sch. 34 para. 15](#)
- C7** Pt. 13 Ch. 2 modified (6.4.2005) by [The Child Trust Funds Regulations 2004 \(S.I. 2004/1450\)](#), [regs. 1, 2\(1\), 38\(3\)-\(8\)](#); S.I. 2004/3369, [art. 2\(1\)](#)
- C8** Pt. 13 Ch. 2 modified (20.7.2005) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), [Sch. 7 para. 14\(5\)-\(7\)](#)
- C9** Pt. 13 Ch. 2 modified (with effect in accordance with Sch. 13 para. 5 of the modifying Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 13 para. 6](#)

## 539 Introductory.

**F26** .....

### Textual Amendments

- F26** [Ss. 539-551A](#) omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 3](#)

## [<sup>F27</sup>539ZA] Application of this Chapter etc. to policies and contracts in which persons other than companies are interested

**F28** .....

### Textual Amendments

- F27** [S. 539ZA](#) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 211](#) (with Sch. 2)
- F28** [Ss. 539-551A](#) omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 3](#)

## [<sup>F29</sup>539A] The conditions for being an excepted group life policy

**F30** .....

### Textual Amendments

- F29** [S. 539A](#) inserted (9.4.2003) by [Finance Act 2003 \(c. 14\)](#), s. 171(1)(3), [Sch. 34 para. 2](#)
- F30** [Ss. 539-551A](#) omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 3](#)

## 540 Life policies: chargeable events.

**F31** .....

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**Textual Amendments**

**F31** Ss. 539-551A omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 3](#)

**541 Life policies: computation of gain.**

F32 .....

**Textual Amendments**

**F32** Ss. 539-551A omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 3](#)

**542 Life annuity contracts: chargeable events.**

F33 .....

**Textual Amendments**

**F33** Ss. 539-551A omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 3](#)

**543 Life annuity contracts: computation of gain.**

F34 .....

**Textual Amendments**

**F34** Ss. 539-551A omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 3](#)

**544 Second and subsequent assignment of life policies and contracts.**

F35 .....

**Textual Amendments**

**F35** Ss. 539-551A omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 3](#)

**545 Capital redemption policies.**

F36 .....



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**Textual Amendments**

**F36** Ss. 539-551A omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 3](#)

**546 Calculation of certain amounts for purposes of sections 540, 542 and 545.**

**F37** .....

**Textual Amendments**

**F37** Ss. 539-551A omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 3](#)

**[<sup>F38</sup> 546A Treatment of certain assignments etc involving co-ownership**

**F39** .....]

**Textual Amendments**

**F38** S. 546A inserted (with effect in accordance with s. 83(2) of the amending Act) by [Finance Act 2001 \(c. 9\)](#), [Sch. 28 para. 9](#)

**F39** Ss. 539-551A omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 3](#)

**[<sup>F40</sup> 546B Special provision in respect of certain section 546 excesses**

**F41** .....

**Textual Amendments**

**F40** Ss. 546B-546D inserted (with effect in accordance with s. 83(2) of the amending Act) by [Finance Act 2001 \(c. 9\)](#), [Sch. 28 para. 10](#)

**F41** Ss. 539-551A omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 3](#)

**546C Charging the section 546 excess to tax where section 546B applies**

**F42** .....

**Textual Amendments**

**F40** Ss. 546B-546D inserted (with effect in accordance with s. 83(2) of the amending Act) by [Finance Act 2001 \(c. 9\)](#), [Sch. 28 para. 10](#)

**F42** Ss. 539-551A omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 3](#)

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## 546D Modifications of s.546C for final year ending with terminal chargeable event

F43 ..... ]

### Textual Amendments

- F40** Ss. 546B-546D inserted (with effect in accordance with s. 83(2) of the amending Act) by Finance Act 2001 (c. 9), **Sch. 28 para. 10**
- F43** Ss. 539-551A omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 3**

## 547 Method of charging gain to tax.

F44 .....

### Textual Amendments

- F44** Ss. 539-551A omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 3**

## [<sup>F45</sup>547A Method of charging gain to tax: multiple interests.

F46 ..... ]

### Textual Amendments

- F45** S. 547A inserted (with effect in accordance with Sch. 14 para. 7(5) of the amending Act) by Finance Act 1998 (c. 36), **Sch. 14 para. 2**
- F46** Ss. 539-551A omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 3**

## 548 Deemed surrender of certain loans.

F47 .....

### Textual Amendments

- F47** Ss. 539-551A omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 3**

## [<sup>F48</sup>548A Effect of rebated or reinvested commission in certain cases

F49 .....

### Textual Amendments

- F48** Ss. 548A, 548B inserted (with effect in accordance with s. 29(4) of the amending Act) by Finance Act 2007 (c. 11), **s. 29(1)**

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**F49** Ss. 539-551A omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 3**

## 548B Section 548A: further definitions

**F50** ..... ]

### Textual Amendments

**F48** Ss. 548A, 548B inserted (with effect in accordance with s. 29(4) of the amending Act) by Finance Act 2007 (c. 11), s. 29(1)

**F50** Ss. 539-551A omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 3**

## 549 Certain deficiencies allowable as deductions.

**F51** .....

### Textual Amendments

**F51** S. 549 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 219, **Sch. 3** (with Sch. 2)

## 550 Relief where gain charged at a higher rate.

**F52** .....

### Textual Amendments

**F52** S. 550 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 220, **Sch. 3** (with Sch. 2)

## 551 Right of individual to recover tax from trustees.

**F53** .....

### Textual Amendments

**F53** S. 551 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 221, **Sch. 3** (with Sch. 2)

## [<sup>F54</sup>551A Right of company to recover tax from trustees.

**F55** ..... ]

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### Textual Amendments

- F54** Ss. 551A inserted (with effect in accordance with [Sch. 14 para. 7\(5\)](#) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [Sch. 14 para. 3](#)
- F55** Ss. 539-551A omitted (with effect in accordance with [Sch. 14 para. 18\(1\)](#) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 3](#)

### <sup>F56</sup>552 Information: duty of insurers.

- (1) Where a chargeable event <sup>F57</sup> . . . has happened in relation to any policy or contract, the body by or with whom the policy or contract was issued, entered into or effected shall—
  - (a) unless satisfied that no gain is to be treated as arising by reason of the event, deliver to the appropriate policy holder before the end of the relevant three month period a certificate specifying the information described in subsection (5) below; and
  - (b) if the condition in paragraph (a) or (b) of subsection (2) below is satisfied, deliver to the inspector before the end of the relevant three month period a certificate specifying the information described in subsection (5) below together with the name and address of the appropriate policy holder.
- (2) For the purposes of this section—
  - (a) the condition in this paragraph is that the event is an assignment for money or money's worth of the whole of the rights conferred by the policy or contract; or
  - (b) the condition in this paragraph is that the amount of the gain, or the aggregate amount of the gain and any gains connected with it, exceeds one half of the basic rate limit for the relevant year of assessment.
- (3) If, in the case of every certificate which a body delivers under subsection (1)(a) above which relates to a gain attributable to a year of assessment <sup>F58</sup> . . . , the body also delivers to the inspector—
  - (a) before the end of the relevant three month period for the purposes of subsection (1)(b) above,
  - (b) by a means prescribed by the Board for the purposes of this subsection under section 552ZA(5), and
  - (c) in a form so prescribed in the case of that means,
 a certificate specifying the same information as the certificate under subsection (1)(a) together with the name and address of the appropriate policy holder, the body shall be taken to have complied with the requirements of subsection (1)(b) above in relation to that year of assessment <sup>F59</sup> . . . so far as relating to the chargeable events to which the certificates relate.
- (4) Where a certificate is not required to be delivered under subsection (1)(b) above in the case of any chargeable event—
  - (a) the inspector may by notice require the body to deliver to him a copy of any certificate that the body was required to deliver under subsection (1)(a) above which relates to the chargeable event; and
  - (b) it shall be the duty of the body to deliver such a copy within 30 days of receipt of the notice.

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- (5) The information to be given to the appropriate policy holder pursuant to subsection (1) (a) above or the inspector pursuant to subsection (1)(b) above is—
- (a) any unique identifying designation given to the policy or contract;
  - (b) the nature of the chargeable event and—
    - (i) the date on which it happened; and
    - (ii) if it is a chargeable event by virtue of <sup>F60</sup> . . . [<sup>F61</sup>section 514(1) of ITTOIA 2005 (chargeable events where transaction-related calculations show gains), the date on which [<sup>F62</sup>the insurance year ends];]
  - (c) if the event is the assignment of all the rights conferred by the policy or contract, such of the following as may be required for computing the amount of the gain to be treated as arising by virtue of <sup>F63</sup> . . . [<sup>F64</sup>Chapter 9 of Part 4 of ITTOIA 2005]—
    - (i) <sup>F65</sup> . . . [<sup>F66</sup>the amount or value of any capital sums of a kind referred to in section 492(1)(b) to (e) of ITTOIA 2005];
    - (ii) the amounts previously paid under the policy or contract by way of premiums or otherwise by way of consideration for an annuity;
    - (iii) <sup>F67</sup> . . . [<sup>F68</sup>the amount of so much of any payment previously made on account of an annuity as is exempt under section 717 of ITTOIA 2005];
    - (iv) the value of any previously assigned parts of or shares in the rights conferred by the policy or contract;
    - (v) <sup>F69</sup> . . . [<sup>F70</sup>the total of the amounts of gains treated as arising on previous chargeable events within section 509(1) or 514(1) of ITTOIA 2005];
  - (d) except where paragraph (c) above applies, the amount of the gain treated as arising by reason of the event;
  - <sup>F71</sup>(e) the number of years relevant for computing the annual equivalent of the amount of the gain for the purposes of subsection (1) of section 536 of ITTOIA 2005 (top slicing relieved liability: one chargeable event), apart from subsections (6) and (8) of that section;]
  - <sup>F72</sup>(f) on the assumption that section 465 of ITTOIA 2005 (person liable: individuals) has effect in relation to the gain —
    - (i) whether an individual would fall to be treated as having paid income tax at the [<sup>F73</sup>basic rate] on the amount of the gain in accordance with section 530 of that Act; and
    - (ii) if so, except in a case where paragraph (c) above applies, the amount of such tax that would fall to be so treated as paid.]
- (6) For the purposes of subsection (1)(a) above, the relevant three month period is whichever of the following periods ends the latest—
- (a) the period of three months following the happening of the chargeable event;
  - (b) if the event is a surrender or assignment which is a chargeable event by virtue of <sup>F74</sup> . . . [<sup>F75</sup>section 514(1) of ITTOIA 2005 <sup>F76</sup> . . . ], the period of three months following the end of [<sup>F77</sup>the insurance year] in which the event happens;
  - (c) if the event is a death or an assignment of the whole of the rights or a surrender or assignment which is a chargeable event by virtue of <sup>F78</sup> . . . [<sup>F79</sup>section 514(1) of ITTOIA 2005 <sup>F78</sup> . . . ], the period of three months beginning with receipt of written notification of the event.

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- (7) For the purposes of subsection (1)(b) above, the relevant three month period is whichever of the following periods ends the latest—
- (a) the period of three months following the end of the year of assessment <sup>F80</sup> . . . in which the event happened;
  - (b) if the event is a surrender or assignment which is a chargeable event by virtue of [<sup>F81</sup>section 514(1) of ITTOIA 2005, the period of three months following the end of the insurance year] in which the event happens;
  - (c) if the event is a death or an assignment, the period of three months beginning with receipt of written notification of the event;
  - (d) if a certificate under subsection (1)(b) above would not be required in respect of the event apart from the happening of another event, and that other event is one of those mentioned in paragraph (c) above, the period of three months beginning with receipt of written notification of that other event.
- (8) For the purposes of this section the cases where a gain is connected with another gain are those cases where—
- (a) both gains arise in connection with policies or contracts containing obligations which, immediately before the chargeable event, were obligations of the same body;
  - (b) the policy holder of those policies or contracts is the same;
  - (c) both gains are attributable to the same year of assessment <sup>F82</sup> . . . ;
  - (d) the terms of the policies or contracts are the same, apart from any difference in their maturity dates; and
  - (e) the policies or contracts were issued in respect of insurances made, or were entered into or effected, on the same date.
- (9) For the purposes of this section, the year of assessment <sup>F83</sup> . . . to which a gain is attributable is—
- (a) in the case of a gain treated as arising by virtue of [<sup>F84</sup>subsection (1) of section 514 of ITTOIA 2005, the year of assessment which includes the end of the insurance year mentioned in subsection (3) and (4) of that section;] or
  - (b) in any other case, the year of assessment <sup>F85</sup> . . . in which happens the chargeable event by reason of which the gain is treated as arising.
- (10) In this section—
- “amount”, in relation to any gain, means the amount of the gain apart from <sup>F86</sup> . . . [<sup>F87</sup>section 528 of ITTOIA 2005];
- “appropriate policy holder” means—
- (a) in relation to an assignment of part of or a share in the rights conferred by a policy or contract, any person who is both—
    - (i) the policy holder, or one of the policy holders, immediately before the assignment; and
    - (ii) the assignor or one of the assignors; and
  - (b) in relation to any other chargeable event, the person who is the policy holder immediately before the happening of the event;
- [<sup>F88</sup>“chargeable event” means an event which is a chargeable event within the meaning of <sup>F89</sup> . . . Chapter 9 of Part 4 of ITTOIA 2005;]
- <sup>F90</sup> . . . . .
- [<sup>F91</sup>“insurance year” has the same meaning as in Chapter 9 of Part 4 of ITTOIA 2005 (see section 499 of that Act);]

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“the relevant year of assessment”, in the case of any gain, means—

(a) the year of assessment to which the gain is attributable, <sup>F92</sup> . . .

