



# Income and Corporation Taxes Act 1988

## 1988 CHAPTER 1

### PART IV

#### PROVISIONS RELATING TO THE SCHEDULE D CHARGE

#### CHAPTER I

##### SUPPLEMENTARY CHARGING PROVISIONS

#### **53 Farming and other commercial occupation of land (except woodlands).**

- (1) <sup>M1</sup>All farming and market gardening in the United Kingdom shall be treated as the carrying on of a trade or, as the case may be, of a part of a trade, and the [<sup>F1</sup>profits] thereof shall be charged to [<sup>F2</sup>corporation] tax under Case I of Schedule D accordingly.
  - (2) All the farming carried on by any particular [<sup>F3</sup>company or partnership] shall be treated as one trade [<sup>F4</sup>for corporation tax purposes].
  - (3) <sup>M2</sup>Subject to subsection (4) below, the occupation of land in the United Kingdom for any purpose other than farming or market gardening shall, if the land is managed on a commercial basis and with a view to the realisation of profits, be treated as the carrying on of a trade or, as the case may be, of a part of a trade, and the [<sup>F5</sup>profits] thereof shall be charged to [<sup>F6</sup>corporation] tax under Case I of Schedule D accordingly.
- [<sup>F7</sup>(4) Subsection (3) above shall not apply in relation to the occupation of land which comprises woodlands or is being prepared for use for forestry purposes.]
- [<sup>F8</sup>(5) The preceding provisions of this section do not apply in relation to—
- (a) farming or market gardening by an insurance company on land which is an asset of the company's long-term insurance fund, or
  - (b) the occupation by an insurance company of land which is such an asset for a purpose other than farming or market gardening.]

*Status: Point in time view as at 21/07/2008.*

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#### Textual Amendments

- F1** Words in s. 53(1)(3) substituted (31.7.1998) by Finance Act 1998 (c. 36), s. 46(3)(a)(b), Sch. 7 para. 1
- F2** Word in s. 53(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. 32(2) (with Sch. 2)
- F3** Words in s. 53(2) 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. 32(3)(a) (with Sch. 2)
- F4** Words in s. 53(2) 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. 32(3)(b) (with Sch. 2)
- F5** Words in s. 53(1)(3) substituted (31.7.1998) by Finance Act 1998 (c. 36), s. 46(3)(a)(b), Sch. 7 para. 1
- F6** Words in s. 53(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. 32(4) (with Sch. 2)
- F7** 1988(F) Sch.6 para.6(7),into force on 6April 1988subject to certain provisos. Previously “(4) Subsection (3) above shall not affect the taxation of woodlands which are managed on a commercial basis and with a view to the realisation of profits”.
- F8** S. 53(5) inserted (with effect in accordance with Sch. 17 para. 28(4) of the amending Act) by Finance Act 2008 (c. 9), Sch. 17 para. 28(1)

#### Marginal Citations

- M1** SOURCE-1970 s. 110(1), (2)
- M2** SOURCE-1970 s. 110(3)

### **<sup>F9</sup>54 Woodlands managed on a commercial basis.**

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#### Textual Amendments

- F9** S. 54 repealed (15.3.1988) by Finance Act 1988 (c. 39), Sch. 14 Pt. 5, Note 2

### **55 Mines, quarries and other concerns.**

(1) [<sup>F10</sup>profits] arising out of land in the case of any concern specified in subsection (2) below shall be charged to [<sup>F11</sup>corporation] tax under Case I of Schedule D.

(2) The concerns are—

- (a) mines and quarries (including gravel pits, sand pits and brickfields);
- (b) ironworks, gasworks, salt springs or works, alum mines or works (not being mines falling within the preceding paragraph) and waterworks and streams of water;
- (c) canals, inland navigation, docks and drains or levels;
- (d) fishings;
- (e) rights of markets and fairs, tolls, bridges and ferries;
- (f) railways and other ways;
- (g) other concerns of the like nature as any of the concerns specified in paragraphs (b) to (e) above.

[<sup>F12</sup>(3) Subsection (1) does not apply in relation to any concern carried on by an insurance company on land which is an asset of the company's long-term insurance fund.]

