



# Finance Act 1993

## 1993 CHAPTER 34

### PART II

#### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

### CHAPTER I

#### GENERAL

##### *Income tax: charge, rates and allowances*

#### <sup>F1</sup>51 Charge and rates of income tax for 1993-94.

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##### Textual Amendments

F1 S. 51 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

#### <sup>F2</sup>52 Personal and married couple's allowances.

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##### Textual Amendments

F2 S. 52 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

*Status: Point in time view as at 06/04/2007.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Chapter I. (See end of Document for details)*

*Corporation tax charge and rate*

**53 Charge and rate of corporation tax for 1993.**

Corporation tax shall be charged for the financial year 1993 at the rate of 33 per cent.

**54 Small companies.**

For the financial year 1993—

- (a) the small companies’ rate shall be 25 per cent., and
- (b) the fraction mentioned in section 13(2) of the Taxes Act 1988 (marginal relief for small companies) shall be one fiftieth.

*Interest: general*

**55 Relief for interest.**

For the year 1993-94 the qualifying maximum defined in section 367(5) of the Taxes Act 1988 (limit on relief for interest on certain loans) shall be £30,000.

<sup>F3</sup>56 .....

**Textual Amendments**

**F3** S. 56 repealed (27.7.1999 with effect in relation to any payment of interest falling within s. 38(3)(4) of the amending Act) by 1999 c. 16, s. 139, **Sch. 20 Pt. III(7)** Note 4

**57 Temporary relief for interest payments.**

<sup>F4</sup>(1) .....

<sup>F4</sup>(2) .....

(3) In section 365 of that Act (relief on interest on loans to buy a life annuity), after subsection (1) there shall be inserted the following subsections—

“(1A) Where, in the case of any loan—

- (a) the condition specified in subsection (1)(d) above would not (apart from this subsection) be fulfilled with respect to any land by reason of its having ceased at any time to be used by a particular person as his only or main residence; and
- (b) the intention at that time of the person to whom the loan was made, or of each of the annuitants owning an estate or interest in that land, was to take steps, before the end of the period of 12 months after the day on which it ceased to be so used, with a view to the disposal of his estate or interest,

that condition shall be treated in relation to interest on that loan as continuing to be fulfilled with respect to the land from that time until the end of that period or (if sooner) the abandonment by that person or any of those annuitants of his intention to dispose of his estate or interest.

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(1B) If it appears to the Board reasonable to do so, having regard to all the circumstances of a particular case, they may direct that in relation to that case subsection (1A) above shall have effect as if for the reference to 12 months there were substituted a reference to such longer period as meets the circumstances of that case.”

<sup>F4</sup>(4) .....

(5) This section shall have effect in relation to payments of interest made on or after 16th March 1993 (whenever falling due).

<sup>F4</sup>(6) .....

<sup>F5</sup>(7) .....

**Textual Amendments**

- F4** S. 57(1)(2)(4)(6) repealed (27.7.1999 with effect in relation to any payment of interest falling within s. 38(3)(4) of the amending Act) by 1999 c. 16, s. 139, **Sch. 20 Pt. III(7)** Note 4
- F5** S. 57(7) repealed (3.5.1994 with effect in accordance with s. 81(6) of the amending Act) by 1994 c. 9, ss. 81, 258, **Sch. 9 para. 12, Sch. 26 Pt. V(2)** Note

**58 Overclaims in respect of deductions of mortgage interest.**

(1) After subsection (6) of section 369 of the Taxes Act 1988 (recovery of amount treated as paid by recipient of interest paid subject to a deduction under that section) there shall be inserted the following subsection—

“(7) The following provisions of the Management Act, namely—

- (a) section 29(3)(c) (excessive relief),
- (b) section 30 (tax repaid in error etc.),
- (c) section 88 (interest), and
- (d) section 95 (incorrect return or accounts),

shall apply in relation to an amount which is paid to any person by the Board as an amount recoverable in accordance with regulations made by virtue of subsection (6) above but to which that person is not entitled as if it were income tax which ought not to have been repaid and, where that amount was claimed by that person, as if it had been repaid as a relief which was not due.”

(2) This section shall not apply in relation to any payment if the payment, or the claim on which it is made, was made before the day on which this Act is passed.

<sup>F6</sup>**59 Interest payments to persons not ordinarily resident in UK.**

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**Textual Amendments**

- F6** S. 59 repealed (6.4.2007) by **Income Tax Act 2007 (c. 3)**, s. 1034(1), **Sch. 3 Pt. 1** (with **Sch. 2**)

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<sup>F7</sup>60 .....

**Textual Amendments**  
F7 S. 60 repealed (1.10.2002) by 2002 c. 23, s. 141, **Sch. 40 Pt. 3(10)**, note 2

*Interest etc. on debts between associated companies*

<sup>F8</sup>61 .....

**Textual Amendments**  
F8 S. 61 repealed (29.4.1996 with effect in accordance with the provisions of Chapter II of Pt. IV of the repealing Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. V(3)** Note

<sup>F9</sup>62 .....

**Textual Amendments**  
F9 S. 62 repealed (29.4.1996 with effect in accordance with the provisions of Chapter II of Pt. IV of the repealing Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. V(3)** Note

<sup>F10</sup>62A .....

**Textual Amendments**  
F10 S. 62A repealed (29.4.1996 with effect in accordance with the provisions of Chapter II of Pt. IV of the repealing Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. V(3)** Note

<sup>F11</sup>63 .....

**Textual Amendments**  
F11 S. 63 repealed (29.4.1996 with effect in accordance with the provisions of Chapter II of Pt. IV of the repealing Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. V(3)** Note

<sup>F12</sup>64 .....

*Status: Point in time view as at 06/04/2007.*

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**Textual Amendments**

**F12** S. 64 repealed (29.4.1996 with effect in accordance with the provisions of Chapter II of Pt. IV of the repealing Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. V(3)** Note (with Sch. 15 para. 19(3))

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

**C1** S. 64 amended (27.7.1999 with application as mentioned in s. 67(8) of the amending Act) by 1999 c. 16, s. 67(4)(8)

**F13** **65** .....

**Textual Amendments**

**F13** S. 65 repealed (29.4.1996 with effect in accordance with the provisions of Chapter II of Pt. IV of the repealing Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. V(3)** Note (with Sch. 15 para. 20(2))

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

**C2** S. 65 amended (27.7.1999 with application as mentioned in s. 67(8) of the amending Act) by 1999 c. 16, s. 67(4)(8)

**F14** **66** .....

**Textual Amendments**

**F14** S. 66 repealed (29.4.1996 with effect in accordance with the provisions of Chapter II of Pt. IV of the repealing Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. V(3)** Note

*Charitable donations*

**67 Donations from companies and individuals.**

- (1) In section 339 of the Taxes Act 1988 (charges on income: donations to charity) in subsection (3A) (payment by close company not a qualifying donation if less than £400 after deducting income tax) for “£400” there shall be substituted “ £250 ”.
- (2) In section 25 of the <sup>M1</sup>Finance Act 1990 (donations to charity by individuals) in subsection (2)(g) (gift must be not less than £400 to be a qualifying donation) for “£400” there shall be substituted “ £250 ”.
- (3) Subsection (1) above shall apply in relation to payments made on or after 16th March 1993.
- (4) Subsection (2) above shall apply in relation to gifts made on or after 16th March 1993.