(b) <sup>F92</sup> . . . . .

<sup>F93</sup> . . . . .

<sup>F93</sup> . . . . .

(11) <sup>F94</sup> . . . . .

(12) This section is supplemented by section 552ZA.

[<sup>F95</sup>(13) For the purposes of this section, no account is to be taken of the effect of <sup>F96</sup> . . . section 541A of ITTOIA 2005.]]

### Textual Amendments

- F56** Ss. 552, 552ZA substituted for s. 552 (with effect in accordance with s. 83(3) of the amending Act) by Finance Act 2001 (c. 9), **Sch. 28 para. 18**
- F57** Words in s. 552(1) repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 222(2)**, **Sch. 3** (with **Sch. 2**)
- F58** Words in s. 552(3) omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 4(2)(a)**
- F59** Words in s. 552(3) omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 4(2)(b)**
- F60** Words in s. 552(5)(b)(ii) omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 4(3)(a)(i)**
- F61** Words in s. 552(5)(b)(ii) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 222(3)(a)** (with **Sch. 2**)
- F62** Words in s. 552(5)(b)(ii) substituted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by Finance Act 2008 (c. 9), **Sch. 14 para. 4(3)(a)(ii)**
- F63** Words in s. 552(5)(c) omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 4(3)(b)(i)**
- F64** Words in s. 552(5)(c) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 222(3)(b)(i)** (with **Sch. 2**)
- F65** Words in s. 552(5)(c)(i) omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 4(3)(b)(ii)**
- F66** Words in s. 552(5)(c)(i) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 222(3)(b)(ii)** (with **Sch. 2**)
- F67** Words in s. 552(5)(c)(iii) omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 4(3)(b)(iii)**
- F68** Words in s. 552(5)(c)(iii) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 222(3)(b)(iii)** (with **Sch. 2**)
- F69** Words in s. 552(5)(c)(v) omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 4(3)(b)(iv)**
- F70** Words in s. 552(5)(c)(v) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 222(3)(b)(iv)** (with **Sch. 2**)
- F71** S. 552(5)(e) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 222(3)(e)** (with **Sch. 2**)
- F72** S. 552(5)(f) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 222(3)(d)** (with **Sch. 2**)

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- F73** Words in s. 552(5)(f)(i) substituted (with effect in accordance with Sch. 1 para. 65 of the amending Act) by Finance Act 2008 (c. 9), **Sch. 1 para. 43**
- F74** Words in s. 552(6)(b) omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 4(4)(a)(i)**
- F75** Words in s. 552(6)(b) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 222(4)(a)(i)** (with Sch. 2)
- F76** Closing bracket in s. 552(6)(b) omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 4(4)(a)(ii)**
- F77** Words in s. 552(6)(b) substituted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by Finance Act 2008 (c. 9), **Sch. 14 para. 4(4)(a)(iii)**
- F78** Words and closing bracket in s. 552(6)(c) omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 4(4)(b)**
- F79** Words in s. 552(6)(c) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 222(4)(b)** (with Sch. 2)
- F80** Words in s. 552(7)(a) omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 4(5)(a)**
- F81** Words in s. 552(7)(b) substituted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by Finance Act 2008 (c. 9), **Sch. 14 para. 4(5)(b)**
- F82** Words in s. 552(8)(c) omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 4(6)**
- F83** Words in s. 552(9) omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 4(7)(a)**
- F84** Words in s. 552(9)(a) substituted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by Finance Act 2008 (c. 9), **Sch. 14 para. 4(7)(b)**
- F85** Words in s. 552(9)(b) omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 4(7)(c)**
- F86** S. 552(10): words in definition of "amount" omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 4(8)(a)**
- F87** S. 552(10): words in definition of "amount" inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 222(7)(a)** (with Sch. 2)
- F88** S. 552(10): definition of "chargeable event" inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 222(7)(b)** (with Sch. 2)
- F89** S. 552(10): words in definition of "chargeable event" omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 4(8)(b)**
- F90** S. 552(10): definition of "financial year" omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 4(8)(c)**
- F91** S. 552(10): definition of "insurance year" inserted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by Finance Act 2008 (c. 9), **Sch. 14 para. 4(8)(d)**
- F92** S. 552(10): in definition of "the relevant year of assessment", para. (b) and preceding word omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 4(8)(e)**
- F93** S. 552(10): definitions of "section 546 excess" and "year" omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 4(8)(f)**
- F94** S. 552(11) omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 4(9)**
- F95** S. 552(13) inserted (with effect in accordance with s. 29(4) of the amending Act) by Finance Act 2007 (c. 11), **s. 29(2)**
- F96** Words in s. 552(13) omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 4(10)**



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#### **Modifications etc. (not altering text)**

**C10** S. 552(6) modified (9.4.2003) by Finance Act 2003 (c. 14), s. 171(1)(3), Sch. 34 para. 5

#### **[<sup>F97</sup>552Z] Information: supplementary provisions**

- (1) This section supplements section 552 and shall be construed as one with it.
- (2) Where the obligations under any policy or contract of the body that issued, entered into or effected it (“the original insurer”) are at any time the obligations of another body (“the transferee”) to whom there has been a transfer of the whole or any part of a business previously carried on by the original insurer, section 552 shall have effect in relation to that time, except where the chargeable event—
  - (a) happened before the transfer, and
  - (b) in the case of a death or an assignment, is an event of which the notification mentioned in subsection (6) or (7) of that section was given before the transfer, as if the policy or contract had been issued, entered into or effected by the transferee.
- (3) Where, in consequence of <sup>F98</sup> . . . [<sup>F99</sup>section 514(1) of ITTOIA 2005], paragraph (a) or (b) of section 552(1) requires certificates to be delivered in respect of two or more surrenders, happening in the same year, of part of or a share in the rights conferred by the policy or contract, a single certificate may be delivered under the paragraph in question in respect of all those surrenders (and may treat them as if they together constituted a single surrender) unless between the happening of the first and the happening of the last of them there has been—
  - (a) an assignment of part of or a share in the rights conferred by the policy or contract; or
  - (b) an assignment, otherwise than for money or money’s worth, of the whole of the rights conferred by the policy or contract.
- (4) Where the appropriate policy holder is two or more persons—
  - (a) section 552(1)(a) requires a certificate to be delivered to each of them; but
  - (b) nothing in section 552 or this section requires a body to deliver a certificate under subsection (1)(a) of that section to any person whose address has not been provided to the body (or to another body, at a time when the obligations under the policy or contract were obligations of that other body).
- (5) A certificate under section 552(1)(b) or (3)—
  - (a) shall be in a form prescribed for the purpose by the Board; and
  - (b) shall be delivered by any means prescribed for the purpose by the Board;
 and different forms, or different means of delivery, may be prescribed for different cases or different purposes.
- (6) The Board may by regulations make such provision as they think fit for securing that they are able—
  - (a) to ascertain whether there has been or is likely to be any contravention of the requirements of section 552 or this section; and
  - (b) to verify any certificate under that section.
- (7) Regulations under subsection (6) above may include, in particular, provisions requiring persons to whom premiums under any policy are or have at any time been payable—

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- (a) to supply information to the Board; and
  - (b) to make available books, documents and other records for inspection on behalf of the Board.
- (8) Regulations under subsection (6) above may—
- (a) make different provision for different cases; and
  - (b) contain such supplementary, incidental, consequential or transitional provision as appears to the Board to be appropriate.]

#### Textual Amendments

- F97** Ss. 552, 552ZA substituted for s. 552 (with effect in accordance with s. 83(3) of the amending Act) by Finance Act 2001 (c. 9), **Sch. 28 para. 18**
- F98** Words in s. 552ZA(3) omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 5**
- F99** Words in s. 552ZA(3) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 223** (with Sch. 2)

VALID FROM 17/07/2013

#### <sup>F100</sup>~~552ZB~~ Regulations in relation to qualifying policies

- (1) The Commissioners for Her Majesty's Revenue and Customs may make regulations—
- (a) requiring relevant persons—
    - (i) to provide prescribed information to persons who apply for the issue of qualifying policies or who are, or may be, required to make statements under paragraph B3(2) of Schedule 15;
    - (ii) to provide to an officer of Revenue and Customs prescribed information about qualifying policies which have been issued by them or in relation to which they are or have been a relevant transferee;
  - (b) making such provision (not falling within paragraph (a)) as the Commissioners think fit for securing that an officer of Revenue and Customs is able—
    - (i) to ascertain whether there has been or is likely to be any contravention of the requirements of the regulations or of paragraph B3(2) of Schedule 15;
    - (ii) to verify any information provided to an officer of Revenue and Customs as required by the regulations.
- (2) The provision that may be made by virtue of subsection (1)(b) includes, in particular, provision requiring relevant persons to make available books, documents and other records for inspection by or on behalf of an officer of Revenue and Customs.
- (3) The regulations may—
- (a) make different provision for different cases or circumstances, and
  - (b) contain incidental, supplementary, consequential, transitional, transitory or saving provision.

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(4) In this section—

“prescribed” means prescribed by the regulations,

“qualifying policy” includes a policy which would be a qualifying policy apart from—

- (a) paragraph A1(2), B1(2), B2(2) or B3(3) of Schedule 15, or
- (b) paragraph 17(2)(za) of that Schedule (including as applied by paragraph 18), and

“relevant person” means a person—

- (a) who issues, or has issued, qualifying policies, or
- (b) who is, or has been, a relevant transferee in relation to qualifying policies.

(5) For the purposes of this section a person (“X”) is at any time a “relevant transferee” in relation to a qualifying policy if the obligations under the policy of its issuer are at that time the obligations of X as a result of there having been a transfer to X of the whole or any part of a business previously carried on by the issuer.]

#### Textual Amendments

**F100** S. 552ZB inserted (17.7.2013) by Finance Act 2013 (c. 29), Sch. 9 para. 10

#### [<sup>F101</sup>552A] tax representatives.

- (1) This section has effect for the purpose of securing that, where it applies to an overseas insurer, another person is the overseas insurer’s tax representative.
- (2) In this section “overseas insurer” means a person who is not resident in the United Kingdom who carries on a business which consists of or includes the effecting and carrying out of—
  - (a) policies of life insurance;
  - (b) contracts for life annuities; or
  - (c) capital redemption policies.
- (3) This section applies to an overseas insurer—
  - (a) if the condition in subsection (4) below is satisfied on the designated day; or
  - (b) where that condition is not satisfied on that day, if it has subsequently become satisfied.
- (4) The condition mentioned in subsection (3) above is that—
  - (a) there are in force relevant insurances the obligations under which are obligations of the overseas insurer in question or of an overseas insurer connected with him; and
  - (b) the total amount or value of the gross premiums paid under those relevant insurances is £1 million or more.
- (5) In this section “relevant insurance” means any policy of life insurance, contract for a life annuity or capital redemption policy <sup>F102</sup> . . . in the case of which—
  - (a) the holder is resident in the United Kingdom;
  - (b) the obligations of the insurer are obligations of a person not resident in the United Kingdom; and

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- (c) those obligations are not attributable to a branch or agency of that person's in the United Kingdom.
- (6) Before the expiration of the period of three months following the day on which this section first applies to an overseas insurer, the overseas insurer must nominate to the Board a person to be his tax representative.
- (7) A person shall not be a tax representative unless—
- (a) if he is an individual, he is resident in the United Kingdom and has a fixed place of residence there, or
  - (b) if he is not an individual, he has a business establishment in the United Kingdom,
- and, in either case, he satisfies such other requirements (if any) as are prescribed in regulations made for the purpose by the Board.
- (8) A person shall not be an overseas insurer's tax representative unless—
- (a) his nomination by the overseas insurer has been approved by the Board; or
  - (b) he has been appointed by the Board.
- (9) The Board may by regulations make provision supplementing this section; and the provision that may be made by any such regulations includes provision with respect to—
- (a) the making of a nomination by an overseas insurer of a person to be his tax representative;
  - (b) the information which is to be provided in connection with such a nomination;
  - (c) the form in which such a nomination is to be made;
  - (d) the powers and duties of the Board in relation to such a nomination;
  - (e) the procedure for approving, or refusing to approve, such a nomination, and any time limits applicable to doing so;
  - (f) the termination, by the overseas insurer or the Board, of a person's appointment as a tax representative;
  - (g) the appointment by the Board of a person as the tax representative of an overseas insurer (including the circumstances in which such an appointment may be made);
  - (h) the nomination by the overseas insurer, or the appointment by the Board, of a person to be the tax representative of an overseas insurer in place of a person ceasing to be his tax representative;
  - (j) circumstances in which an overseas insurer to whom this section applies may, with the Board's agreement, be released (subject to any conditions imposed by the Board) from the requirement that there must be a tax representative;
  - (k) appeals to the [<sup>F103</sup>tribunal] against decisions of the Board under this section or regulations under it.
- (10) The provision that may be made by regulations under subsection (9) above also includes provision for or in connection with the making of other arrangements between the Board and an overseas insurer for the purpose of securing the discharge by or on behalf of the overseas insurer of the relevant duties, within the meaning of section 552B.
- (11) Section 839 (connected persons) applies for the purposes of this section.
- (12) In this section—

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[<sup>F104</sup>“capital redemption policy” means a capital redemption policy in relation to which <sup>F105</sup> . . . Chapter 9 of Part 4 of ITTOIA 2005 [<sup>F106</sup>has] effect;]

[<sup>F107</sup>“contract for a life annuity” means a contract for a life annuity in relation to which <sup>F105</sup> . . . Chapter 9 of Part 4 of ITTOIA 2005 [<sup>F106</sup>has] effect;]

“the designated day” means such day as the Board may specify for the purpose in regulations;

[<sup>F108</sup>“policy of life insurance” means a policy of life insurance in relation to which <sup>F105</sup> . . . Chapter 9 of Part 4 of ITTOIA 2005 [<sup>F106</sup>has] effect;]

“tax representative” means a tax representative under this section.]