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### Textual Amendments

- F10** Word in s. 55(1) substituted (31.7.1998) by Finance Act 1998 (c. 36), s. 46(3)(a)(b), Sch. 7 para. 1
- F11** Word in s. 55(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. 33 (with Sch. 2)
- F12** S. 55(3) inserted (with effect in accordance with Sch. 17 para. 28(4) of the amending Act) by Finance Act 2008 (c. 9), Sch. 17 para. 28(2)

## 56 Transactions in deposits with and without certificates or in debts.

- (1)<sup>M3M4</sup> Subsection (2) below applies to the following rights—
- (a) the right to receive the amount, with or without interest, stated in a certificate of deposit;
  - (b) the right to receive an amount payable with interest—
    - (i) in a transaction in which no certificate of deposit or security is issued, and
    - (ii) which is payable by a bank or similar institution or a person regularly engaging in similar transactions;and the right to receive that interest.
- (2)<sup>M5</sup> Profits or gains arising to a [<sup>F13</sup> company] from the disposal of a right to which this subsection applies or, except so far as it is a right to receive interest, from the exercise of any such right (whether by the person to whom the certificate was issued or by some other person, or, as the case may be, by the person who acquired the right in the transaction referred to in subsection (1) above or by some person acquiring it directly or indirectly from that person), shall, if not falling to be taken into account as a trading receipt, be treated as annual profits or gains chargeable to [<sup>F14</sup> corporation tax] under Case VI of Schedule D.
- (3)<sup>M6</sup> Subsection (2) above [<sup>F15</sup> and section 551 of ITTOIA 2005 (charge to income tax on profits from disposal of deposit rights) do] not apply in the case of the disposal or exercise of a right to receive an amount stated in a certificate of deposit or interest on such an amount—
- (a) if the [<sup>F16</sup> company] disposing of the right acquired it before 7th March 1973;
  - (b) to any profits or gains arising to a fund or scheme in the case of which provision is made by section [<sup>F17</sup> 613(4) or 614(2) or (3) or section 186 of the Finance Act 2004] for exempting the whole or part of its income from income tax;
  - (c) in so far as they are applied to charitable purposes only, to any profits or gains arising to a [<sup>F18</sup> charitable company] within the meaning of section 506.

- [<sup>F19</sup>(3A) <sup>F20</sup> .....
- (3B) <sup>F20</sup> .....
- (3C) <sup>F20</sup> .....
- (3D) <sup>F20</sup> .....]
- (4) <sup>F21</sup> .....

[<sup>F22</sup>(4A) This section and section 56A shall not apply for the purposes of corporation tax except in relation to rights in existence before 1st April 1996.

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(4B) For the purposes of corporation tax, where any profits or gains arising from the disposal or exercise of a right in existence before 1st April 1996 are, or (if there were any) would be, chargeable under this section, nothing in Chapter II of Part IV of the Finance Act 1996 (loan relationships) shall require any amount relating to that disposal, or to the exercise of that right, to be brought into account for the purposes of that Chapter.]

(5)<sup>M7</sup> In this section—

“certificate of deposit” means a document relating to money, in any currency, which has been deposited with the issuer or some other person, being a document which recognises an obligation to pay a stated amount to bearer or to order, with or without interest, and being a document by the delivery of which, with or without endorsement, the right to receive that stated amount, with or without interest, is transferable; and

“security” has the same meaning as in section [F23]132 of the 1992 Act].

#### Textual Amendments

- F13** Word in s. 56(2) 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. 34\(2\)\(a\)](#) (with [Sch. 2](#))
- F14** Words in s. 56(2) 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. 34\(2\)\(b\)](#) (with [Sch. 2](#))
- F15** Words in s. 56(3) 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. 34\(3\)\(a\)](#) (with [Sch. 2](#))
- F16** Word in s. 56(3)(a) 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. 34\(3\)\(b\)](#) (with [Sch. 2](#))
- F17** Words in s. 56(3)(b) substituted (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), s. 284(1), [Sch. 35 para. 4](#) (with [Sch. 36](#))
- F18** Words in s. 56(3)(c) 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. 9](#) (with [Sch. 2](#))
- F19** [S. 56\(3A\)-\(3D\)](#) inserted (27.7.1993) by 1993 c. 34, s. 170, [Sch. 18 para. 2](#)
- F20** [S. 56\(3A\)-\(3D\)](#) repealed (with effect in accordance with s. 79(3) of the repealing Act) by [Finance Act 2002 \(c. 23\)](#), s. 141, [Sch. 40 Pt. 3\(10\)](#), Note
- F21** [S. 56\(4\)](#) omitted (21.7.2008) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 17 para. 24\(1\)](#)
- F22** [S. 56\(4A\)\(4B\)](#) inserted (with effect in accordance with s. 105(1) of the amending Act) by [Finance Act 1996 \(c. 8\)](#), s. 104, [Sch. 14 para. 6](#) (with [Sch. 15](#))
- F23** Words in s. 56(5) substituted (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), ss. 289, 290, [Sch. 10 para. 14\(3\)](#) (with ss. 60, 101(1), 171, 201(3)).