**Marginal Citations**

**M1** 1990 c. 29.

*Status: Point in time view as at 06/04/2007.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Chapter I. (See end of Document for details)*

**F15 68 Payroll deduction schemes.**

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**Textual Amendments**

**F15** S. 68 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by **Income Tax (Earnings and Pensions) Act 2003 (c. 1)**, s. 723, **Sch. 8 Pt. 1** (with Sch. 7)

**69 Contributions to agent’s expenses.**

The following section shall be inserted after section 86 of the Taxes Act 1988—

**“86A Charitable donations: contributions to agent’s expenses.**

- (1) This section applies where—
  - (a) a person (the employer) is liable to make to any individual payments from which income tax falls to be deducted by virtue of section 203 and regulations under that section, and
  - (b) the employer withholds sums from those payments in accordance with a scheme falling within subsection (3) of section 202 and pays the sums to an agent (within the meaning of subsection (4)(a) of that section).
- (2) Any relevant expenditure incurred by the employer on or after 16th March 1993—
  - (a) shall be deducted in computing for the purposes of Schedule D the profits or gains of a trade, profession or vocation carried on by the employer, or
  - (b) if the employer is an investment company or a company in the case of which section 75 applies by virtue of section 76, shall be treated as expenses of management.
- (3) Relevant expenditure is expenditure incurred in making to the agent any payment in respect of expenses which have been or are to be incurred by the agent in connection with his functions under the scheme.”

*Benefits in kind*

**70 Car benefits: 1993-94.**

- (1) In Schedule 6 to the Taxes Act 1988 (taxation of directors and others in respect of cars) for Part I (tables of flat rate cash equivalents) there shall be substituted—

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**“PART I**

**TABLES OF FLAT RATE CASH EQUIVALENTS**

**Table A**

***CARS WITH AN ORIGINAL MARKET VALUE UP TO £19,250 AND HAVING A CYLINDER CAPACITY***

| <b><i>Cylinder capacity of car in cubic centimetres</i></b> | <b><i>Age of car at end of relevant year of assessment</i></b> |                               |
|---|--|-------------------------------|
|   | <b><i>Under 4 years</i></b>                                    | <b><i>4 years or more</i></b> |
| 1,400 or less   | £2,310   | £1,580                        |
| More than 1,400 but not more than 2,000                     | £2,990   | £2,030                        |
| More than 2,000   | £4,800   | £3,220                        |

**Table B**

***CARS WITH AN ORIGINAL MARKET VALUE UP TO £19,250 AND NOT HAVING A CYLINDER CAPACITY***

| <b><i>Original market value of car</i></b> | <b><i>Age of car at end of relevant year of assessment</i></b> |                               |
|--|--|-------------------------------|
|  | <b><i>Under 4 years</i></b>                                    | <b><i>4 years or more</i></b> |
| Less than £6,000                           | £2,310   | £1,580                        |
| £6,000 or more but less than £8,500        | £2,990   | £2,030                        |
| £8,500 or more but not more than £19,250   | £4,800   | £3,220                        |

**Table C**

***CARS WITH AN ORIGINAL MARKET VALUE OF MORE THAN £19,250***

| <b><i>Original market value of car</i></b>  | <b><i>Age of car at end of relevant year of assessment</i></b> |                               |
|---|--|-------------------------------|
|   | <b><i>Under 4 years</i></b>                                    | <b><i>4 years or more</i></b> |
| More than £19,250 but not more than £29,000 | £6,210   | £4,180                        |
| More than £29,000                           | £10,040  | £6,660”                       |

(2) This section shall have effect for the year 1993-94.

*Status: Point in time view as at 06/04/2007.*

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**71 Car fuel: 1993-94.**

(1) In section 158 of the Taxes Act 1988 (car fuel) for the Tables in subsection (2) (tables of cash equivalents) there shall be substituted—

“TABLE A

| <i>Cylinder capacity of car in cubic centimetres</i> | <i>Cash equivalent</i> |
|--|------------------------|
| 1,400 or less  | £600                   |
| More than 1,400 but not more than 2,000              | £760                   |
| More than 2,000                                      | £1,130                 |

TABLE AB

| <i>Cylinder capacity of car in cubic centimetres</i> | <i>Cash equivalent</i> |
|--|------------------------|
| 2,000 or less  | £550                   |
| More than 2,000                                      | £710                   |

TABLE B

| <i>Original market value of car</i> | <i>Cash equivalent</i> |
|-------------------------------------|------------------------|
| Less than £6,000                    | £600                   |
| £6,000 or more but less than £8,500 | £760                   |
| £8,500 or more                      | £1,130”                |

(2) In subsection (5) of that section (reductions in cash equivalents) the words “or 3” shall be omitted.

(3) This section shall have effect for the year 1993-94.

**72 Car and car fuel benefits: 1994-95 onwards.**

Schedule 3 to this Act (which contains provisions, having effect for the year 1994-95 and subsequent years of assessment, about cars available for private use and car fuel) shall have effect.

**<sup>F16</sup>73 Vans.**

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**Textual Amendments**

**F16** Ss. 73-76 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, [Sch. 8 Pt. 1](#) (with Sch. 7)



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**F1674 Heavier commercial vehicles.**

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**Textual Amendments**

**F16** Ss. 73-76 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, [Sch. 8 Pt. 1](#) (with [Sch. 7](#))

**F1675 Sporting and recreational facilities.**

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**Textual Amendments**

**F16** Ss. 73-76 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, [Sch. 8 Pt. 1](#) (with [Sch. 7](#))

**F1676 Removal expenses and benefits.**

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**Textual Amendments**

**F16** Ss. 73-76 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, [Sch. 8 Pt. 1](#) (with [Sch. 7](#))

*Taxation of distributions etc.*

**77 Application of lower rate.**

**F17**(1) .....

**F17**(2) .....

**F18**(3) .....

(4) In section 421(1) of that Act (taxation of borrower where loan under section 419 released)—

- (a) in paragraph (a), after “tax” there shall be inserted “ at the lower rate ”;
- (b) in paragraph (b), for “basic rate” there shall be substituted “ lower rate ”; and
- (c) in paragraph (c), for the words from “which is not” to “that paragraph” there shall be substituted “ to which (without prejudice to paragraph (b) above) section 207A shall be taken to apply as it applies to income chargeable under Schedule F, but, notwithstanding the preceding provisions of this subsection ”.

(5) This section shall apply in relation to the year 1993-94 and subsequent years of assessment.

*Status: Point in time view as at 06/04/2007.*

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**Textual Amendments**

- F17** S. 77(1)(2) repealed (29.4.1996 with effect in accordance with s. 73 and [Sch. 6](#) of the amending Act) by [1996 c. 8, s. 205, Sch. 41 Pt. V\(1\)](#) Note 1
- F18** S. 77(3) repealed (with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 3](#) (with [Sch. 2](#))

**F19 78** .....

**Textual Amendments**

- F19** S. 78 repealed (31.7.1998 with effect in accordance with Sch. 3 of the repealing Act) by [1998 c. 36, s. 165, Sch. 27 Pt. III\(2\)](#), Note

**79 Provisions supplemental to sections 77 and 78.**

- (1) Schedule 6 to this Act (which makes further provision for the purposes of and in connection with the provisions of sections 77 and 78 above) shall have effect.
- (2) Subject to that Schedule, subsection (3) of section 687 of the Taxes Act 1988 (definition of pool for the purposes of payments under discretionary trusts) shall have effect, and be deemed always to have had effect, as if—
  - (a) the repeal of paragraph (b) which was made by Part V of Schedule 17 to the <sup>M2</sup>Finance Act 1989 in relation to accounting periods beginning after 31st March 1989 had been confined to the following words in that paragraph, that is to say, “under section 462(2) as applied by section 686(4) or”; and
  - F20**(b) .....