### Subordinate Legislation Made

**P1** S. 552A(12) power exercised: 6.4.1999 appointed by S.I. 1999/881, **reg. 3**

### Textual Amendments

**F101** Ss. 552A, 552B inserted (31.7.1998) by Finance Act 1998 (c. 36), **s. 87**

**F102** Words in s. 552A(5) repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 224(2), **Sch. 3** (with Sch. 2)

**F103** Word in s. 552A(9)(k) substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 148**

**F104** S. 552A(12): definition of “capital redemption policy” inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 224(3)** (with Sch. 2)

**F105** Words in s. 552A(12) omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 6(a)**

**F106** Words in s. 552A(12) substituted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by Finance Act 2008 (c. 9), **Sch. 14 para. 6(b)**

**F107** S. 552A(12): definition of “contract for a life annuity” inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 224(3)** (with Sch. 2)

**F108** S. 552A(12): definition of “policy of life insurance” inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 224(3)** (with Sch. 2)

### Modifications etc. (not altering text)

**C11** S. 522A restricted (6.4.1999) by The Overseas Insurers (Tax Representatives) Regulations 1999 (S.I. 1999/881), **reg. 11(2)**

## [<sup>F101</sup>552B] Duties of overseas insurers’ tax representatives.

(1) It shall be the duty of an overseas insurer’s tax representative to secure (where appropriate by acting on the overseas insurer’s behalf) that the relevant duties are discharged by or on behalf of the overseas insurer.

[<sup>F109</sup>(2) For the purposes of this section “the relevant duties” are—

- (a) the duties imposed by section 552,
- (b) the duties imposed by section 552ZA(2), (4) or (5), and
- (c) any duties imposed by regulations made under subsection (6) of section 552ZA by virtue of subsection (7) of that section,

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so far as relating to relevant insurances under which the overseas insurer in question has any obligations.]

- (3) An overseas insurer’s tax representative shall be personally liable—
- (a) in respect of any failure to secure the discharge of the relevant duties, and
  - (b) in respect of anything done for purposes connected with acting on the overseas insurer’s behalf,

as if the relevant duties were imposed jointly and severally on the tax representative and the overseas insurer.

- (4) In the application of this section in relation to any particular tax representative, it is immaterial whether any particular relevant duty arose before or after his appointment.
- (5) This section has effect in relation to relevant duties relating to chargeable events happening on or after the day by which section 552A(6) requires the nomination of the overseas insurer’s first tax representative to be made.

[ In subsection (5) “chargeable event” has the same meaning as in section 552 (see <sup>F110</sup>(5A) subsection (10) of that section).]

- (6) Expressions used in this section and in section 552A have the same meaning in this section as they have in that section.]

#### Textual Amendments

**F101** Ss. 552A, 552B inserted (31.7.1998) by [Finance Act 1998 \(c. 36\)](#), **s. 87**

**F109** S. 552B(2) substituted (with effect in accordance with s. 83(3) of the amending Act) by [Finance Act 2001 \(c. 9\)](#), **Sch. 28 para. 19**

**F110** S. 552B(5A) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), **Sch. 1 para. 225** (with [Sch. 2](#))

### 553 Non-resident policies and off-shore capital redemption policies.

<sup>F111</sup> .....

#### Textual Amendments

**F111** Ss. 553-553C omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **Sch. 14 para. 7**

### [<sup>F112</sup>553A Overseas life assurance business: life policies.

<sup>F113</sup> .....

#### Textual Amendments

**F112** S. 553A inserted (31.7.1998) by [Finance Act 1998 \(c. 36\)](#), **s. 88(1)**

**F113** Ss. 553-553C omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **Sch. 14 para. 7**

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[<sup>F114</sup>**553B**Overseas life assurance business: capital redemption policies.

<sup>F115</sup> .....

**Textual Amendments**

**F114** S. 553B inserted (31.7.1998) by Finance Act 1998 (c. 36), s. 88(2)

**F115** Ss. 553-553C omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of Finance Act 2008 (c. 9), Sch. 14 para. 7

[<sup>F116</sup>**553C**Personal portfolio bonds.

<sup>F117</sup> .....

**Textual Amendments**

**F116** S. 553C inserted (31.7.1998) by Finance Act 1998 (c. 36), s. 89

**F117** Ss. 553-553C omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of Finance Act 2008 (c. 9), Sch. 14 para. 7

**554 Borrowings on life policies to be treated as income in certain cases.**

<sup>F118</sup> .....

**Textual Amendments**

**F118** S. 554 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 229, Sch. 3 (with Sch. 2)

**CHAPTER III**

**ENTERTAINERS AND SPORTSMEN**

**555 Payment of tax.**

<sup>F119</sup> .....

**Textual Amendments**

**F119** S. 555 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 113, Sch. 3 Pt. 1 (with Sch. 2)

**556 Activity treated as trade etc. and attribution of income.**

<sup>F120</sup> .....

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**Textual Amendments**

**F120** S. 556 omitted (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by virtue of Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 186** (with Sch. 2 Pts. 1, 2)

**557 Charge on [<sup>F121</sup>profits].**

<sup>F122</sup> .....

**Textual Amendments**

**F121** Word in s. 557 sidenote substituted (31.7.1998) by Finance Act 1998 (c. 36), s. 46(3)(a), **Sch. 7 para. 1**

**F122** S. 557 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 231, **Sch. 3** (with Sch. 2)

**558 Supplementary provisions.**

- (1) <sup>F123</sup> .....
- (2) <sup>F123</sup> .....
- (3) <sup>F123</sup> .....
- (4) <sup>F123</sup> .....
- (5) <sup>F124</sup> .....
- (6) <sup>F124</sup> .....

**Textual Amendments**

**F123** S. 558(1)-(4) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 115, **Sch. 3 Pt. 1** (with Sch. 2)

**F124** S. 558(5)(6) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 187, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**CHAPTER IV**

**SUB-CONTRACTORS IN THE CONSTRUCTION INDUSTRY**

**559 Deductions on account of tax etc. from payments to certain sub-contractors.**

<sup>F125</sup> .....

**Textual Amendments**

**F125** Pt. 13 Ch. 4 (ss. 559-567) repealed (with effect in accordance with s. 77 of the repealing Act) by Finance Act 2004 (c. 12), Sch. 12 para. 9(2), **Sch. 42 Pt. 2(7)**, Note; S.I. 2006/3240, **art. 2**



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[<sup>F126</sup> **559A** Treatment of sums deducted under s.559

<sup>F127</sup> .....]

**Textual Amendments**

**F126** S. 559A inserted (with effect in accordance with s. 40(4) of the amending Act) by Finance Act 2002 (c. 23), s. 40(1)

**F127** Pt. 13 Ch. 4 (ss. 559-567) repealed (with effect in accordance with s. 77 of the repealing Act) by Finance Act 2004 (c. 12), Sch. 12 para. 9(2), Sch. 42 Pt. 2(7), Note; S.I. 2006/3240, art. 2

**560 Persons who are sub-contractors or contractors for purposes of Chapter IV.**

<sup>F128</sup> .....

**Textual Amendments**

**F128** Pt. 13 Ch. 4 (ss. 559-567) repealed (with effect in accordance with s. 77 of the repealing Act) by Finance Act 2004 (c. 12), Sch. 12 para. 9(2), Sch. 42 Pt. 2(7), Note; S.I. 2006/3240, art. 2

**561 Exceptions from section 559.**

<sup>F129</sup> .....

**Textual Amendments**

**F129** Pt. 13 Ch. 4 (ss. 559-567) repealed (with effect in accordance with s. 77 of the repealing Act) by Finance Act 2004 (c. 12), Sch. 12 para. 9(2), Sch. 42 Pt. 2(7), Note; S.I. 2006/3240, art. 2

**562 Conditions to be satisfied by individuals.**

<sup>F130</sup> .....

**Textual Amendments**

**F130** Pt. 13 Ch. 4 (ss. 559-567) repealed (with effect in accordance with s. 77 of the repealing Act) by Finance Act 2004 (c. 12), Sch. 12 para. 9(2), Sch. 42 Pt. 2(7), Note; S.I. 2006/3240, art. 2

**563 Conditions to be satisfied by partners who are individuals.**

<sup>F131</sup> .....

**Textual Amendments**

**F131** S. 563 repealed (with effect in accordance with Sch. 27 para. 8(1), Sch. 29 Pt. 8(21) Note 3 of the repealing Act) by Finance Act 1995 (c. 4), Sch. 27 para. 5, Sch. 29 Pt. 8(21); S.I. 1998/2620, art. 3

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## 564 Conditions to be satisfied by firms.

F132 .....

### Textual Amendments

**F132** Pt. 13 Ch. 4 (ss. 559-567) repealed (with effect in accordance with s. 77 of the repealing Act) by Finance Act 2004 (c. 12), Sch. 12 para. 9(2), **Sch. 42 Pt. 2(7)**, Note; S.I. 2006/3240, **art. 2**

## 565 Conditions to be satisfied by companies.

F133 .....

### Textual Amendments

**F133** Pt. 13 Ch. 4 (ss. 559-567) repealed (with effect in accordance with s. 77 of the repealing Act) by Finance Act 2004 (c. 12), Sch. 12 para. 9(2), **Sch. 42 Pt. 2(7)**, Note; S.I. 2006/3240, **art. 2**

## 566 General powers to make regulations under Chapter IV.

F134 .....

### Textual Amendments

**F134** Pt. 13 Ch. 4 (ss. 559-567) repealed (with effect in accordance with s. 77 of the repealing Act) by Finance Act 2004 (c. 12), Sch. 12 para. 9(2), **Sch. 42 Pt. 2(7)**, Note; S.I. 2006/3240, **art. 2**

## 567 Meaning of “construction operations”.

F135 .....

### Textual Amendments

**F135** Pt. 13 Ch. 4 (ss. 559-567) repealed (with effect in accordance with s. 77 of the repealing Act) by Finance Act 2004 (c. 12), Sch. 12 para. 9(2), **Sch. 42 Pt. 2(7)**, Note; S.I. 2006/3240, **art. 2**

## CHAPTER V

### SCHEMES FOR RATIONALIZING INDUSTRY

## 568 Deductions from profits of contributions paid under certified schemes.

<sup>M2</sup>(1) Notwithstanding anything contained in <sup>F136</sup> . . . [<sup>F137</sup>section 33 of ITTOIA 2005][<sup>F138</sup>or section 53 of CTA 2009 (no deduction for capital expenditure)] but subject to the following provisions of this Chapter, where a person pays, wholly and exclusively for the purposes of a trade in respect of which he is chargeable [<sup>F139</sup>under Part 2 of ITTOIA 2005 or Part 3 of CTA 2009,] a contribution in furtherance of a scheme which is for the time being certified by the Secretary of State under this section, the contribution shall,

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in so far as it is paid in furtherance of the primary object of the scheme, be allowed to be deducted as an expense in computing the [<sup>F140</sup>profits] of that trade.

- (2) The Secretary of State shall certify a scheme under this section if he is satisfied—
- (a) that the primary object of the scheme is the elimination of redundant works or machinery or plant from use in an industry in the United Kingdom; and
  - (b) that the scheme is in the national interest and in the interests of that industry as a whole; and
  - (c) that such number of persons engaged in that industry as are substantially representative of the industry are liable to pay contributions in furtherance of the primary object of the scheme by agreement between them and the body of persons carrying out the scheme.

References in this subsection to an industry in the United Kingdom shall include references to the business carried on by owners of ships or of a particular class of ships, wherever that business is carried on, and, in relation to that business, references in this subsection to works or machinery or plant shall include references to ships.

- (3) The Secretary of State shall cancel any certificate granted under this section if he ceases to be satisfied as to any of the matters referred to in subsection (2) above.
- (4) The Secretary of State may at any time require the body of persons carrying out a scheme certified under this section to produce any books or documents of whatever nature relating to the scheme and, if the requirement is not complied with, he may cancel the certificate.
- (5) In this section and in section 569 “contribution”, in relation to a scheme, does not include a sum paid by a person by way of loan or subscription of share capital, or in consideration of the transfer of assets to him, or by way of a penalty for contravening or failing to comply with the scheme.

#### Textual Amendments

- F136** Words in s. 568(1) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 188(a), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)
- F137** Words in s. 568(1) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 232(a) (with Sch. 2)
- F138** Words in s. 568(1) inserted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 188(b) (with Sch. 2 Pts. 1, 2)
- F139** Words in s. 568(1) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 188(c) (with Sch. 2 Pts. 1, 2)
- F140** Words in s. 568(1) substituted (31.7.1998) by Finance Act 1998 (c. 36), s. 46(3)(a), Sch. 7 para. 1

#### Marginal Citations

- M2** Source-1970 s.406

### 569 Repayment of contributions.

- <sup>M3</sup>(1) In the event of the repayment, whether directly or by way of distribution of assets on a winding up or otherwise, of a contribution or any part of a contribution which has been allowed to be deducted under section 568, the deduction of the contribution, or so much of it as has been repaid, shall be deemed to be an unauthorised deduction in respect of which an assessment shall be made, and, notwithstanding the provisions of

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the Tax Acts requiring assessments to be made within six years after the end of the chargeable period to which they relate, any such assessment and any consequential assessment may be made at any time within three years after the end of the chargeable period in which the repayment was made.