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

- C1** See s.608—*exemption for certain superannuation funds.*
- C2** [S. 56\(2\)](#) modified (24.2.2003) by [Proceeds of Crime Act 2002 \(c. 29\)](#), s. 458, [Sch. 10 para. 6](#) (with [Sch. 10 para. 10](#)); [S.I. 2003/120](#), art. 2, [Sch.](#) (with arts. 3-7 (as amended by [S.I. 2003/333](#), [art. 14](#)))

#### Marginal Citations

- M3** SOURCE-1973 s. 26(1)
- M4** SOURCE-1974 s. 30(1)
- M5** SOURCE-1973 s. 26(1); 1974 s. 30(1)
- M6** SOURCE-1973 s. 26(1)(a)(b); 1975 (No. 2) s. 50(1)
- M7** SOURCE-1973 s. 26(4); 1974 s. 30(2), (1); 1968 s. 55(3); 1979(C) Sch. 7

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**[<sup>F24</sup>56A Disposal or exercise of rights in pursuance of deposits.**

- (1) This section applies where there is an arrangement under which—
- (a) there is a right to receive an amount (with or without interest)  
in pursuance of a deposit of money,
  - (b) when the right comes into existence there is no certificate of deposit in respect of the right, and
  - (c) the person for the time being entitled to the right is entitled to call for the issue of a certificate of deposit in respect of the right.
- (2) In such a case—
- (a) the right shall be treated as not falling within section 56(1)(b), and
  - (b) if there is a disposal or exercise of the right before such time (if any) as a certificate of deposit is issued in respect of it, section 56(2) shall apply to it by virtue of this paragraph.
- (3) In the application of section 56 by virtue of this section—
- (a) subsection (2) shall have effect as if the words from “(whether” to “person)” read “(whether by the person originally entitled to the right or by some other person)”, and
  - (b) subsection (3) shall have effect as if the words “stated in a certificate of deposit” read “under an arrangement”.
- (4) In this section “certificate of deposit” has the meaning given by section 56(5).]

**Textual Amendments**

**F24** S. 56A inserted (with application in relation to arrangements made after 16.7.1992) by [Finance \(No. 2\) Act 1992 \(c. 48\)](#), s. 34, [Sch. 8 paras.1, 6](#).

**57 Deep discount securities.**

<sup>F25</sup> .....

**Textual Amendments**

**F25** S. 57 repealed (with effect in accordance with s. 105(1) of the repealing Act) by [Finance Act 1996 \(c. 8\)](#), [Sch. 41 Pt. 5\(3\)](#), Note

**58 Foreign pensions.**

<sup>F26</sup> .....

**Textual Amendments**

**F26** S. 58 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. 8](#), [Sch. 8 Pt. 1](#) (with [Sch. 7](#))

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## 59 Persons chargeable.

- (1) <sup>F27</sup> . . . . .
- (2) <sup>F27</sup> . . . . .
- (3) Where, in accordance with [<sup>F28</sup>section 12 of ITTOIA 2005], income tax is charged <sup>F29</sup> . . . on the profits of markets or fairs, or on tolls, fisheries or any other annual or casual profits not distrainable, the owner or occupier or receiver of the profits thereof shall be answerable for the tax so charged, and may retain and deduct the same out of any such profits.
- (4) [<sup>F30</sup>Subsection (3)] above shall not apply for the purposes of corporation tax.

### Textual Amendments

- F27** S. 59(1)(2) 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. 35\(2\)](#), [Sch. 3](#) (with [Sch. 2](#))
- F28** Words in s. 59(3) 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. 35\(3\)\(a\)](#) (with [Sch. 2](#))
- F29** Words in s. 59(3) 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. 35\(3\)\(b\)](#), [Sch. 3](#) (with [Sch. 2](#))
- F30** Words in s. 59(4) 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. 35\(4\)](#) (with [Sch. 2](#))

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