**F21**(3) .....

**Textual Amendments**

- F20** S. 79(2)(b) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\), s. 1034\(1\), Sch. 3 Pt. 1](#) (with [Sch. 2](#))
- F21** S. 79(3) repealed (29.4.1996 with effect in accordance with s. 73 and [Sch. 6](#) of the amending Act) by [1996 c. 8, s. 205, Sch. 41 Pt. V\(1\)](#) Note 1

**Marginal Citations**

- M2** [1989 c. 26.](#)

**F22 80 Transitional relief for charities etc.**

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**Textual Amendments**

- F22** S. 80 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\), s. 1034\(1\), Sch. 1 para. 355, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

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F23 81 .....

**Textual Amendments**

**F23** S. 81 repealed (31.7.1998 with effect in accordance with Sch. 3 of the repealing Act) by 1998 c. 36, s. 165, Sch. 27 Pt. III(2), Note

*Chargeable gains*

**82 Annual exempt amount for 1993-94.**

For the year 1993-94 section 3 of the <sup>M3</sup>Taxation of Chargeable Gains Act 1992 (annual exempt amount) shall have effect as if the amount specified in subsection (2) were £5,800, and accordingly subsection (3) of that section (indexation) shall not apply for that year.

**Marginal Citations**

**M3** 1992 c. 12.

**83 Annual exempt amount: indexation for 1994-95 onwards.**

- (1) In section 3(3) of the <sup>M4</sup>Taxation of Chargeable Gains Act 1992 (indexation of annual exempt amount) for “December” (in each place) there shall be substituted “September”.
- (2) This section shall have effect for the year 1994-95 and subsequent years of assessment.

**Marginal Citations**

**M4** 1992 c. 12.

**84 Re-organisations etc. involving debentures.**

- (1) In section 117 of the Taxation of Chargeable Gains Act 1992 (meaning of qualifying corporate bond), after subsection (6) there shall be inserted the following subsection—
  - “(6A) For the purposes of this section “corporate bond” also includes, except in relation to a person who acquires it on or after a disposal in relation to which section 115 has or has had effect in accordance with section 116(10)(c), any debenture issued on or after 16th March 1993 which is not a security (as defined in section 132) but—
    - (a) is issued in circumstances such that it would fall by virtue of section 251(6) to be treated for the purposes of section 251 as such a security; and
    - (b) would be a corporate bond if it were a security as so defined.”
- (2) In section 251 of that Act (general provisions in relation to debts), after subsection (5) there shall be inserted the following subsection—

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“(6) For the purposes of this section a debenture issued by any company on or after 16th March 1993 shall be deemed to be a security (as defined in section 132) if—

- (a) it is issued on a reorganisation (as defined in section 126(1)) or in pursuance of its allotment on any such reorganisation;
- (b) it is issued in exchange for shares in or debentures of another company and in a case unaffected by section 137 where one or more of the conditions mentioned in paragraphs (a) to (c) of section 135(1) is satisfied in relation to the exchange;
- (c) it is issued under any such arrangements as are mentioned in subsection (1)(a) of section 136 and in a case unaffected by section 137 where section 136 requires shares or debentures in another company to be treated as exchanged for, or for anything that includes, that debenture; or
- (d) it is issued in pursuance of rights attached to any debenture issued on or after 16th March 1993 and falling within paragraph (a), (b) or (c) above.”

(3) This section shall have effect in relation to any chargeable period ending on or after 16th March 1993 but, in relation to any accounting period of a company which began before 6th April 1992, this section shall have effect as if the references in this section, and in the amendments made by this section, to provisions of the Taxation of Chargeable Gains Act 1992 were references to such of the provisions of the <sup>M5</sup>Capital Gains Tax Act 1979 and the <sup>M6</sup>Finance Act 1984 as correspond to those provisions and have effect in relation to that accounting period.

#### Marginal Citations

**M5** 1979 c. 14.

**M6** 1984 c. 43.

## 85 Personal equity plans.

After subsection (3) of section 151 of the Taxation of Chargeable Gains Act 1992 (personal equity plans) there shall be inserted the following subsection—

“(4) Regulations under this section may include provision which, for cases where a person subscribes to a plan by transferring or renouncing shares or rights to shares—

- (a) modifies the effect of this Act in relation to their acquisition and their transfer or renunciation; and
- (b) makes consequential modifications of the effect of this Act in relation to anything which (apart from the regulations) would have been regarded on or after their acquisition as an indistinguishable part of the same asset.”

## 86 Roll-over relief.

(1) In section 155 of the <sup>M7</sup>Taxation of Chargeable Gains Act 1992 (classes of assets for the purposes of roll-over relief), after Class 5 there shall be inserted—

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## “CLASS 6

Ewe and suckler cow premium quotas (that is, rights in respect of any ewes or suckler cows to receive payments by way of any subsidy entitlement to which is determined by reference to limits contained in a Community instrument).”

- (2) The Treasury may by order made by statutory instrument amend that section so as to add one or more further classes of assets to the classes specified in that section.

Any such order may make such consequential amendments [<sup>F24</sup>of—

- (a) Schedule 7AB to the Taxation of Chargeable Gains Act 1992, or  
(b) paragraph 132 of Schedule 29 to the Finance Act 2002,

as appear to the Treasury to be appropriate.]

- (3) A statutory instrument containing an order under subsection (2) above shall be subject to annulment in pursuance of a resolution of the House of Commons.
- (4) Subsection (1) above shall apply where the disposal of the old assets (or an interest in them) or the acquisition of the new assets (or an interest in them) is on or after 1st January 1993; but, in relation to any accounting period of a company which began before 6th April 1992, subsection (1) above shall have effect as if the inserted class were numbered 5 and were inserted after Class 4 in section 118 of the <sup>M8</sup>Capital Gains Tax Act 1979.

### Textual Amendments

**F24** Words in s. 86(2) substituted (20.7.2005) by [Finance \(No. 2\) Act 2005 \(c. 22\), s. 41\(5\)](#)

### Marginal Citations

**M7** 1992 c. 12.

**M8** 1979 c. 14.

## **87 Relief on retirement or re-investment.**

- (1) Schedule 7 to this Act (which amends the provisions of the Taxation of Chargeable Gains Act 1992 with respect to retirement relief and makes new provision in relation to relief on the re-investment of certain gains) shall have effect.
- (2) This section and that Schedule shall have effect in relation to any disposal made on or after 16th March 1993.

## **88 Restriction on set-off of pre-entry losses.**

- (1) After section 177 of the Taxation of Chargeable Gains Act 1992 there shall be inserted the following section—

### “177A Restriction on set-off of pre-entry losses.

Schedule 7A to this Act (which makes provision in relation to losses accruing to a company before the time when it becomes a member of a group of

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companies and losses accruing on assets held by any company at such a time) shall have effect.”