- (2) For the purposes of this section, a sum received by any person by way of repayment of contributions shall be deemed to be by way of repayment of the last contribution paid by him, and, if the sum exceeds the amount of that contribution, by way of repayment of the penultimate contribution so paid, and so on.

#### Marginal Citations

**M3** Source-1970 s.407; 1971 Sch.6 45

### 570 Payments under certified schemes which are not repayments of contributions.

<sup>M4</sup>(1) Subject to the provisions of this section, where, under any scheme which is for the time being certified or has at any time been certified by the Secretary of State under section 568, any payment (not being a payment made by way of repayment of contributions) is made to a person carrying on a trade to which the scheme relates, that payment shall be treated for the purposes of the Tax Acts as a trading receipt of the trade, and shall accordingly be taken into account in computing the [<sup>F141</sup>profits] of the trade for those purposes.

(2) Where <sup>F142</sup> . . . the payments which have been made under such a scheme in respect of a trade (not being payments made by way of repayment of contributions) have been made wholly or partly in respect of damage in respect of which no relief may be given under the Tax Acts, [<sup>F143</sup>and a claim is made to that effect,] then, subject to and in accordance with the provisions of [<sup>F144</sup>Schedule 21]—

- (a) relief shall be given in respect of those payments by reducing the amounts which are to be treated as trading receipts of the trade under subsection (1) above; but
- (b) where such relief is given, section 568 shall, in relation to contributions subsequently paid under the scheme in respect of the trade, have effect subject to the modifications specified in Part III of that Schedule,

[<sup>F145</sup>and paragraph 6 of that Schedule applies for the purposes of this subsection as it applies for the purposes of that Schedule.]

(3) The provisions of this section and Schedule 21 shall apply in relation to any payment made to a person who has ceased to carry on a trade to which any such scheme as is mentioned in subsection (1) above relates as they apply in relation to payments made to a person carrying on such a trade, subject to the modification that so much of that payment as falls to be treated as a trading receipt by virtue of those provisions shall be deemed for the purposes of those provisions to have been made to him on the last day on which he was engaged in carrying on the trade.

(4) In determining for the purposes of this section and of Schedule 21—

- (a) whether any trade has ceased to be carried on; or
- (b) whether any contribution is paid in respect of a trade in respect of which a payment has been made; or
- (c) whether any payment is made in respect of a trade in respect of which a contribution has been paid,

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no regard shall be had to any event which, by virtue of <sup>F146</sup>section 18 of ITTOIA 2005 or section 41 of CTA 2009 (company starting or ceasing to be within charge to corporation tax) is to be treated as effecting a cessation of trading.]

#### Textual Amendments

- F141** Words in s. 570(1) substituted (31.7.1998) by Finance Act 1998 (c. 36), s. 46(3)(a), **Sch. 7 para. 1**
- F142** Words in s. 570(2) repealed (with effect in accordance with s. 134(2) of the repealing Act) by Finance Act 1996 (c. 8), **Sch. 20 para. 31(a)**, **Sch. 41 Pt. 5(10)**, Note
- F143** Words in s. 570(2) inserted (with effect in accordance with s. 134(2) of the amending Act) by Finance Act 1996 (c. 8), **Sch. 20 para. 31(b)**
- F144** Words in s. 570(2) substituted (with effect in accordance with s. 134(2) of the amending Act) by Finance Act 1996 (c. 8), **Sch. 20 para. 31(c)**
- F145** Words in s. 570(2) added (with effect in accordance with s. 134(2) of the amending Act) by Finance Act 1996 (c. 8), **Sch. 20 para. 31(d)**
- F146** Words in s. 570(4) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 189** (with Sch. 2 Pts. 1, 2)

#### Marginal Citations

- M4** Source-1970 s.408

### 571 Cancellation of certificates.

<sup>M5</sup>(1) Where any certificate granted with respect to a scheme under section 568 is cancelled by the Secretary of State, and any deductible contributions paid in furtherance of the scheme have not been repaid at the expiration of one year from the cancellation, the body of persons carrying out the scheme shall, for the chargeable period in which that year expires, be charged to tax <sup>F147</sup>. . . upon the aggregate amount of the deductible contributions which have not been repaid at that time.

<sup>F148</sup>(1A) An amount charged to income tax under subsection (1) above is treated for income tax purposes as an amount of income.]

<sup>F149</sup>(1B) So far as relating to corporation tax, the charge to tax under subsection (1) has effect as an application of the charge to corporation tax on income.]

(2) The charge to tax under subsection (1) above shall not be made if the total amount of any contributions, other than deductible contributions, which have been paid under the scheme and have not been repaid before that time is greater than the available resources of the scheme, and shall not in any case be made upon an amount greater than the excess, if any, of those resources over that total amount.

(3) In subsection (2) above “the available resources”, in relation to any scheme, means a sum representing the total funds held for the purposes of the scheme at the expiration of one year from the cancellation of the certificate plus a sum representing any funds held for the purposes of the scheme which, during that year, have been applied otherwise than in accordance with the provisions of the scheme as in force when the certificate was granted.

(4) Where the body of persons carrying out a scheme are charged to tax by virtue of subsection (1) above, and, after the expiration of one year from the cancellation of the certificate, any deductible contribution paid in furtherance of the scheme is repaid, the amount upon which the charge is made shall on the making of a claim be reduced by

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the amount repaid, and all such repayments of tax shall be made as are necessary to give effect to the provisions of this subsection.

- (5) In this section “contribution” includes a part of a contribution, and “deductible contribution” means a contribution allowed to be deducted under section 568, any reduction under Part III of Schedule 21 being left out of account.
- (6) For the purposes of this section, a sum received by any person by way of repayment of contributions shall be deemed to be by way of repayment of the last contribution paid by him, and, if the sum exceeds the amount of that contribution, by way of repayment of the penultimate contribution so paid, and so on.

#### Textual Amendments

- F147** Words in s. 571(1) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by *Corporation Tax Act 2009 (c. 4), Sch. 1 para. 190(2), Sch. 3 Pt. 1* (with Sch. 2 Pts. 1, 2)
- F148** S. 571(1A) inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by *Income Tax Act 2007 (c. 3), Sch. 1 para. 116* (with Sch. 2)
- F149** S. 571(1B) inserted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by *Corporation Tax Act 2009 (c. 4), Sch. 1 para. 190(3)* (with Sch. 2 Pts. 1, 2)

#### Marginal Citations

- M5** Source-1970 s.409

## 572 Application to statutory redundancy schemes.

- <sup>M6</sup>(1) Sections 569 to 571 and Schedule 21 shall, subject to the adaptations specified in subsection (2) below, apply in relation to a statutory redundancy scheme as they apply in relation to a scheme certified under section 568.
- (2) The adaptations referred to above are as follows, that is to say—
- (a) for any reference to a contribution allowed to be deducted under section 568 there shall be substituted a reference to a contribution allowed to be deducted under any provision of the Tax Acts other than that section;
  - (b) any provision that section 568 shall, in relation to contributions, have effect subject to modifications, shall be construed as a provision that so much of any provision of the Tax Acts other than that section as authorises the deduction of contributions shall, in relation to the contributions in question, have effect subject to the modifications in question;
  - (c) for any reference to the cancellation of a certificate with respect to a scheme there shall be substituted a reference to the scheme ceasing to have effect; and
  - (d) for any reference to the provisions of the scheme as in force when the certificate was granted there shall be substituted a reference to the provisions of the scheme as in force when the contributions were first paid thereunder.
- (3) In this section “statutory redundancy scheme” means a scheme for the elimination or reduction of redundant works, machinery or plant, or for other similar purposes, to which effect is given by or under any Act, whether passed before or after this Act.

#### Marginal Citations

- M6** Source-1970 s.410

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## [<sup>F150</sup>CHAPTER 5A

### SHARE LOSS RELIEF

#### Textual Amendments

**F150** Pt. 13 Ch. 5A created (6.4.2007 with effect in accordance with s. 1034(1) of the affecting Act) by virtue of [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 117\(3\)](#) (with [Sch. 2](#))

#### *Relief for losses on unquoted shares in trading companies*

#### 573 Relief for companies.

- (1) <sup>M7</sup>Subsection (2) below has effect where a company which has subscribed for shares in a qualifying trading company incurs an allowable loss (for the purpose of corporation tax on chargeable gains) on the disposal of the shares in any accounting period and the company disposing of the shares—
- (a) is an investment company on the date of the disposal and either—
    - (i) has been an investment company for a continuous period of six years ending on that date; or
    - (ii) has been an investment company for a shorter continuous period ending on that date and has not before the beginning of that period been a trading company or an excluded company; and
  - (b) was not associated with, or a member of the same group as, the qualifying trading company at any time in the period beginning with the date when it subscribed for the shares and ending with the date of the disposal.
- (2) The company disposing of the shares may, within two years after the end of the accounting period in which the loss was incurred, make a claim requiring that the loss be set off for the purposes of corporation tax against income—
- (a) of that accounting period; and
  - (b) if the company was then an investment company and the claim so requires, of preceding accounting periods ending within the time specified in subsection (3) below;
- and, subject to any relief for an earlier loss, the income of any of those periods shall then be treated as reduced by the amount of the loss or by so much of it as cannot be relieved under this subsection against income of a later accounting period.
- (3) The time referred to in subsection (2) above is the period of 12 months ending immediately before the accounting period in which the loss is incurred; but the amount of the reduction which may be made under that subsection in the income of an accounting period falling partly before that time shall not exceed a part of that income proportionate to the part of the accounting period falling within that time.
- (4) [<sup>F151</sup>Where relief is claimed under subsection (2) above, it must be claimed before any deduction is made for] charges on income, expenses of management or other amounts which can be deducted from or set against or treated as reducing profits of any description; <sup>F152</sup> . . . .

[<sup>F153</sup>This subsection is subject to subsection (4A) below.]

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- [<sup>F154</sup>(4A) Paragraph 70 of Schedule 15 to the Finance Act 2000 (priority of loss relief) provides that where relief under Part VII of that Schedule (relief for losses on disposals of shares to which investment relief is attributable) is claimed it must be claimed in priority to relief under subsection (2) above.]
- (5) For the purposes of subsection (1)(b) above companies are associated with each other if one controls the other or both are under the control of the same person or persons; and section 416(2) to (6) shall apply for the purposes of this subsection.
- (6) <sup>M8</sup>For the purposes of this section a company subscribes for shares in another company if they are issued to it by that other company in consideration of money or money's worth.

#### Textual Amendments

- F151** Words in s. 573(4) substituted (with effect in accordance with s. 63(3)(4) of the amending Act) by Finance Act 2000 (c. 17), **Sch. 16 para. 3(2)(a)(i)**
- F152** Words in s. 573(4) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 117(2), **Sch. 3 Pt. 1** (with Sch. 2)
- F153** Words in s. 573(4) inserted (with effect in accordance with s. 63(4) of the amending Act) by Finance Act 2000 (c. 17), **Sch. 16 para. 3(2)(a)(iv)**
- F154** S. 573(4A) inserted (with effect in accordance with s. 63(4) of the amending Act) by Finance Act 2000 (c. 17), **Sch. 16 para. 3(2)(b)**

#### Modifications etc. (not altering text)

- C12** S. 573 transposed from Pt. 13 Ch. 6 to Pt. 13 Ch. 5A (6.4.2007 with effect in accordance with s. 1034(1) of the affecting Act) by Income Tax Act 2007 (c. 3), **Sch. 1 para. 117(3)** (with Sch. 2)
- C13** S. 573(2) restricted (with effect in accordance with s. 63(4) of the affecting Act) by Finance Act 2000, Sch. 15 para. 70(2)

#### Marginal Citations

- M7** Source-1981 s.36(1)-(5)
- M8** Source-1981 s.36(6); 1980 s.37(3)

### 575 Exclusion of relief under section 573 <sup>F155</sup> . . . in certain cases.

- <sup>M9</sup>(1) [<sup>F156</sup>Section 573 does] not apply unless the disposal is—
- (a) by way of a bargain made at arm's length for full consideration; or
  - (b) by way of a distribution in the course of dissolving or winding up the company; or
  - [<sup>F157</sup>(ba) a disposal within section 24(1) of the 1992 Act (entire loss, destruction, dissipation or extinction of asset); or]
  - (c) a deemed disposal under section [<sup>F158</sup>24(2) of the 1992 Act] (claim that value of asset has become negligible).
- (2) Where a [<sup>F159</sup>company] disposes of shares ("the new shares") which by virtue of section [<sup>F160</sup>127 of the 1992 Act] (reorganisation etc. treated as not involving disposal) are identified with other shares ("the old shares") previously held by [<sup>F161</sup>it], relief shall not be given under section 573 <sup>F162</sup> . . . on the disposal of the new shares unless—
- (a) relief under section 573 <sup>F162</sup> . . . could (or if this section had been in force could) have been given on a disposal of the old shares if [<sup>F161</sup>it] had incurred an



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allowable loss in disposing of them as mentioned in subsection (1)(a) above on the occasion of the disposal that would have occurred but for section [F160]127 of the 1992 Act]; or

(b) [F161]it gave new consideration for the new shares;

but in a case within paragraph (b) above the amount of relief under section 573 F162 . . . on the disposal of the new shares shall not exceed the amount or value of the new consideration taken into account as a deduction in computing the loss incurred on their disposal.