- (2) The Schedule set out in Schedule 8 to this Act shall be inserted after Schedule 7 to that Act.
- (3) This section and that Schedule—
- (a) shall apply for the calculation of the amount to be included in respect of chargeable gains in a company’s total profits for any accounting period ending on or after 16th March 1993; but
  - (b) shall so apply only in relation to the deduction from chargeable gains accruing on or after 16th March 1993 of amounts in respect of, or of amounts carried forward in respect of—
    - (i) pre-entry losses accruing before it became a member of the relevant group to a company whose membership of that group began or begins at a time on or after 1st April 1987; and
    - (ii) losses accruing on the disposal of any assets so far as it is by reference to such a company that the assets fall to be treated as being or having been pre-entry assets or assets incorporating a part referable to pre-entry assets.
- (4) In relation to accounting periods beginning before 6th April 1992 this section and that Schedule shall have effect as if—
- (a) the section and Schedule inserted by subsections (1) and (2) above were inserted in the <sup>M9</sup>Capital Gains Tax Act 1979; and
  - (b) references in the Schedule so inserted to provisions of the <sup>M10</sup>Taxation of Chargeable Gains Act 1992 were references to such of the provisions of that Act of 1979 or of any other enactment as correspond to the provisions referred to and have effect in relation to that accounting period.

**Marginal Citations**

**M9** 1979 c. 14.

**M10** 1992 c. 12.

**89 De-grouping charges.**

- (1) In section 179(4) of the Taxation of Chargeable Gains Act 1992 (time at which de-grouping charges accrue), for the words from “as follows” onwards there shall be substituted “at whichever is the later of the following, that is to say—
- (a) the time immediately after the beginning of the accounting period of that company in which or, as the case may be, at the end of which the company ceases to be a member of the group; and
  - (b) the time when under subsection (3) above it is treated as having reacquired the asset;

and subsection (2) of section 409 of the Taxes Act (group relief) shall require any apportionment under that subsection to be made accordingly but shall not require any reference in this subsection to an accounting period to have effect for any of the purposes specified in subsection (3) of that section as a reference to any accounting period other than a true accounting period. ”

*Status: Point in time view as at 06/04/2007.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Chapter I. (See end of Document for details)*

- (2) This section shall have effect in relation to accounting periods ending after the day appointed for the purposes of section 180(1)(b) of that Act.

F2590 .....

**Textual Amendments**

**F25** S. 90 repealed (28.7.2000 with effect as mentioned in Sch. 40 Pt. II(12), note 10 of the amending Act) by 2000 c. 17, s. 156, Sch. 40 Pt. II(12)

**91 Deemed disposals of unit trusts by insurance companies.**

- (1) Section 212 of the Taxation of Chargeable Gains Act 1992 (annual deemed disposal by insurance companies of unit trusts) shall have effect in relation to accounting periods beginning on or after 1st January 1993; and neither that section nor section 46 of the <sup>M11</sup>Finance Act 1990 (which is consolidated in that section) shall have effect in relation to any earlier accounting period in relation to which either of them would have applied apart from this subsection.
- (2) In relation to any accounting period beginning on or after 1st January 1993—
- (a) section 432A of the Taxes Act 1988 shall have effect with the omission of subsection (10) (which disapplies the apportionment rules in that section in the case of a deemed disposal under section 212 of that Act of 1992); and
  - (b) that section 212 shall have effect with the omission, in subsection (2), of the words from “and in relation to” onwards and of subsections (3), (4) and (6) (which provide for a different apportionment rule in the case of the deemed disposal).
- (3) In subsection (7) of that section 212, in the words after paragraph (b) (application of definitions in the Taxes Act 1988), for “and 214” there shall be substituted “to 214A”.
- (4) After section 213(1) of that Act of 1992 (spreading of gains and losses), there shall be inserted the following subsection—
- “(1A) Subsection (1) above shall not apply to chargeable gains or allowable losses except so far as they are gains or losses which—
- (a) are referable to basic life assurance and general annuity business; or
  - (b) would (apart from that subsection) be taken into account in computing the profits of any business treated as a separate business under section 458 of the Taxes Act;
- and that subsection shall apply separately in relation to the gains and losses falling within paragraph (a) above and those falling within paragraph (b) above for the purpose of determining what chargeable gains or allowable losses so referable are to be treated as accruing under that subsection and what chargeable gains or allowable losses to be so taken into account are to be treated as so accruing.”
- (5) Section 214 of that Act of 1992 shall have effect with the omission of subsections (3) to (5) (run-off relief), and after that section there shall be inserted the following section—

*Status: Point in time view as at 06/04/2007.*

*Changes to legislation: There are currently no known outstanding effects  
 for the Finance Act 1993, Chapter I. (See end of Document for details)*

**“214A Further transitional provisions.**

- (1) This section applies where within two years after the end of an accounting period beginning on or after 1st January 1993 ( “the relevant period”)—
- (a) an insurance company makes a claim for the purposes of this section in relation to that period; and
  - (b) that period is one of the company’s first eight accounting periods after the end of 1992.
- (2) Where this section applies, section 213 shall have effect as if—
- (a) the amount of the chargeable gains which—
    - (i) apart from that section and this section, would be treated as accruing on disposals deemed by virtue of section 212 to have been made at the end of the relevant period, and
    - (ii) satisfy the condition specified in paragraph (a) of section 213(1A),
 were reduced by the protected proportion of that amount; and
  - (b) an amount equal to the appropriate part of that reduction were (subject to section 213) a chargeable gain satisfying that condition and accruing at the end of each of the accounting periods in which the reduction is to be taken into account.
- (3) For the purposes of subsection (2) above the protected proportion, in relation to the relevant period, of the amount mentioned in paragraph (a) of that subsection shall be an amount equal to the amount calculated in accordance with the following formula—

$$\frac{R}{T}$$

- (4) In subsection (3) above—

A is so much of the amount mentioned in subsection (2)(a) above as represents chargeable gains on section 212 assets which at the end of the relevant period were linked solely to the basic life assurance and general annuity business of the company in question;

B is so much of the amount so mentioned as represents chargeable gains on linked section 212 assets which at the end of that period were partially linked to that business;

C is the amount of such of the closing liabilities at the end of that period of the company’s basic life assurance and general annuity business as were liabilities in respect of benefits to be determined by reference to the value of linked section 212 assets which were then partially linked to that business;

D is the amount of all the closing liabilities of the company at the end of that period which were long term business liabilities in respect of benefits to be so determined;

E is the amount of such of the closing liabilities of the company on the relevant date as were relevant linked liabilities in respect of benefits determined by reference to linked section 212 assets;



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*Status: Point in time view as at 06/04/2007.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Chapter I. (See end of Document for details)*

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F is the amount of all the closing liabilities on the relevant date of the company's basic life assurance and general annuity business which were liabilities in respect of such benefits; and

G is the number of accounting periods in the first nine accounting periods of the company after the end of 1992 which remain after the end of the relevant period or, as the case may be, which would so remain apart from any cessation of the carrying on of any business of the company;

and for the purposes of this subsection the relevant date is, subject to subsection (7) below, the time of the first disposal which is deemed to have been made by the company in question under section 212.

- (5) For the purposes of this section and subject to subsection (6) below—
- (a) a reduction made under subsection (2) above in relation to the accounting period of any company shall be taken into account in every succeeding accounting period of that company which is included in the first nine accounting periods of that company after the end of 1992; and
  - (b) in relation to any accounting period in which a reduction is to be taken into account, the appropriate part of the reduction is—
    - (i) if that is the only accounting period in which it falls to be taken into account, the whole of the reduction; and
    - (ii) in any other case, the amount of the reduction divided by the number of the accounting periods after the period in which the reduction is made in which the reduction falls to be taken into account or, as the case may be, would so fall apart from any cessation of the carrying on of any business of the company.
- (6) Subject to subsection (7) below, where a company ceases to carry on long term business before the end of the first nine accounting periods after the end of 1992, the appropriate part of any reduction in relation to the accounting period ending with the cessation shall be such as to secure that the whole of the reduction has been taken into account under subsection (2)(b) above.
- (7) Where at any time on or after 1st January 1993 there is a transfer of the whole or part of the long term business of an insurance company (“the transferor”) to another company (“the transferee”) in accordance with a scheme sanctioned by a court under section 49 of the <sup>M12</sup>Insurance Companies Act 1982, this section shall have effect so that—
- (a) the relevant date for the purposes of subsection (4) above shall be determined in relation to any disposal deemed to have been made after the transfer—
    - (i) by the transferee, or
    - (ii) in a case where the transfer is of part of the transferor's long term business, by the transferee or the transferor,as if there had been no deemed disposals under section 212 before the transfer; and
  - (b) any reduction which (on the assumption that the transferor had continued to carry on the transferred business) would have fallen to be taken into account under subsection (2)(b) above shall be taken into account instead in relation to the transferee.

*Status: Point in time view as at 06/04/2007.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Chapter I. (See end of Document for details)*

- (8) Where the transfer is of part only of the transferor's long term business, subsection (7)(b) above shall apply only to such part of any reduction to which it would otherwise apply as is appropriate.
- (9) Any question arising as to the operation of subsection (8) above shall be determined by the Special Commissioners who shall determine the question in the same manner as they determine appeals; but both the transferor and transferee shall be entitled to appear and be heard or to make representations in writing.
- (10) This section shall have effect in relation to any cases in which there is such a transfer as is mentioned in subsection (7) above as if the accounting periods to be taken into account in any calculation for the purposes of this section of the number of accounting periods of the transferee after the end of 1992, and the only accounting periods in relation to which any reduction is to be taken into account under paragraph (b) of that subsection, were—
- (a) the accounting periods of the transferor which began on or after 1st January 1993 and ended on or before the day of the transfer (including any which, by reference to a transfer in relation to which the transferor is a transferee, are taken into account in accordance with this subsection as accounting periods of the transferor); and
  - (b) the accounting periods of the transferee ending after the day of the transfer,
- and this section shall have effect in relation to such a reduction as if the first accounting period of the transferee to end after the day of the transfer began with the day after the transfer.
- (11) For the purposes of this section assets shall be taken to be partially linked to a company's basic life assurance and general annuity business if they are not linked solely to that business and are neither—
- (a) linked solely to any pension business or long term business of that company other than life assurance business; nor
  - (b) assets of the company's overseas life assurance fund;
- and subsection (1) of section 214 shall apply for the purposes of this section as it applies for the purposes of that section.
- (12) Subject to subsection (10) above, the references in this section, in relation to any company, to the first eight accounting periods of a company after the end of 1992 are references to the first accounting period of that company to begin on or after 1st January 1993 and to the succeeding seven accounting periods of that company, and references to the first nine accounting periods of a company after the end of 1992 shall be construed accordingly.”
- (6) In section 214(6)(a) of that Act of 1992 (replacement relief), after “1989” there shall be inserted “ and before the time when it is first deemed under section 212 to have made a disposal of any assets ”.

**Marginal Citations**

**M11** 1990 c. 29.

**M12** 1982 c. 50.

*Status: Point in time view as at 06/04/2007.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Chapter I. (See end of Document for details)*

## *F<sup>26</sup> Corporation tax: currency*

### **Textual Amendments**

**F26** Ss. 92-92E substituted for ss. 92-94AB (with effect in accordance with s. 52(3) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 10 para. 77](#)

### **92 The basic rule: sterling to be used**

- (1) For the purposes of corporation tax the profits of a company for an accounting period must be computed and expressed in sterling.
- (2) The following sections contain further provision as to the application of subsection (1) to certain profits or losses falling to be computed in accordance with generally accepted accounting practice—
  - section 92A (company operating in sterling and preparing accounts in another currency);
  - section 92B (company operating in currency other than sterling and preparing accounts in another currency);
  - section 92C (company preparing accounts in currency other than sterling).

### **92A Company operating in sterling and preparing accounts in another currency**

- (1) This section applies if, for a period of account, in accordance with generally accepted accounting practice, a company resident in the United Kingdom—
  - (a) prepares its accounts in a currency other than sterling, and
  - (b) in those accounts identifies sterling as its functional currency.
- (2) Profits or losses of the company for the period that fall to be computed in accordance with generally accepted accounting practice for corporation tax purposes must be computed in sterling as if the company prepared its accounts in sterling.

### **92B Company operating in currency other than sterling and preparing accounts in another currency**

- (1) This section applies if, for a period of account, in accordance with generally accepted accounting practice—
  - (a) a company resident in the United Kingdom prepares its accounts in one currency,
  - (b) in those accounts it identifies another currency as its functional currency, and
  - (c) that currency is not sterling.
- (2) Profits or losses of the company for the period that fall to be computed in accordance with generally accepted accounting practice for corporation tax purposes must be computed in sterling by—
  - (a) computing those profits or losses in the functional currency as if the company prepared its accounts in that currency, and
  - (b) taking the sterling equivalent of those profits or losses.

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*Status: Point in time view as at 06/04/2007.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Chapter I. (See end of Document for details)*

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- (3) Where this section applies, it shall be assumed that any sterling amount mentioned in the Corporation Tax Acts is its equivalent expressed in the functional currency of the company.

#### **92C Company preparing accounts in currency other than sterling**

- (1) This section applies in relation to a company resident in the United Kingdom if, for a period of account—
- (a) the company prepares its accounts in a currency other than sterling (the “accounts currency”), and
  - (b) neither section 92A nor section 92B applies.
- (2) This section also applies in relation to a company that is not resident in the United Kingdom if, for a period of account, the company prepares its return of accounts in a currency other than sterling (the “accounts currency”).
- (3) Profits or losses of the company for the period that fall to be computed in accordance with generally accepted accounting practice for corporation tax purposes must be computed in sterling by—
- (a) computing those profits or losses in the accounts currency, and
  - (b) taking the sterling equivalent of those profits or losses.
- (4) Where this section applies, it shall be assumed that any sterling amount mentioned in the Corporation Tax Acts is its equivalent expressed in the accounts currency of the company.