(3) Where the shares are the subject of an exchange or arrangement of the kind mentioned in section [F163]135 or 136 of the 1992 Act] (company reconstructions etc.) which by reason of section [F163]137] of that Act involves a disposal of the shares, section 573 F164 . . . shall not apply to any allowable loss incurred on the disposal.

[F165](4) In this section “new consideration” means consideration in money or money's worth other than consideration of the kind excluded by paragraph (a) or (b) of section 128(2) of the 1992 Act.]

#### Textual Amendments

- F155** Words in s. 575 sidenote repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 119\(2\)](#), **Sch. 3 Pt. 1** (with Sch. 2)
- F156** Words in s. 575(1) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 119\(3\)](#) (with Sch. 2)
- F157** S. 575(1)(ba) inserted (with effect in accordance with s. 63(3)(4) of the amending Act) by [Finance Act 2000 \(c. 17\), Sch. 16 para. 3\(3\)](#)
- F158** Words in s. 575(1)(c) substituted (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by [Taxation and Chargeable Gains Act 1992 \(c. 12\), ss. 289, 290, Sch. 10 para. 14\(34\)\(a\)](#) (with ss. 60, 101(1), 171, 201(3))
- F159** Word in s. 575(2) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 119\(4\)\(a\)](#) (with Sch. 2)
- F160** Words in s. 575(2) substituted (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by [Taxation and Chargeable Gains Act 1992 \(c. 12\), ss. 289, 290\(1\), Sch. 10 para. 14\(34\)\(b\)](#) (with ss. 60, 101(1), 171, 201(3))
- F161** Words in s. 575(2) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 119\(4\)\(b\)](#) (with Sch. 2)
- F162** Words in s. 575(2) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 119\(4\)\(c\)](#), **Sch. 3 Pt. 1** (with Sch. 2)
- F163** Words in s. 575(3) substituted (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by [Taxation and Chargeable Gains Act 1992 \(c. 12\), ss. 289, 290\(1\), Sch. 10 para. 14\(34\)\(c\)](#) (with ss. 60, 101(1), 171, 201(3))
- F164** Words in s. 575(3) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 119\(5\)](#), **Sch. 3 Pt. 1** (with Sch. 2)
- F165** S. 575(4) inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 119\(6\)](#) (with Sch. 2)

#### Modifications etc. (not altering text)

- C14** Ss. 574-576 applied (with effect in accordance with s. 93(11) of the affecting Act) by [Finance Act 1994 \(c. 9\), Sch. 12 para. 3\(3\)](#)
- C15** S. 575 transposed from Pt. 13 Ch. 6 to Pt. 13 Ch. 5A (6.4.2007 with effect in accordance with s. 1034(1) of the affecting Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 119\(7\)](#) (with Sch. 2)

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**Marginal Citations**  
**M9** Source-1980 s.37(6)-(8); 1981 s.36(6)

**576 Provisions supplementary to [F166 sections 573 and 575].**

- (1) [F167 Subject to [F168 subsection (1C)] below,] where [F169 a company] holds shares in [F170 another company] which constitute a holding and comprise—
- (a) shares for which [F171 it] has subscribed (“qualifying shares”); and
  - (b) shares which [F171 it] has acquired otherwise than by subscription,
- any question whether a disposal by [F171 it] of shares forming part of the holding is of qualifying shares shall be determined by treating that and any previous disposal by [F171 it] out of the holding as relating to shares acquired later rather than earlier; and if a disposal by [F171 it] is of qualifying shares forming part of a holding and [F171 it] makes a claim under section 573 <sup>F172</sup> . . . in respect of a loss incurred on their disposal, the amount of relief under that section on the disposal shall not exceed the sums that would be allowed as deductions in computing the loss if the shares had not been part of the holding.

[F173 (1A) <sup>F174</sup> . . . . .

(1B) <sup>F174</sup> . . . . .]

- [F175 (1C) Where the holding mentioned in subsection (1) above comprises any shares—
- (a) to which investment relief is attributable under Schedule 15 to the Finance Act 2000 (corporate venturing scheme), and
  - (b) which have been held continuously (within the meaning of paragraph 97 of that Schedule) from the time they were issued until the disposal,
- any such question as is mentioned in that subsection shall not be determined as provided by that subsection, but shall be determined instead as provided by paragraph 93 of that Schedule (identification of shares on a disposal of part of a holding where investment relief is attributable to any shares in the holding held continuously by the disposing company).

For this purpose paragraph 93 of that Schedule shall have effect as if the references in it to a disposal had the same meaning as in subsection (1) above.]

- [F176 (1D) In this section “holding” means any number of shares of the same class held by one company in one capacity, growing or diminishing as shares of that class are acquired or disposed of.

For this purpose—

- (a) shares are not to be treated as being of the same class unless they are so treated by the practice of a recognised stock exchange or would be so treated if dealt in on such an exchange, and
- (b) subsection (4) of section 104 of the 1992 Act applies as it applies for the purposes of subsection (1) of that section.]

(2) <sup>F177</sup> . . . . .

(3) <sup>F177</sup> . . . . .

[F178 (4) <sup>F177</sup> . . . . .

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- (4A) <sup>F177</sup> .....
- (4B) <sup>F177</sup> .....]
- (5) <sup>F177</sup> .....

#### Textual Amendments

- F166** Words in s. 576 sidenote substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 120\(2\)](#) (with [Sch. 2](#))
- F167** Words in s. 576(1) inserted (with effect in accordance with s. 80(5)(a) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [s. 80\(1\)](#)
- F168** Words in s. 576(1) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 120\(3\)\(a\)](#) (with [Sch. 2](#))
- F169** Words in s. 576(1) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 120\(3\)\(b\)](#) (with [Sch. 2](#))
- F170** Words in s. 576(1) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 120\(3\)\(c\)](#) (with [Sch. 2](#))
- F171** Words in s. 576(1) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 120\(3\)\(d\)](#) (with [Sch. 2](#))
- F172** Words in s. 576(1) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 120\(2\)\(e\)](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))
- F173** [S. 576\(1A\)\(1B\)](#) inserted (with effect in accordance with s. 80(5)(a) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [s. 80\(2\)](#)
- F174** [S. 576\(1A\)\(1B\)](#) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 120\(4\)](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))
- F175** [S. 576\(1C\)](#) inserted (with application in accordance with s. 63(4) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 16 para. 3\(4\)\(b\)](#)
- F176** [S. 576\(1D\)](#) inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 120\(5\)](#) (with [Sch. 2](#))
- F177** [S. 576\(2\)-\(5\)](#) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 120\(6\)](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))
- F178** [S. 576\(4\)-\(4B\)](#) substituted for s. 576(4) (with effect in accordance with s. 80(5)(b) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [s. 80\(3\)](#)

#### Modifications etc. (not altering text)

- C16** [Ss. 574-576](#) applied (with effect in accordance with s. 93(11) of the affecting Act) by [Finance Act 1994 \(c. 9\)](#), [Sch. 12 para. 3\(3\)](#)
- C17** [S. 576](#) transposed from Pt. 13 Ch. 6 to Pt. 13 Ch. 5A (6.4.2007 with effect in accordance with s. 1034(1) of the affecting Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 120\(7\)](#) (with [Sch. 2](#))

#### [<sup>F179</sup>576A] Qualifying trading companies

- (1) For the purposes of this Chapter a qualifying trading company is a company which meets each of conditions A to D.
- (2) Condition A is that the company either—
- (a) meets each of the following requirements on the date of the disposal—
- (i) the trading requirement (see section 576B),
- (ii) the control and independence requirement (see section 576D),
- (iii) the qualifying subsidiaries requirement (see section 576E), and

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- (iv) the property managing subsidiaries requirement (see section 576F), or
  - (b) has ceased to meet any of those requirements at a time which is not more than 3 years before that date and has not since that time been an excluded company, an investment company or a trading company.
- (3) Condition B is that the company either—
- (a) has met each of the requirements mentioned in condition A for a continuous period of 6 years ending on that date or at that time, or
  - (b) has met each of those requirements for a shorter continuous period ending on that date or at that time and has not before the beginning of that period been an excluded company, an investment company or a trading company.
- (4) Condition C is that the company—
- (a) met the gross assets requirement (see section 576G) both immediately before and immediately after the issue of the shares in respect of which the relief is claimed under this Chapter, and
  - (b) met the unquoted status requirement (see section 576H) at the relevant time within the meaning of that section.
- (5) Condition D is that the company has carried on its business wholly or mainly in the United Kingdom throughout the period—
- (a) beginning with the incorporation of the company or, if later, 12 months before the shares in question were issued, and
  - (b) ending with the date of the disposal.]

#### Textual Amendments

**F179** S. 576A inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 121](#) (with [Sch. 2](#))

*<sup>F180</sup>Qualifying trading companies: the requirements*

#### Textual Amendments

**F180** S. 576B and preceding cross-heading inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 122](#) (with [Sch. 2](#))

### **576B The trading requirement**

- (1) The trading requirement is that—
- (a) the company, disregarding any incidental purposes, exists wholly for the purpose of carrying on one or more qualifying trades, or
  - (b) the company is a parent company and the business of the group does not consist wholly or as to a substantial part in the carrying on of non-qualifying activities.
- (2) If the company intends that one or more other companies should become its qualifying subsidiaries with a view to their carrying on one or more qualifying trades—
- (a) the company is treated as a parent company for the purposes of subsection (1) (b), and

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- (b) the reference in subsection (1)(b) to the group includes the company and any existing or future company that will be its qualifying subsidiary after the intention in question is carried into effect.

This subsection does not apply at any time after the abandonment of that intention.

- (3) For the purpose of subsection (1)(b) the business of the group means what would be the business of the group if the activities of the group companies taken together were regarded as one business.
- (4) For the purpose of determining the business of a group, activities are disregarded to the extent that they are activities carried on by a mainly trading subsidiary otherwise than for its main purpose.
- (5) For the purposes of determining the business of a group, activities of a group company are disregarded to the extent that they consist in—
  - (a) the holding of shares in or securities of a qualifying subsidiary of the parent company,
  - (b) the making of loans to another group company,
  - (c) the holding and managing of property used by a group company for the purpose of one or more qualifying trades carried on by a group company, or
  - (d) the holding and managing of property used by a group company for the purpose of research and development from which it is intended—
    - (i) that a qualifying trade to be carried on by a group company will be derived, or
    - (ii) that a qualifying trade carried on or to be carried on by a group company will benefit.
- (6) Any reference in subsection (5)(d)(i) or (ii) to a group company includes a reference to any existing or future company which will be a group company at any future time.
- (7) In this section—

“excluded activities” has the meaning given by section 192 of ITA 2007 read with sections 193 to 199 of that Act,

“group” means a parent company and all its qualifying subsidiaries,

“group company”, in relation to a group, means the parent company or any of its qualifying subsidiaries,

“incidental purposes” means purposes having no significant effect (other than in relation to incidental matters) on the extent of the activities of the company in question,

“mainly trading subsidiary” means a subsidiary which, apart from incidental purposes, exists wholly for the purpose of carrying on one or more qualifying trades, and any reference to the main purpose of such a subsidiary is to be read accordingly,

“non-qualifying activities” means—

- (a) excluded activities, and
- (b) activities (other than research and development) carried on otherwise than in the course of a trade,

“parent company” means a company that has one or more qualifying subsidiaries,

“qualifying subsidiary” is to be read in accordance with section 191 of ITA 2007,

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“qualifying trade” has the meaning given by section 189 of that Act,  
“research and development” has the meaning given by section 837A.

(8) In sections 189(1)(b) and 194(4)(c) of ITA 2007 (as applied by subsection (7) for the purposes of the definitions of “excluded activities” and “qualifying trade”) “period B” means the continuous period that is relevant for the purposes of section 576A(3).

[<sup>F181</sup>(9) In section 195 of ITA 2007 as applied by subsection (7) for the purposes mentioned in subsection (8), references to the issuing company are to be read as references to the company mentioned in subsection (1).]

#### Textual Amendments

**F181** S. 576B(9) inserted (6.4.2007) by [Finance Act 2007 \(c. 11\)](#), Sch. 16 paras. 11(3), 13

#### [<sup>F182</sup>576C] **Ceasing to meet the trading requirement because of administration or receivership**

(1) A company is not regarded as ceasing to meet the trading requirement by reason only of anything done in consequence of the company or any of its subsidiaries being in administration or receivership.

This has effect subject to subsections (2) and (3).

(2) Subsection (1) applies only if—

- (a) the entry into administration or receivership, and
- (b) everything done as a result of the company concerned being in administration or receivership,

is for genuine commercial reasons, and is not part of a scheme or arrangement the main purpose or one of the main purposes of which is the avoidance of tax.

(3) A company ceases to meet the trading requirement if before the time that is relevant for the purposes of section 576A(2)—

- (a) a resolution is passed, or an order is made, for the winding up of the company or any of its subsidiaries (or, in the case of a winding up otherwise than under the Insolvency Act 1986 or the Insolvency (Northern Ireland) Order 1989, any other act is done for the like purpose), or
- (b) the company or any of its subsidiaries is dissolved without winding up.

This is subject to subsection (4).

(4) Subsection (3) does not apply if—

- (a) the winding up is for genuine commercial reasons, and is not part of a scheme or arrangement the main purpose or one of the main purposes of which is the avoidance of tax, and
- (b) the company continues, during the winding up, to be a trading company.

(5) References in this section to a company being “in administration” or “in receivership” are to be read in accordance with section 252 of ITA 2007.]

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### Textual Amendments

**F182** S. 576C inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 123](#) (with [Sch. 2](#))

## [<sup>F183</sup>576D] **The control and independence requirement**

- (1) The control element of the requirement is that—
  - (a) the company must not control (whether on its own or together with any person connected with it) any company which is not a qualifying subsidiary of the company, and
  - (b) no arrangements must be in existence by virtue of which the company could fail to meet paragraph (a) (whether at a time during the continuous period that is relevant for the purposes of section 576A(3) or otherwise).
- (2) The independence element of the requirement is that—
  - (a) the company must not—
    - (i) be a 51% subsidiary of another company, or
    - (ii) be under the control of another company (or of another company and any other person connected with that other company), without being a 51% subsidiary of that other company, and
  - (b) no arrangements must be in existence by virtue of which the company could fail to meet paragraph (a) (whether at a time during the continuous period that is relevant for the purposes of section 576A(3) or otherwise).
- (3) This section is subject to section 576J(3).

[ Section 839 (connected persons) applies for the purposes of this section.]  
<sup>F184</sup>(3A)

- (4) In this section—

“arrangements” includes any scheme, agreement or understanding, whether or not legally enforceable,  
“control” is to be read as follows—

  - (a) in subsection (1)(a), in accordance with section 416(2) to (6),
  - (b) in subsection (2)(a), in accordance with section 840,

“qualifying subsidiary” is to be read in accordance with section 191 of ITA 2007.]

### Textual Amendments

**F183** S. 576D inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 124](#) (with [Sch. 2](#))

**F184** S. 576D(3A) inserted (retrospective to 6.4.2007 and with effect in accordance with art. 1(2) of the amending S.I.) by [The Income Tax Act 2007 \(Amendment\) \(No. 2\) Order 2009 \(S.I. 2009/2859\)](#), [art. 2\(2\)](#)

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### [<sup>F185</sup>576E] The qualifying subsidiaries requirement

- (1) The qualifying subsidiaries requirement is that any subsidiary that the company has must be a qualifying subsidiary of the company.
- (2) In this section “qualifying subsidiary” is to be read in accordance with section 191 of ITA 2007.]

#### Textual Amendments

**F185** S. 576E inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 125](#) (with [Sch. 2](#))

### [<sup>F186</sup>576F] The property managing subsidiaries requirement

- (1) The property managing subsidiaries requirement is that any property managing subsidiary that the company has must be a qualifying 90% subsidiary of the company.
- (2) In this section—
  - “property managing subsidiary” has the meaning given by section 188(2) of ITA 2007,
  - “qualifying 90% subsidiary” has the meaning given by section 190 of that Act.]

#### Textual Amendments

**F186** S. 576F inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 126](#) (with [Sch. 2](#))

### [<sup>F187</sup>576G] The gross assets requirement

- (1) The gross assets requirement in the case of a single company is that the value of the company's gross assets—
  - (a) must not exceed £7 million immediately before the shares in respect of which the relief is claimed under this Chapter are issued, and
  - (b) must not exceed £8 million immediately afterwards.
- (2) The gross assets requirement in the case of a parent company is that the value of the group assets—
  - (a) must not exceed £7 million immediately before the shares in respect of which the relief is claimed under this Chapter are issued, and
  - (b) must not exceed £8 million immediately afterwards.
- (3) The value of the group assets means the aggregate of the values of the gross assets of each of the members of the group, disregarding any that consist in rights against, or shares in or securities of, another member of the group.
- (4) In this section—
  - “group” means a parent company and its qualifying subsidiaries,
  - “parent company” means a company that has one or more qualifying subsidiaries,



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“qualifying subsidiary” is to be read in accordance with section 191 of ITA 2007, and

“single company” means a company that does not have one or more qualifying subsidiaries.]

#### Textual Amendments

**F187** S. 576G inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 127](#) (with [Sch. 2](#))

#### [<sup>F188</sup>576H] The unquoted status requirement

- (1) The unquoted status requirement is that, at the time (“the relevant time”) at which the shares in respect of which the relief is claimed under this Chapter are issued—
  - (a) the company must be an unquoted company,
  - (b) there must be no arrangements in existence for the company to cease to be an unquoted company, and
  - (c) there must be no arrangements in existence for the company to become a subsidiary of another company (“the new company”) by virtue of an exchange of shares, or shares and securities, if—
    - (i) section 576J applies in relation to the exchange, and
    - (ii) arrangements have been made with a view to the new company ceasing to be an unquoted company.
- (2) The arrangements referred to in subsection (1)(b) and (c)(ii) do not include arrangements in consequence of which any shares, stocks, debentures or other securities of the company or the new company are at any subsequent time—
  - (a) listed on a stock exchange that is a recognised stock exchange by virtue of an order made under section [<sup>F189</sup>1005(1)(b)] of ITA 2007, or
  - (b) listed on an exchange, or dealt in by any means, designated by an order made for the purposes of section 184(3)(b) or (c) of that Act,if the order was made after the relevant time.
- (3) In this section—

“arrangements” includes any scheme, agreement or understanding, whether or not legally enforceable,

[<sup>F190</sup>“debenture” has the meaning given by section 738 of the Companies Act 2006,]

“unquoted company” has the meaning given by section 184(2) of ITA 2007.]

#### Textual Amendments

- F188** S. 576H inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 128](#) (with [Sch. 2](#))
- F189** Words in s. 576H(2)(a) substituted (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 26 para. 7\(5\)](#)
- F190** S. 576H(3): definition of “debenture” substituted (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments\) \(Taxes and National Insurance\) Order 2008 \(S.I. 2008/954\)](#), [arts. 1\(1\)](#), 10

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### [<sup>F191</sup>576I Power to amend requirements by Treasury order]

The Treasury may by order make such amendments of sections 576B to 576H as they consider appropriate.]

#### Textual Amendments

**F191** S. 576I inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by *Income Tax Act 2007 (c. 3)*, **Sch. 1 para. 129** (with Sch. 2)

### [<sup>F192</sup>Qualifying trading companies: supplementary provisions

#### Textual Amendments

**F192** S. 576J and preceding cross-heading inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by *Income Tax Act 2007 (c. 3)*, **Sch. 1 para. 130** (with Sch. 2)

### 576J Relief after an exchange of shares for shares in another company

- (1) This section and section 576K apply in relation to shares if—
- (a) a company (“the new company”) in which the only issued shares are subscriber shares acquires all the shares (“old shares”) in another company (“the old company”),
  - (b) the consideration for the old shares consists wholly of the issue of shares (“new shares”) in the new company,
  - (c) the consideration for the new shares of each description consists wholly of old shares of the corresponding description,
  - (d) new shares of each description are issued to the holders of old shares of the corresponding description in respect of and in proportion to their holdings, and
  - (e) by virtue of section 127 of the 1992 Act as applied by section 135(3) of that Act (company reconstructions etc), the exchange of shares is not to be treated as involving a disposal of the old shares or an acquisition of the new shares.

In this subsection references to shares, except the first and that in the expression “subscriber shares”, include securities.

- (2) For the purposes of this Chapter the exchange of shares is not regarded as involving any disposal of the old shares or any acquisition of the new shares.
- (3) Nothing in section 576D (the control and independence requirement) applies in relation to such an exchange of shares, or shares and securities, as is mentioned in subsection (1), or arrangements with a view to such an exchange.
- (4) For the purposes of this section old shares and new shares are of a corresponding description if, on the assumption that they were shares in the same company, they would be of the same class and carry the same rights.
- (5) References in section 576K to “old shares”, “new shares”, “the old company” and “the new company” are to be read in accordance with this section.

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### [<sup>F193</sup>576K Substitution of new shares for old shares]

- (1) Subsection (2) applies if, in the case of any new shares held by a company or by a nominee for a company, the old shares for which they were exchanged were shares that had been subscribed for by the company (“the investor”).
- (2) This Chapter has effect as if—
  - (a) the new shares had been subscribed for by the investor at the time when, and for the amount for which, the old shares were subscribed for by the investor,
  - (b) the new shares had been issued by the new company at the time when the old shares were issued to the investor by the old company, and
  - (c) any requirements of this Chapter which were met at any time before the exchange by the old company had been met at that time by the new company.
- (3) Section 573(6) applies for the purposes of this section.

[ Nothing in subsection (2) applies in relation to section 195(7) of ITA 2007 as applied  
<sup>F194</sup>(4) by section 576B(7) above for the purposes mentioned in section 576B(8).]

#### Textual Amendments

- F193** S. 576K inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 131](#) (with [Sch. 2](#))
- F194** S. 576K(4) inserted (6.4.2007) by [Finance Act 2008 \(c. 9\)](#), [Sch. 16 paras. 11\(4\), 13](#)

### [<sup>F195</sup>Supplemental]

#### Textual Amendments

- F195** S. 576L and preceding cross-heading inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 132](#) (with [Sch. 2](#))

### 576L Interpretation of Chapter

- (1) In this Chapter (subject to subsections (2) to (5))—
  - “excluded company” means a company which—
    - (a) has a trade which consists wholly or mainly of dealing in land, in commodities or futures or in shares, securities or other financial instruments,
    - (b) has a trade which is not carried on on a commercial basis and in such a way that profits in the trade can reasonably be expected to be realised,
    - (c) is a holding company of a group other than a trading group, or
    - (d) is a building society or a registered industrial and provident society,“group” (except in sections 576B and 576G) means a company which has one or more 51% subsidiaries together with that or those subsidiaries,  
“holding company” means a company whose business consists wholly or mainly in the holding of shares or securities of companies which are its 51% subsidiaries,  
“investment company” has the meaning given by section 130 except that it does not include the holding company of a trading group,

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“registered industrial and provident society” means a society registered or treated as registered under the Industrial and Provident Societies Act 1965 or the Industrial and Provident Societies Act (Northern Ireland) Act 1969,

“shares”—

- (a) includes stock, but
- (b) does not include shares or stock not forming part of a company's ordinary share capital,

“trading company” means a company other than an excluded company which is—

- (a) a company whose business consists wholly or mainly of the carrying on of a trade or trades, or
- (b) the holding company of a trading group, and

“trading group” means a group the business of whose members, when taken together, consists wholly or mainly in the carrying on of a trade or trades.

- (2) Except as provided by subsection (3), paragraph (b) of the definition of “shares” in subsection (1) does not apply in the definition of “excluded company” in subsection (1) or in section 576J(1) to (4).
- (3) Paragraph (b) of that definition applies in relation to the first reference to “shares” in section 576J(1).
- (4) The definition of “shares” in subsection (1) does not apply in sections 576B(5)(a), 576G(3) and 576H(1)(c) and (2).
- (5) For the purposes of the definition of “trading group” in subsection (1), any trade carried on by a subsidiary which is an excluded company is treated as not constituting a trade.]

## CHAPTER VI

### OTHER PROVISIONS

#### **Modifications etc. (not altering text)**

**C18** Pt 13 Ch. 6: ss. 573, 575 and 576 transposed to Pt. 13 Ch. 5A (6.4.2007 with effect in accordance with s. 1034(1) of the affecting Act) by [Income Tax Act 2007 \(c. 3\)](#), Sch. 1 paras. 117(3), 119(7), **120(7)** (with Sch. 2)

#### *Relief for losses on unquoted shares in trading companies*

#### **574 Relief for individuals.**

**F196** .....

#### **Textual Amendments**

**F196** S. 574 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), Sch. 1 para. 118, **Sch. 3 Pt. 1** (with Sch. 2)

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### Miscellaneous

#### 577 Business entertaining expenses.

F197 .....

##### Textual Amendments

F197 S. 577 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 191, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

#### [<sup>F198</sup>577A] Expenditure involving crime.

F199 .....

##### Textual Amendments

F198 S. 577A inserted (with application in accordance with s. 123(2) of the amending Act) by Finance Act 1993 (c. 34), s. 123(1)(2)

F199 S. 577A repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 192, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

#### 578 Housing grants.

F200 .....

##### Textual Amendments

F200 S. 578 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 193, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

#### [<sup>F201</sup>578A] Expenditure on car hire

F202 .....

##### Textual Amendments

F201 Ss. 578A, 578B inserted (with effect in accordance with s. 579 of the amending Act) by Capital Allowances Act 2001 (c. 2), **Sch. 2 para. 52** (with Sch. 3 para. 113)

F202 Ss. 578A, 578B repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 194, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

#### 578B Expenditure on car hire: supplementary

F203 .....

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#### Textual Amendments

- F201** Ss. 578A, 578B inserted (with effect in accordance with s. 579 of the amending Act) by [Capital Allowances Act 2001 \(c. 2\)](#), [Sch. 2 para. 52](#) (with [Sch. 3 para. 113](#))
- F203** Ss. 578A, 578B repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 194](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

### 579 Statutory redundancy payments.

F204 .....

#### Textual Amendments

- F204** Ss. 579, 580 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 195](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

### 580 Provisions supplementary to section 579.

F205 .....

#### Textual Amendments

- F205** Ss. 579, 580 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 195](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

### [<sup>F206</sup>580A Relief from tax on annual payments under certain insurance policies.

F207 .....

#### Textual Amendments

- F206** Ss. 580A, 580B inserted (with effect in accordance with s. 143(2)-(5) of the amending Act) by [Finance Act 1996 \(c. 8\)](#), [s. 143\(1\)](#)
- F207** Ss. 580A-580C repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 240](#), [Sch. 3](#) (with [Sch. 2](#))

### 580B Meaning of “self-contained” for the purposes of s.580A.

F208 .....]