#### **92D Translating amounts into equivalent in different currency**

- (1) Where, for the purposes of computing the profits or losses of a company for an accounting period, an amount is required by section 92B or 92C to be translated—
- (a) into its sterling equivalent, or
  - (b) into its equivalent expressed in the functional currency or the accounts currency of the company,
- the translation must be made by reference to the appropriate exchange rate.
- (2) The “appropriate exchange rate” is—
- (a) the average exchange rate for the current accounting period, or
  - (b) an appropriate spot rate of exchange for the transaction in question.

#### **92E Meaning of “accounts”, “return of accounts” and “functional currency”**

- (1) References in sections 92A to 92C to the “accounts” of a company resident in the United Kingdom are to—
- (a) the annual accounts of the company required by Part 7 of the Companies Act 1985 or Part 8 of the Companies (Northern Ireland) Order 1986; or
  - (b) if the company is not required to prepare such accounts, the accounts which it is required to keep under the law of the country or territory under whose laws the company is incorporated; or
  - (c) if the company is not so required to keep accounts, such of its accounts as most closely correspond to accounts which it would have been required to prepare if the provisions of Part 7 of the Companies Act 1985 applied to it.

*Status: Point in time view as at 06/04/2007.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Chapter I. (See end of Document for details)*

- (2) The reference in section 92C to the “return of accounts” of a company not resident in the United Kingdom is to a return of such accounts of its permanent establishment in the United Kingdom as may be required by the Inland Revenue under paragraph 3 of Schedule 18 to the Finance Act 1998 (company tax returns).
- (3) References in sections 92A, 92B and 92D to a company’s “functional currency” are to the currency of the primary economic environment in which the company operates.]

**F2795** .....

**Textual Amendments**

**F27** Ss. 92-94 substituted (28.7.2000 with effect as mentioned in 105(2)-(5) of the amending Act) for ss. 92-95 by 2000 c. 17, s. 105(1)

**[F2896 Foreign companies: trading currency.**

- (1) In Schedule 24 to the Taxes Act 1988 (assumptions for calculating chargeable profits, creditable tax and corresponding United Kingdom tax of foreign companies) the following paragraph shall be inserted after paragraph 4—

“4A (1) Sub-paragraph (2) below applies where—  
(a) the company carries on a trade, and  
(b) the currency used in the accounts of the company for an accounting period is a currency other than sterling.

(2) It shall be assumed that by virtue of regulations under section 93 of the Finance Act 1993 (corporation tax: currency to be used) the basic profits or losses of the trade for the accounting period are to be computed and expressed for the purposes of corporation tax in the currency used in the accounts of the company for the period.

(3) References in this paragraph to the accounts of a company—  
(a) are to the accounts which the company is required by the law of its home State to keep, or  
(b) if the company is not required by the law of its home State to keep accounts, are to the accounts of the company which most closely correspond to the individual accounts which companies formed and registered under the <sup>M13</sup>Companies Act 1985 are required by that Act to keep;

and for the purposes of this paragraph the home State of a company is the country or territory under whose law the company is incorporated.

(4) The reference in sub-paragraph (2) above to the basic profits or losses of the trade for the accounting period shall be construed in accordance with section 93 of the Finance Act 1993.”

- (2) This section applies in relation to any accounting period beginning on or after the day appointed under section 165(7)(b) below.]

*Status: Point in time view as at 06/04/2007.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Chapter I. (See end of Document for details)*

**Textual Amendments**

**F28** S. 96 repealed (*retrospectively*) by 1995 c. 4, s. 162, **Sch. 29 Pt. VIII(18)**, Note

**Marginal Citations**

**M13** 1985 c. 6.

*Overseas life insurance companies*

**F29**<sup>97</sup> **Modification of Taxes Act 1988.**

.....

**Textual Amendments**

**F29** S. 97 repealed (with effect in accordance with reg. 1 of the amending S.I.) by [The Overseas Life Insurance Companies Regulations 2006 \(S.I. 2006/3271\)](#), reg. 1, **Sch. Pt. 1**

**F30**<sup>98</sup> **Modification of section 440 of Taxes Act 1988.**

.....

**Textual Amendments**

**F30** S. 98 repealed (with effect in accordance with reg. 1 of the amending S.I.) by [The Overseas Life Insurance Companies Regulations 2006 \(S.I. 2006/3271\)](#), reg. 1, **Sch. Pt. 1**

**F31**<sup>99</sup> .....

**Textual Amendments**

**F31** S. 99 repealed (1.5.1995 with effect in accordance with Sch. 8 para. 57 of the repealing Act) by 1995 c. 4, s. 162, **Sch. 29 Pt. VIII(5)**, Note 2

**100 Income from investments attributable to BLAGAB, etc.**

**F32**(1) .....

(2) In section 475 of that Act (tax-free Treasury securities: exclusion of interest on borrowed money), in subsection (6)—

**F32**(a) .....

(b) for the words “of the life assurance fund”, in each place where they occur, there shall be substituted the words “attributable to basic life assurance and general annuity business”.

(3) This section shall apply in relation to accounting periods beginning after 31st December 1992.

*Status: Point in time view as at 06/04/2007.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Chapter I. (See end of Document for details)*

**Textual Amendments**

**F32** [S. 100\(1\)\(2\)\(a\)](#) repealed (1.5.1995 with effect in accordance with Sch. 8 para. 57 of the repealing Act) by 1995 c. 4, s. 162, [Sch. 29 Pt. VIII\(5\)](#), Note 2

**F33** **101 Modification of Finance Act 1989.**

.....

**Textual Amendments**

**F33** [S. 101](#) repealed (with effect in accordance with reg. 1 of the amending S.I.) by [The Overseas Life Insurance Companies Regulations 2006](#) (S.I. 2006/3271), reg. 1, [Sch. Pt. 1](#)

**F34** **102 Modification of Taxation of Chargeable Gains Act 1992.**

.....

**Textual Amendments**

**F34** [S. 102](#) repealed (with effect in accordance with reg. 1 of the amending S.I.) by [The Overseas Life Insurance Companies Regulations 2006](#) (S.I. 2006/3271), reg. 1, [Sch. Pt. 1](#)

**103 Amendment of definition and repeals.**

- (1) In section 431(2) of the Taxes Act 1988 (definitions), in the definition of “overseas life insurance company” for the words “having its head office outside” there shall be substituted the words “ not resident in ”.
- (2) The following provisions of that Act shall cease to have effect—
  - (a) section 445 (charge to tax on investment income of overseas life insurance company);
  - (b) section 446(1) (qualifying distributions part of profits of pension business of overseas life insurance company);
  - (c) section 447(1), (2) and (4) (set-off of income tax and tax credits against corporation tax assessed under section 445);
  - (d) section 448 (qualifying distributions and tax credits);
  - (e) section 449 (double taxation agreements);
  - (f) section 724(5) to (8) (special provisions of accrued income scheme for overseas life insurance companies);
  - (g) section 811(2)(c) (provision about deduction of foreign tax not to affect overseas life insurance company charged under section 445);
  - (h) paragraph 1(9) of Schedule 19AB (payments on account of tax credits in case of pension business: special provision for overseas life insurance companies).
- (3) Subject to subsection (4) below, this section shall apply in relation to accounting periods beginning after 31st December 1992.