#### Textual Amendments

- F206** Ss. 580A, 580B inserted (with effect in accordance with s. 143(2)-(5) of the amending Act) by [Finance Act 1996 \(c. 8\)](#), [s. 143\(1\)](#)
- F208** Ss. 580A-580C repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 240](#), [Sch. 3](#) (with [Sch. 2](#))

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[<sup>F209</sup>**580**Relief from tax on annual payments under immediate needs annuities

F210 .....]

**Textual Amendments**

**F209** S. 580C inserted (with effect in accordance with s. 147(6) of the amending Act) by Finance Act 2004 (c. 12), s. 147(3)

**F210** Ss. 580A-580C repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 240, Sch. 3 (with Sch. 2)

**581** **Borrowing in foreign currency by local authorities and statutory corporations.**

F211 .....

**Textual Amendments**

**F211** S. 581 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 241, Sch. 3 (with Sch. 2)

[<sup>F212</sup>**581A**Interest on foreign currency securities etc.

F213 .....]

**Textual Amendments**

**F212** S. 581A inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 242 (with Sch. 2)

**F213** S. 581A repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 133, Sch. 3 Pt. 1 (with Sch. 2)

**582** **Funding bonds issued in respect of interest on certain debts.**

F214 .....

**Textual Amendments**

**F214** S. 582 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 196, Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

[<sup>F215</sup>**582A**Designated international organisations: miscellaneous exemptions.

F216 .....]

**Textual Amendments**

**F215** S. 582A inserted by Finance Act 1991 (c. 31, SIF 63:1), s. 118(1)

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**F216** S. 582A repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), Sch. 1 para. 135, **Sch. 3 Pt. 1** (with Sch. 2)

### **583 Inter-American Development Bank.**

**F217** .....

#### **Textual Amendments**

**F217** S. 583 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), Sch. 1 para. 244, **Sch. 3** (with Sch. 2)

### **584 Relief for unremittable overseas income**

**F218** .....

#### **Textual Amendments**

**F218** S. 584 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), Sch. 1 para. 197, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

### **585 Relief from tax on delayed remittances.**

**F219** .....

#### **Textual Amendments**

**F219** S. 585 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), Sch. 1 para. 246, **Sch. 3** (with Sch. 2)

### **586 Disallowance of deductions for war risk premiums.**

**F220** .....

#### **Textual Amendments**

**F220** Ss. 586, 587 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), Sch. 1 para. 198, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

### **587 Disallowance of certain payments in respect of war injuries to employees.**

**F221** .....

#### **Textual Amendments**

**F221** Ss. 586, 587 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), Sch. 1 para. 198, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)



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[<sup>F222</sup>587A] **New issues of securities: extra return.**

<sup>F223</sup> . . . . .]

**Textual Amendments**

**F222** S. 587A inserted by Finance Act 1991 (c. 31, SIF 63:1), s. 54, **Sch. 12 para. 1** (with application as referred to in Sch. 12 para. 5 of that Act)

**F223** S. 587A repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 136, **Sch. 3 Pt. 1** (with Sch. 2)

[<sup>F225</sup>587B]<sup>F224</sup> **Gifts of shares, securities and real property to charities etc]**

(1) [<sup>F226</sup>Subsection (2) below applies] where, otherwise than by way of a bargain made at arm's length, [<sup>F227</sup>a company which is not itself a charity] disposes of the whole of the beneficial interest in a qualifying investment to a charity.

(2) On a claim made in that behalf to an officer of the Board—

(a) the relevant amount shall be allowed—

(i) <sup>F228</sup> . . . . .

(ii) <sup>F229</sup> . . . as a charge on income for the purposes of corporation tax for the accounting period in which the disposal is made; and

(b) no relief in respect of the disposal shall be given under [<sup>F230</sup>section 105 of CTA 2009 (gifts of trading stock to charities etc),]<sup>F231</sup> . . . ;

<sup>F232</sup> . . . . .

(3) <sup>F233</sup> . . . . .

[<sup>F234</sup>(4) Subject to subsections (5) to (7) below, the relevant amount is an amount equal to—

(a) where the disposal is a gift, the value of the net benefit to the charity at, or immediately after, the time when the disposal is made (whichever time gives the lower value);

(b) where the disposal is at an undervalue, the amount by which—

(i) the value described in paragraph (a) above, exceeds

(ii) the amount or value of the consideration for the disposal,

or, if there is no such excess, nil.]

(5) Where there are one or more benefits received in consequence of making the disposal which are received by [<sup>F235</sup>the company] making the disposal or a person connected with [<sup>F236</sup>it], the relevant amount shall be reduced by the value of that benefit or, as the case may be, the aggregate value of those benefits; and section 839 applies for the purposes of this subsection.

(6) Where the disposal is a gift, the relevant amount shall be increased by the amount of the incidental costs of making the disposal to the [<sup>F237</sup>company] making it.

(7) Where the disposal is at an undervalue—

(a) to the extent that the consideration for the disposal is less than that for which the disposal is treated as made by virtue of section 257(2)(a) of the 1992 Act, the relevant amount shall be increased by the amount of the incidental costs of making the disposal to the [<sup>F238</sup>company] making it; and

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(b) section 48 of that Act (consideration due after time of disposal) shall apply in relation to the computation of the relevant amount as it applies in relation to the computation of a gain.

(8) <sup>F239</sup> .....

[ The value of the net benefit to the charity is—

- <sup>F240</sup>(8A) (a) the market value of the qualifying investment, unless subsection (8B) below applies;
- (b) where that subsection applies, that market value reduced by the aggregate amount of the related liabilities of the charity (see subsections (8E) to (8G)).

(8B) This subsection applies in any case where—

- (a) the charity is, or becomes, subject to an obligation to any person (whether or not [<sup>F241</sup>the company] making the disposal or a person connected with [<sup>F242</sup>it]), and
- (b) one or more of the conditions in subsection (8C) below is satisfied.

(8C) For the purposes of subsection (8B) above—

- (a) condition 1 is that, taking into account all the circumstances (including, in particular, the difference in the value of the net benefit to the charity if subsection (8B) applies and if it does not), it is reasonable to suppose that the disposal of the qualifying investment to the charity would not have been made in the absence of the obligation;
- (b) condition 2 is that the obligation (whether in whole or in part) relates to, is framed by reference to, or is conditional on the charity receiving, the qualifying investment or a related investment (see subsection (8D)).

(8D) In subsection (8C) above “related investment” means any of the following—

- (a) any asset of the same class or description as the qualifying investment (irrespective of size, quantity or amount);
- (b) any asset derived from, or representing, the qualifying investment whether in whole or in part and whether directly or indirectly;
- (c) any asset from which the qualifying investment is derived, or which the qualifying investment represents, whether in whole or in part and whether directly or indirectly.

(8E) For the purposes of this section, the liabilities which are related liabilities in the case of any qualifying investment are the liabilities of the charity under each of the obligations that fall within subsection (8B) above (as read with subsection (8C) above) in relation to that investment.

(8F) Where an obligation is contingent and the contingency occurs, the amount to be brought into account for the purposes of this section at any time in respect of the liability, so far as contingent, under the obligation is the amount or value of the liability actually incurred in consequence of the occurrence of the contingency.

(8G) Where an obligation is contingent and the contingency does not occur, the amount to be brought into account for the purposes of this section at any time in respect of the liability, so far as contingent, is nil.]

(9) In this section—

[<sup>F243</sup>“authorised unit trust” has the meaning given by section 468;]  
 “charity” has the same meaning as in section 506 and includes

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- (a) [F244 the Trustees of the National Heritage Memorial Fund;
- (b) the Historic Buildings and Monuments Commission for England; and
- (c) the National Endowment for Science, Technology and the Arts;]

“the incidental costs of making the disposal to the [F245 company] making it” shall be construed in accordance with section 38(2) of the 1992 Act;

F246

[F247 “obligation” includes a reference to each of the following—

- (a) any scheme, arrangement or understanding of any kind, whether or not legally enforceable;
  - (b) a series of obligations (whether or not between the same parties);
- [F248 “offshore fund” has the same meaning as in Chapter 5 of Part 17;]  
[F249 “open-ended investment company” is to be read in accordance with section 468A(2) to (4);]

“qualifying investment” means any of the following—

- (a) shares or securities which are listed [F250 on a recognised stock exchange or dealt in on any designated market in the United Kingdom];
- (b) units in an authorised unit trust;
- (c) shares in an open-ended investment company; F251 . . .
- (d) an interest in an offshore fund [F252; and
- (e) a qualifying interest in land];

[F253 “related liabilities” shall be construed in accordance with subsection (8E) above;]

[F254 “value of the net benefit to the charity” shall be construed in accordance with subsection (8A) above.]

[ In paragraph (a) of the definition of “qualifying investment” in subsection (9) above, F255 (9ZA) “designated” means designated by an order made by the Commissioners for Her Majesty's Revenue and Customs for the purposes of that paragraph.

(9ZB) An order under subsection (9ZA) above may—

- (a) designate a market by name or by reference to any class or description of market, and
- (b) vary or revoke a previous order under that subsection.]

[ In this section a “qualifying interest in land” means—

- F256 (9A) (a) a freehold interest in land, or  
(b) a leasehold interest in land which is a term of years absolute, where the land in question is in the United Kingdom.

This subsection is subject to subsections (9B) to (9D) below.

(9B) Where a [F257 company] makes a disposal to a charity of—

- (a) the whole of [F258 its] beneficial interest in such freehold or leasehold interest in land as is described in subsection (9A)(a) or (b) above, and
- (b) any easement, servitude, right or privilege so far as benefiting that land,

the disposal falling within paragraph (b) above is to be regarded for the purposes of this section as a disposal by the [F257 company] of the whole of [F258 its] beneficial interest in a qualifying interest in land.

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- (9C) Where [<sup>F259</sup>a company which] has a freehold or leasehold interest in land in the United Kingdom grants a lease for a term of years absolute (or, in the case of land in Scotland, grants a lease) to a charity of the whole or part of that land, the grant of that lease is to be regarded for the purposes of this section as a disposal by [<sup>F260</sup>the company] of the whole of the beneficial interest in the leasehold interest so granted.
- (9D) For the purposes of subsection (9A) above, an agreement to acquire a freehold interest and an agreement for a lease are not qualifying interests in land.
- (9E) In the application of this section to Scotland—
- (a) references to a freehold interest in land are references to the interest of the owner,
  - (b) references to a leasehold interest in land which is a term of years absolute are references to a tenant's right over or interest in a property subject to a lease, and
  - (c) references to an agreement for a lease do not include references to missives of let that constitute an actual lease.]
- (10) Subject to subsection (11) below, the market value of any qualifying investment shall be determined for the purposes of this section as for the purposes of the 1992 Act.

[ Section 839 (connected persons) applies for the purposes of this section.]

<sup>F261</sup>(10A)

- (11) In the case of an interest in an offshore fund for which there are separate published buying and selling prices, section 272(5) of the 1992 Act (meaning of “market value” in relation to rights of unit holders in a unit trust scheme) shall apply with any necessary modifications for determining the market value of the interest for the purposes of this section.

[ This section is supplemented by [<sup>F263</sup>sections 587BA and 587C] below.]]

<sup>F262</sup>(12)

#### Textual Amendments

- F224** S. 587B sidenote substituted (with effect in accordance with s. 97(6) of the amending Act) by [Finance Act 2002 \(c. 23\), s. 97\(4\)](#)
- F225** S. 587B inserted (with effect in accordance with s. 43(3) of the amending Act) by [Finance Act 2000 \(c. 17\), s. 43\(1\)](#)
- F226** Words in s. 587B(1) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 137\(2\)\(a\)](#) (with Sch. 2)
- F227** Words in s. 587B(1) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 137\(2\)\(b\)](#) (with Sch. 2)
- F228** S. 587B(2)(a)(i) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 137\(3\)\(a\), Sch. 3 Pt. 1](#) (with Sch. 2)
- F229** Words in s. 587B(2)(a)(ii) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 137\(3\)\(b\), Sch. 3 Pt. 1](#) (with Sch. 2)
- F230** Words in s. 587B(2)(b) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), Sch. 1 para. 199](#) (with Sch. 2 Pts. 1, 2)
- F231** Words in s. 587B(2)(b) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 137\(3\)\(c\), Sch. 3 Pt. 1](#) (with Sch. 2)
- F232** Words in s. 587B(2) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 137\(3\)\(d\), Sch. 3 Pt. 1](#) (with Sch. 2)