**F35**(4) .....

*Status: Point in time view as at 06/04/2007.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Chapter I. (See end of Document for details)*

**Textual Amendments**

**F35** S. 103(4) repealed (29.4.1996 with effect in accordance with the provisions of Chapter II of Pt. IV of the repealing Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. V(3)** Note

*Approved share option schemes*

**104 Calculation of consideration.**

After section 149 of the <sup>M14</sup>Taxation of Chargeable Gains Act 1992 there shall be inserted the following section—

**“149A Approved share option schemes.**

- (1) This section applies where—
  - (a) an option is granted on or after 16th March 1993,
  - (b) the option consists of a right to acquire shares in a body corporate and is obtained as mentioned in section 185(1) of the Taxes Act (approved share option schemes), and
  - (c) section 17(1) would (apart from this section) apply for the purposes of calculating the consideration for the grant of the option.
- (2) The grantor of the option shall be treated for the purposes of this Act as if section 17(1) did not apply for the purposes of calculating the consideration and, accordingly, as if the amount or value of the consideration was its actual amount or value.
- (3) Where the option is granted wholly or partly in recognition of services or past services in any office or employment, the value of those services shall not be taken into account in calculating the actual amount or value of the consideration.
- (4) The preceding provisions of this section shall not affect the treatment for the purposes of this Act of the person to whom the option is granted.”

**Marginal Citations**

**M14** 1992 c. 12.

**105 Expenditure on shares.**

<sup>F36</sup>(1) .....

<sup>F36</sup>(2) .....

- (3) In section 32A(5) of the <sup>M15</sup>Capital Gains Tax Act 1979 (expenditure: amounts to be included as consideration)—
  - (a) for the words “section 185(6)” there shall be substituted the words “ the applicable provision ”, and
  - (b) at the end there shall be inserted “; and in this subsection “the applicable provision” means—



*Status: Point in time view as at 06/04/2007.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Chapter I. (See end of Document for details)*

- (a) subsection (6) of section 185 of the Taxes Act (as that subsection had effect before the coming into force of section 39(5) of the <sup>M16</sup>Finance Act 1991), or
  - (b) subsection (6A) of that section.”
- (4) The <sup>M17</sup>amendments made by subsection (3) above shall be deemed to have come into force on 1st January 1992 (but shall have effect subject to the repeals made by the Taxation of Chargeable Gains Act 1992).

#### Textual Amendments

**F36** S. 105(1)(2) repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, [Sch. 8 Pt. 1](#) (with [Sch. 7](#))

#### Commencement Information

**II** S. 105 in force at Royal Assent. the amendments made by s. 105(1) are deemed always to have had effect, see s. 105(2); the amendments made by S. 105(3) are deemed to have come into force on 1.1.1992, see s. 105(4)

#### Marginal Citations

**M15** 1979 c. 14.  
**M16** 1991 c. 31.  
**M17** 1992 c. 12.

*Indexation: miscellaneous*

### <sup>F37</sup> **106 Earnings cap etc: no indexation in 1993-94.**

.....

#### Textual Amendments

**F37** S. 106 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#) (with [Sch. 36](#))

### **107 Indexation of allowances etc. for 1994-95 onwards.**

- (1) The Taxes Act 1988 shall be amended as mentioned in subsections (2) to (6) below.
- (2) In section 1—
  - (a) in subsection (4) (indexation of income tax bands) for “December” (in each place) there shall be substituted “September”;
  - (b) subsection (5) (no change required for PAYE before 18th May) shall be omitted.
- (3) In section 257C—
  - (a) in subsection (1) (indexation of personal allowance and married couple’s allowance) for “December” (in each place) there shall be substituted “September”;
  - (b) subsection (2) (no change required for PAYE before 18th May) shall be omitted.

*Status: Point in time view as at 06/04/2007.*

*Changes to legislation: There are currently no known outstanding effects  
 for the Finance Act 1993, Chapter I. (See end of Document for details)*

F38(4) .....

F38(5) .....

F38(6) .....

F38(7) .....

(8) This section shall have effect for the year 1994-95 and subsequent years of assessment.

#### **Textual Amendments**

**F38** S. 107(4)-(7) repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3 (with Sch. 36)

#### *Miscellaneous provisions about reliefs*

### **108 Counselling services for employees.**

In Chapter VI of Part XIII of the Taxes Act 1988, after section 589 there shall be inserted the following sections—

#### **“589A Counselling services for employees.**

- (1) This section applies where—
  - (a) qualifying counselling services are provided to a person (the employee) in connection with the termination of the holding by him of any office or employment, and
  - (b) the termination takes place on or after 16th March 1993.
- (2) This section also applies where—
  - (a) subsection (1)(a) above applies, and
  - (b) the termination takes place before 16th March 1993 but relevant expenditure is incurred on or after that date.
- (3) Relevant expenditure is expenditure incurred in—
  - (a) providing the qualifying counselling services to the employee,
  - (b) paying or reimbursing fees for the provision to the employee of the qualifying counselling services, or
  - (c) paying or reimbursing any allowable travelling expenses incurred in connection with the provision of the qualifying counselling services to the employee.
- (4) No charge to tax under Schedule E shall arise in respect of—
  - (a) the provision of the qualifying counselling services to the employee,
  - (b) the payment or reimbursement of fees for the provision to the employee of the qualifying counselling services, or
  - (c) the payment or reimbursement of any allowable travelling expenses incurred in connection with the provision of the qualifying counselling services to the employee.

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*Status: Point in time view as at 06/04/2007.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Chapter I. (See end of Document for details)*

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- (5) Where this section applies by virtue of subsection (2) above, subsection (4) above shall apply only to the extent that the expenditure incurred in providing the services or paying or reimbursing the fees or expenses is incurred on or after 16th March 1993.
- (6) Subsection (4) above shall apply whether or not the person who provides the services or pays or reimburses the fees or expenses is the person under whom the employee holds or held the office or employment mentioned in subsection (1) above.
- (7) Subsections (8) to (10) below apply where any relevant expenditure is incurred by the person under whom the employee holds or held the office or employment mentioned in subsection (1) above (the employer).
- (8) If and so far as the expenditure would not, apart from this subsection, be so deductible, it shall be deductible in computing for the purposes of Schedule D the profits or gains of the trade, profession or vocation of the employer for the purposes of which the employee is or was employed.
- (9) If the employer carries on a business and the expenses of management of the business are eligible for relief under section 75, subsection (8) above shall have effect as if for the words from “in computing” onwards there were substituted “as expenses of management for the purposes of section 75”.
- (10) Where this section applies by virtue of subsection (2) above, subsections (8) and (9) above shall apply only to the extent that the expenditure is incurred on or after 16th March 1993.

#### **589B Qualifying counselling services etc.**

- (1) Subsections (2) to (4) below apply for the purposes of section 589A.
- (2) Subject to subsection (3) below, services are qualifying counselling services if—
  - (a) the purpose, or main purpose, of their provision is to enable the employee to adjust to the termination of his holding of the office or employment mentioned in section 589A(1) or is to enable him to find other gainful employment (including self-employment) or is to enable him to do both,
  - (b) the services consist wholly of any or all of the following, namely, giving advice and guidance, imparting or improving skills, and providing or making available the use of office equipment or similar facilities,
  - (c) the employee has been employed by the employer full-time throughout the period of two years ending at the time when the services begin to be provided to him or, if it is earlier, at the time he ceases to be employed by the employer,
  - (d) the opportunity to receive the services, on similar terms as to payment or reimbursement of any expenses incurred in connection with their provision, is available either generally to holders or past holders of offices or employment under the employer or to a particular class or classes of such holders or past holders, and
  - (e) the services are provided in the United Kingdom.