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- F233** S. 587B(3) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 137(4), **Sch. 3 Pt. 1** (with Sch. 2)
- F234** S. 587B(4) substituted (with effect in accordance with s. 139(6) of the amending Act) by Finance Act 2004 (c. 12), **s. 139(2)**
- F235** Words in s. 587B(5) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), **Sch. 1 para. 137(5)(a)** (with Sch. 2)
- F236** Word in s. 587B(5) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), **Sch. 1 para. 137(5)(b)** (with Sch. 2)
- F237** Word in s. 587B(6) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), **Sch. 1 para. 137(6)** (with Sch. 2)
- F238** Word in s. 587B(7)(a) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), **Sch. 1 para. 137(7)** (with Sch. 2)
- F239** S. 587B(8) repealed (19.7.2007) by Finance Act 2007 (c. 11), Sch. 10 para. 16(3)(f), **Sch. 27 Pt. 2(10)**, Note
- F240** S. 587B(8A)-(8G) inserted (with effect in accordance with s. 139(6) of the amending Act) by Finance Act 2004 (c. 12), **s. 139(3)**
- F241** Words in s. 587B(8B)(a) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), **Sch. 1 para. 137(9)(a)** (with Sch. 2)
- F242** Word in s. 587B(8B)(a) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), **Sch. 1 para. 137(9)(b)** (with Sch. 2)
- F243** S. 587B(9): definition of "authorised unit trust" substituted for definition of "authorised unit trust" and "open-ended investment company" (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), **Sch. 1 para. 137(10)(a)** (with Sch. 2)
- F244** S. 587B(9): words in definition of "charity" substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), **Sch. 1 para. 137(10)(b)** (with Sch. 2)
- F245** S. 587B(9): word in definition of "the incidental costs of making the disposal to the person making it" substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), **Sch. 1 para. 137(10)(c)** (with Sch. 2)
- F246** S. 587B(9): definition of "life assurance business" repealed (with effect in accordance with Sch. 10 para. 17(2) of the repealing Act) by virtue of Finance Act 2007 (c. 11), Sch. 10 para. 14(2)(c), **Sch. 27 Pt. 2(10)**, Note
- F247** S. 587B(9): definition of "obligation" inserted (with effect in accordance with s. 139(6) of the amending Act) by Finance Act 2004 (c. 12), **s. 139(4)**
- F248** S. 587B(9): definition of "offshore fund" substituted (with effect in accordance with s. 145(2) of the amending Act) by Finance Act 2004 (c. 12), **Sch. 26 para. 10** (with Sch. 26 para. 17)
- F249** S. 587B(9): definition of "open-ended investment company" inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), **Sch. 1 para. 137(10)(d)** (with Sch. 2)
- F250** S. 587B(9): words in definition of "qualifying investment" substituted (19.7.2007) by Finance Act 2007 (c. 11), **Sch. 26 para. 7(6)(a)**
- F251** S. 587B(9): word in definition of "qualifying investment" repealed (with effect in accordance with s. 97(6) of the repealing Act) by Finance Act 2002 (c. 23), s. 97(1), **Sch. 40 Pt. 3(15)**, Note
- F252** S. 587B(9): in definition of "qualifying investment", para. (e) and preceding word inserted (with effect in accordance with s. 97(6) of the amending Act) by Finance Act 2002 (c. 23), **s. 97(1)**
- F253** S. 587B(9): definition of "related liabilities" inserted (with effect in accordance with s. 139(6) of the amending Act) by Finance Act 2004 (c. 12), **s. 139(4)**
- F254** S. 587B(9): definition of "value of the net benefit to the charity" inserted (with effect in accordance with s. 139(6) of the amending Act) by Finance Act 2004 (c. 12), **s. 139(4)**
- F255** S. 587B(9ZA)(9ZB) inserted (19.7.2007) by Finance Act 2007 (c. 11), **Sch. 26 para. 7(6)(b)**
- F256** S. 587B(9A)-(9E) inserted (with effect in accordance with s. 97(6) of the amending Act) by Finance Act 2002 (c. 23), **s. 97(2)**
- F257** Words in s. 587B(9B) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), **Sch. 1 para. 137(11)(a)** (with Sch. 2)

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- F258** Words in s. 587B(9B) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by **Income Tax Act 2007 (c. 3), Sch. 1 para. 137(11)(b)** (with Sch. 2)
- F259** Words in s. 587B(9C) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by **Income Tax Act 2007 (c. 3), Sch. 1 para. 137(12)(a)** (with Sch. 2)
- F260** Words in s. 587B(9C) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by **Income Tax Act 2007 (c. 3), Sch. 1 para. 137(12)(b)** (with Sch. 2)
- F261** S. 587B(10A) inserted (with effect in accordance with s. 139(6) of the amending Act) by **Finance Act 2004 (c. 12), s. 139(5)**
- F262** S. 587B(12) inserted (with effect in accordance with s. 97(6) of the amending Act) by **Finance Act 2002 (c. 23), s. 97(3)**
- F263** Words in s. 587B(12) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by **Income Tax Act 2007 (c. 3), Sch. 1 para. 137(13)** (with Sch. 2)

**Modifications etc. (not altering text)**

- C19** S. 587B modified (with effect in accordance with reg. 30AA(3) of the modifying reg.) by the **Friendly Societies (Modification of the Corporation Tax Acts) Regulations 1997 (S.I. 1997/473), reg. 30AA(1)(2)** (as inserted (25.10.2000) by **The Friendly Societies (Modification of the Corporation Tax Acts) (Amendment) Regulations 2000 (S.I. 2000/2710), regs. 1, 5**)
- C20** S. 587B modified (12.8.2005 with effect in accordance with reg. 1(2) of the modifying S.I.) by **The Friendly Societies (Modification of the Corporation Tax Acts) Regulations 2005 (S.I. 2005/2014), regs. 1(1), 21**; and that modifying reg. 21 is omitted (14.8.2007 with effect in accordance with reg. 1(2) of the revoking S.I.) by virtue of **S.I. 2007/2134, regs. 1(1), 20**
- C21** S. 587B(9E)(a) modified (temp.) (with effect in accordance with s. 97(6) of the modifying Act) by **Finance Act 2002 (c. 23), s. 97(7)(8)**

**[<sup>F264</sup>587B] Qualifying interests in land held jointly**

- (1) This section applies for the purposes of section 587B where a qualifying investment is a qualifying interest in land.
- (2) Where two or more persons (“the owners”)—
  - (a) are jointly beneficially entitled to the qualifying interest in land, or
  - (b) are, taken together, beneficially entitled in common to the qualifying interest in land,
 relief under section 587B is available if at least one of the owners is a qualifying company and all the owners dispose of the whole of their beneficial interests in the qualifying interest in land to the charity.
- (3) Subsection (4) applies if one or more of the owners is not a company.
- (4) For the purpose of determining whether the owners' beneficial interests are disposed of as mentioned in subsection (2), section 587B(9B) and (9C) applies as if references to a company included a reference to a person who is not a company.
- (5) Relief under section 587B is available to each of the owners which is a qualifying company.
- (6) If one or more of the owners is an individual—
  - (a) the relevant amount is taken to be the relievable amount calculated for the purposes of Chapter 3 of Part 8 of ITA 2007, and
  - (b) the amount of relief under section 587B to be given to a qualifying company is such share of the relievable amount as is allocated to the company by the agreement mentioned in section 442(5) of ITA 2007.

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- (7) Subsections (8) to (12) apply if none of the owners is an individual.
- (8) The amount of relief under section 587B to be given to a qualifying company is such share of the relevant amount as is allocated to the company by an agreement made between those owners which are qualifying companies.
- (9) Calculate the relevant amount as if—
  - (a) the owners were a single qualifying company, and
  - (b) the disposals of the owners' beneficial interests were a single disposal by that single company of the whole of the beneficial interest in the qualifying interest in land.
- (10) In particular, for the purposes of section 587B(7) calculate the consideration for which the disposal is made by virtue of section 257(2)(a) of the 1992 Act by—
  - (a) calculating, for each owner, the consideration for which the disposal of the owner's beneficial interest is so made, and
  - (b) adding together all the consideration calculated under paragraph (a).
- (11) If one or more of the owners is not a qualifying company, in calculating the relevant amount make just and reasonable adjustments to reduce the relevant amount to reflect the fact that relief under section 587B is not available to that owner or to those owners.
- (12) <sup>F265</sup> . . . . .
- (13) A company is a qualifying company if—
  - (a) it is not itself a charity, <sup>F266</sup> . . .
  - (b) <sup>F266</sup> . . . . .]

**Textual Amendments**  
**F264** S. 587BA inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), **Sch. 1 para. 138** (with Sch. 2)  
**F265** S. 587BA(12) repealed (19.7.2007) by Finance Act 2007 (c. 11), **Sch. 27 Pt. 2(10)**, Note  
**F266** S. 587BA(13)(b) and preceding word repealed (19.7.2007) by Finance Act 2007 (c. 11), **Sch. 27 Pt. 2(10)**, Note

**[<sup>F267</sup>587C] Supplementary provision for gifts of real property**

- (1) This section applies for the purposes of section 587B where a qualifying investment is a qualifying interest in land.
- (2) <sup>F268</sup> . . . . .
- (3) <sup>F268</sup> . . . . .
- (4) No [<sup>F269</sup>company] may make a claim for a relief under subsection (2) of section 587B unless [<sup>F270</sup>it] has received a certificate given by or on behalf of the charity.
- (5) The certificate must—
  - (a) specify the description of the qualifying interest in land which is the subject of the disposal,
  - (b) specify the date of the disposal, and
  - (c) contain a statement that the charity has acquired the qualifying interest in land.

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- (6) If, in the case of a disposal of a qualifying interest in land, a disqualifying event occurs at any time in the relevant period, the [<sup>F271</sup>following] shall be treated as never having been entitled to relief under section 587B in respect of the disposal—
- [ in a case to which section 587BA does not apply, the company which made
- <sup>F272</sup>(a) the disposal, and
- (b) in a case to which section 587BA applies, each qualifying company which is an owner.]
- (7) All such assessments and adjustments of assessments are to be made as are necessary to give effect to subsection (6) above.
- (8) For the purposes of subsection (6) above a disqualifying event occurs if [<sup>F273</sup>a person mentioned in subsection (8A)]—
- (a) becomes entitled to an interest or right in relation to all or part of the land to which the disposal relates, or
- (b) becomes party to an arrangement under which he enjoys some right in relation to all or part of that land,
- otherwise than for full consideration in money or money's worth.
- [ The persons are—
- <sup>F274</sup>(8A) (a) in a case to which section 587BA does not apply—
- (i) the company which made the disposal, or
- (ii) a person connected with that company, and
- (b) in a case to which section 587BA applies—
- (i) a person who is an owner, or
- (ii) a person connected with such a person.]
- (9) A disqualifying event does not occur, for the purposes of subsection (6) above, if a person becomes entitled to an interest or right as mentioned in subsection (8)(a) above as a result of a disposition of property on death, whether the disposition is effected by will, under the law relating to intestacy or otherwise.
- (10) For the purposes of subsection (6) above the relevant period is the period beginning with the date of the disposal of the qualifying interest in land and ending with—
- (a) <sup>F275</sup> . . . . .
- (b) <sup>F276</sup> . . . the sixth anniversary of the end of the accounting period in which the disposal was made.
- (11) Section 839 (connected persons) applies for the purposes of this section.
- (12) This section shall be construed as one with section 587B.]

#### Textual Amendments

- F267** S. 587C inserted (with effect in accordance with s. 97(6) of the amending Act) by [Finance Act 2002 \(c. 23\), s. 97\(5\)](#)
- F268** S. 587C(2)(3) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 139\(2\), Sch. 3 Pt. 1](#) (with Sch. 2)
- F269** Word in s. 587C(4) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 139\(3\)\(a\)](#) (with Sch. 2)
- F270** Word in s. 587C(4) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 139\(3\)\(b\)](#) (with Sch. 2)



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- F271** Word in s. 587C(6) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 139\(4\)\(a\)](#) (with Sch. 2)
- F272** [S. 587C\(6\)\(a\)\(b\)](#) inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 139\(4\)\(b\)](#) (with Sch. 2)
- F273** Words in s. 587C(8) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 139\(5\)](#) (with Sch. 2)
- F274** [S. 587C\(8A\)](#) inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 139\(6\)](#) (with Sch. 2)
- F275** [S. 587C\(10\)\(a\)](#) and word repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 139\(7\)\(a\), Sch. 3 Pt. 1](#) (with Sch. 2)
- F276** Words in s. 587C(10)(b) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 139\(7\)\(b\), Sch. 3 Pt. 1](#) (with Sch. 2)

## 588 Training courses for employees.

**F277** .....

### Textual Amendments

- F277** [S. 588](#) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\), Sch. 1 para. 200, Sch. 3 Pt. 1](#) (with Sch. 2 Pts. 1, 2)

## 589 Qualifying courses of training etc.

**F278** .....

### Textual Amendments

- F278** [S. 589](#) repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 68, Sch. 8 Pt. 1](#) (with Sch. 7)

## [<sup>F279</sup>589A] Counselling services for employees.

**F280** .....]

### Textual Amendments

- F279** [Ss. 589A, 589B](#) inserted (27.7.1993) by [Finance Act 1993 \(c. 34\), s. 108](#)
- F280** [S. 589A](#) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\), Sch. 1 para. 201, Sch. 3 Pt. 1](#) (with Sch. 2 Pts. 1, 2)

## <sup>F281</sup>589B] Qualifying counselling services etc.

(1) <sup>F282</sup> .....

(2) <sup>F282</sup> .....

(3) <sup>F282</sup> .....

[<sup>F283</sup>(4) <sup>F282</sup> .....

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- (4A) <sup>F282</sup> .....]
- (5) <sup>F284</sup> .....

#### **Textual Amendments**

- F281** Ss. 589A, 589B inserted (27.7.1993) by Finance Act 1993 (c. 34), **s. 108**
- F282** S. 589B(1)-(4A) repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 70(2), **Sch. 8 Pt. 1** (with Sch. 7)
- F283** S. 589B(4)(4A) substituted for s. 589B(4) (with effect in accordance with s. 57(4) of the amending Act) by Finance Act 2001 (c. 9), **Sch. 12 Pt. 2 para. 13**
- F284** S. 589B(5) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 202, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**Status:**

Point in time view as at 06/04/2009. This version of this part contains provisions that are not valid for this point in time.

**Changes to legislation:**

There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income and Corporation Taxes Act 1988. Any changes that have already been made by the team appear in the content and are referenced with annotations.