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- (3) Where paragraphs (a) to (d) of subsection (2) above are satisfied in relation to particular services but the services are provided partly in and partly outside the United Kingdom, the extent to which the services are qualifying counselling services shall be determined on a just and reasonable basis.
- (4) In relation to services, allowable travelling expenses are those which would be deductible under section 198—
  - (a) on the assumption that receipt of the services is one of the duties of the employee's office or employment, and
  - (b) if the employee has in fact ceased to be employed by the employer, on the assumption that he continues to be employed by him.
- (5) Any reference in this section or section 589A to an employee being employed by an employer is a reference to the employee holding office or employment under the employer."

#### **109 Pre-trading expenditure.**

- (1) In subsection (1) of section 401 of the Taxes Act 1988 (which gives relief for expenditure incurred within the five years before the beginning of any trade, profession or vocation), for "five" there shall be substituted "seven".
- (2) After subsection (1) of that section there shall be inserted the following subsection—
 

“(1A) Where—

  - (a) a company pays any charge on income at a time before it begins to carry on any trade, and
  - (b) the payment is made wholly and exclusively for the purposes of that trade,

that payment, to the extent that it is not deducted otherwise than by virtue of this section from any profits, shall be treated for the purposes of corporation tax as paid on the day on which the trade is first carried on by the company.”
- (3) In section 338(5)(b) of that Act (payments not to be treated as charges on income), after "trade" there shall be inserted " which is or is to be ".
- (4) Subsections (1) and (2) above shall have effect where the time when the person begins to carry on the trade, profession or vocation falls after 31st March 1993, and subsection (3) above shall have effect in relation to payments made after that date.

#### **110 Waste disposal expenditure.**

- (1) In section 91A(6) of the Taxes Act 1988 (relevant licence for the purposes of restoration payments), after paragraph (b) there shall be inserted "or
  - (c) any authorisation under the <sup>M18</sup>Radioactive Substances Act 1960 or the <sup>M19</sup>Radioactive Substances Act 1993 for the disposal of radioactive waste or any nuclear site licence under the <sup>M20</sup>Nuclear Installations Act 1965.”
- (2) In section 91B of that Act (preparation expenditure for waste disposal), after subsection (10) there shall be inserted the following subsection—

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“(10A) For the purposes of this section any expenditure incurred for the purposes of a trade by a person about to carry it on shall be treated as if it had been incurred by that person on the first day on which he does carry it on and in the course of doing so.”

(3) This section shall have effect in relation to any case where the trade in question is begun after 31st March 1993.

**Marginal Citations**

- M18** 1960 c. 34.
- M19** 1993 c. 12.
- M20** 1965 c. 57.

**F39 111 Business expansion scheme: loan linked investments.**

**Textual Amendments**

- F39** S. 111 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 2](#) (with [Sch. 2](#))

**F40 112 Employers’ pension contributions.**

**Textual Amendments**

- F40** S. 112 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#) (with [Sch. 36](#))

*Capital allowances*

**F41 113 .....**

**Textual Amendments**

- F41** S. 113 repealed (22.3.2001 with effect as mentioned in [s. 579\(1\)](#) of the amending Act) by [2001 c. 2](#), s. 580, [Sch. 4](#)

**F42 114 .....**

**Textual Amendments**

- F42** S. 114 repealed (22.3.2001 with effect as mentioned in [s. 579\(1\)](#) of the amending Act) by [2001 c. 2](#), s. 580, [Sch. 4](#)

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**F43 115** .....

**Textual Amendments**

**F43** S. 115 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2, s. 580, Sch. 4

**F44 116** .....

**Textual Amendments**

**F44** S. 116 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2, s. 580, Sch. 4

**F45 117 Transactions between connected persons etc.**

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**Textual Amendments**

**F45** S. 117 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2, s. 580, Sch. 4

*Miscellaneous*

**F46 118 Scottish trusts.**

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**Textual Amendments**

**F46** S. 118 repealed (6.4.2007) by Income Tax Act 2007 (c. 3), s. 1034(1), Sch. 1 para. 356, Sch. 3 Pt. 1 (with Sch. 2)

**119 Controlled foreign companies.**

- (1) In section 750(1) of the Taxes Act 1988 (meaning of lower level of taxation for purposes of provisions relating to controlled foreign companies) for “one-half” there shall be substituted “ three-quarters ”.
- (2) Subsection (1) above shall apply in relation to accounting periods beginning on or after 16th March 1993.
- (3) Where a company is by virtue of section 749(1) or (2) of the Taxes Act 1988 regarded as resident in a territory outside the United Kingdom and (apart from this section)—
  - (a) an accounting period of the company would begin before 16th March 1993 and end on or after that date, and

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(b) the company would not be considered to be subject, by virtue of section 750(1) of that Act, to a lower level of taxation in that accounting period in the territory in which it is regarded as resident,  
for the purposes of Chapter IV of Part XVII of that Act that accounting period shall be treated as ending on 15th March 1993.

**120 Pay and file: miscellaneous amendments.**

Schedule 14 to this Act (which makes various amendments of the <sup>M21</sup>Taxes Management Act 1970, the Taxes Act 1988 and the <sup>M22</sup>Finance Act 1989 with a view to, or in connection with, the introduction of “pay and file”) shall have effect.

**Marginal Citations**

**M21** 1970 c. 9.

**M22** 1989 c. 26.

<sup>F47</sup> **121** .....

**Textual Amendments**

**F47** S. 121 repealed (11.5.2001 with effect in accordance with s. 87 of the amending Act) by 2001 c. 9, s. 110, Sch. 33 Pt. II(12), note

**122 Application of Income Tax Acts etc. to public departments.**

- (1) In subsection (2) of section 829 of the Taxes Act 1988 (restriction on application of Income Tax Acts to public departments), at the end there shall be inserted “ unless it is tax which would not have been so borne but for a failure by a public office or department of the Crown to make a deduction required by virtue of subsection (1) above. ”
- (2) The provisions of Parts IX and X of the Taxes Management Act 1970 (interest and penalties) shall apply in relation to public offices and departments of the Crown for the purposes, so far as they so apply, of the other provisions of that Act and of the provisions of the Income Tax Acts mentioned in section 829(1) of the Taxes Act 1988.
- (3) This section shall have effect in relation to the year 1993-94 and subsequent years of assessment.

**123 Expenditure involving crime.**

(1) The following section shall be inserted after section 577 of the Taxes Act 1988—

**“577A Expenditure involving crime.**

- (1) In computing profits or gains chargeable to tax under Schedule A or Schedule D, no deduction shall be made for any expenditure incurred in making a payment the making of which constitutes the commission of a criminal offence.

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(2) Such expenditure shall not be included in computing any expenses of management in respect of which relief may be given under the Tax Acts.”

(2) This section shall apply in relation to expenditure incurred on or after 11th June 1993.

<sup>F48</sup>**124 Expenses of Members of Parliament.**

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**Textual Amendments**

**F48** S. 124 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, [Sch. 8 Pt. 1](#) (with [Sch. 7](#))



**Status:**

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**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 1993, Chapter I.