



# Finance Act 1996

## 1996 CHAPTER 8

### PART IV

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

### CHAPTER I

#### PRINCIPAL PROVISIONS

##### *Income tax charge, rates and reliefs*

#### **72 Charge and rates of income tax for 1996-97.**

<sup>F1</sup>(1) .....

<sup>F1</sup>(2) .....

<sup>F2</sup>(3) .....

#### **Textual Amendments**

**F1** S. 72(1)(2) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

**F2** S. 72(3) repealed (with effect in accordance with s. 77 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 2\(7\)](#)

#### **73 Application of lower rate to income from savings.**

<sup>F3</sup>(1) .....

<sup>F3</sup>(2) .....

<sup>F3</sup>(3) .....

*Status: Point in time view as at 01/04/2009.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1996, Part IV. (See end of Document for details)*

(4) Schedule 6 to this Act (which makes further amendments in connection with the charge at the lower rate on income from savings etc.) shall have effect.

<sup>F4</sup>(5) .....

**Textual Amendments**  
**F3** S. 73(1)-(3) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))  
**F4** S. 73(5) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

<sup>F5</sup>**74 Personal allowances for 1996-97.**

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**Textual Amendments**  
**F5** Ss. 74-76 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

<sup>F5</sup>**75 Blind person’s allowance.**

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**Textual Amendments**  
**F5** Ss. 74-76 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

<sup>F5</sup>**76 Limit on relief for interest.**

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**Textual Amendments**  
**F5** Ss. 74-76 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

*Corporation tax charge and rate*

**77 Charge and rate of corporation tax for 1996.**

Corporation tax shall be charged for the financial year 1996 at the rate of 33 per cent.

**78 Small companies.**

For the financial year 1996—

- (a) the small companies’ rate shall be 24 per cent.; and
- (b) the fraction mentioned in section 13(2) of the Taxes Act 1988 (marginal relief for small companies) shall be nine four-hundredths.

*Status: Point in time view as at 01/04/2009.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1996, Part IV. (See end of Document for details)*

### *Abolition of Schedule C charge etc.*

## **79 Abolition of Schedule C charge etc.**

- (1) The charge to tax under Schedule C is abolished—
  - (a) for the purposes of income tax, for the year 1996-97 and subsequent years of assessment;
  - (b) for the purposes of corporation tax, for accounting periods ending after 31st March 1996.
- (2) Schedule 7 to this Act (which, together with Chapter II of this Part of this Act, makes provision for imposing a charge under Schedule D on descriptions of income previously charged under Schedule C, and makes connected amendments) shall have effect.

## **CHAPTER II**

### **LOAN RELATIONSHIPS**

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

- C1** Pt. 4 Ch. 2 modified (29.4.1996) by 1986 c. 44, s. 60(3) (as substituted (29.4.1996) by 1996 c. 8, s. 104, Sch. 14 para. 4 (with savings in Pt. 4 Ch. 2))
- Pt. 4 Ch. 2 modified (29.4.1996) by 1988 c. 1, s. 730A(6) (as substituted (29.4.1996) by 1996 c. 8, s. 104, Sch. 14 para. 37 (with savings in Pt. 4 Ch. 2) and as further substituted (24.7.2002 with effect as mentioned in s. 82(2) of the amending Act) by 2002 c. 23, s. 82(1), Sch. 25 Pt. 2 para. 52(3))
- Pt. 4 Ch. 2 modified (29.4.1996) by 1988 c. 1, s. 768B(10) (as substituted (29.4.1996) by 1996 c. 8, s. 104, Sch. 14 para. 39(1) (with savings in Pt. 4 Ch. 2))
- Pt. 4 Ch. 2 modified (29.4.1996) by 1988 c. 1, s. 786C(9) (as substituted (29.4.1996) by 1996 c. 8, s. 104, Sch. 14 para. 40 (with savings in Pt. 4 Ch. 2))
- Pt. 4 Ch. 2 modified (29.4.1996) by 1988 c. 35, s. 11(7) (as substituted (29.4.1996) by 1996 c. 8, s. 104, Sch. 14 para. 55 (with savings in Pt. 4 Ch. 2))
- Pt. 4 Ch. 2 modified (29.4.1996) by 1988 c. 1, s. 477A(3)(a) (as substituted (29.4.1996) by 1996 c. 8, s. 104, Sch. 14 para. 28(1) (with savings in Pt. 4 Ch. 2))
- Pt. 4 Ch. 2 modified (29.4.1996) by 1986 c. 31, s. 77(3) (as substituted (29.4.1996) by 1996 c. 8, s. 104, Sch. 14 para. 3 (with savings in Pt. 4 Ch. 2))
- Pt. 4 Ch. 2 modified (24.7.1996) by 1996 c. 55, s. 135, Sch. 7 para. 11(2)
- Pt. 4 Ch. 2 modified (27.7.1999 with effect as mentioned in s. 100(2)(3) of 1999 c. 16) by 1988 c. 1, s. 494AA(5) (as inserted (27.7.1999 with effect as mentioned in s. 100(2)(3) of the amending Act) by 1999 c. 16, s. 100(1))
- Pt. 4 Ch. 2 modified (15.1.2001) by 2000 c. 38, s. 250, Sch. 26 paras. 7(2); S.I. 2000/3376, art. 2
- Pt. 4 Ch. 2 modified (15.1.2001) by 2000 c. 38, s. 250, Sch. 26 paras. 17(2); S.I. 2000/3376, art. 2
- Pt. 4 Ch. 2 modified (15.1.2001) by 2000 c. 38, s. 250, Sch. 26 paras. 29(2); S.I. 2000/3376, art. 2
- Pt. 4 Ch. 2 modified (24.7.2002 with effect as mentioned in s. 71(2)(4) of the amending Act) by Finance Act 2002 (c. 23), s. 71(3)
- Pt. 4 Ch. 2 modified (24.7.2002 with effect as mentioned in s. 79(3) of Finance Act 2002) by Income and Corporation Taxes Act 1988 (c.1), s. 494(2ZA) (as inserted (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by Finance Act 2002 (c. 23), s. 79(2), Sch. 23 Pt. 2 para. 17(7) (with Sch. 23 para. 25))

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*Changes to legislation: There are currently no known outstanding effects  
 for the Finance Act 1996, Part IV. (See end of Document for details)*

- Pt. 4 Ch. 2 modified (24.7.2002 with effect as mentioned in s. 82(2) of Finance Act 2002) by **Income and Corporation Taxes Act 1988 (c.1), s. 730A(6B)** (as inserted (24.7.2002 with effect as mentioned in s. 82(2) of the amending Act) by **Finance Act 2002 (c. 23), s. 82(1), Sch. 25 Pt. 2 para. 52(4)**)
- Pt. 4 Ch. 2 modified (24.7.2002 with effect as mentioned in s. 82(2) of Finance Act 2002) by **Income and Corporation Taxes Act 1988 (c.1), s. 842(1AB)** (as inserted (24.7.2002 with effect as mentioned in s. 82(2) of the amending Act) by **Finance Act 2002 (c. 23), s. 82(1), Sch. 25 Pt. 2 para. 56(4)**)
- Pt. 4 Ch. 2 modified (24.7.2002) by **Finance Act 2002 (c. 23), s. 82(1), Sch. 25 Pt. 3 para. 64**
- Pt. 4 Ch. 2 modified (24.7.2002 with effect as mentioned in s. 83(3)(4) of the amending Act) by **Finance Act 2002 (c. 23), s. 83(1), Sch. 26 Pt. 4 para. 19(4)**
- Pt. 4 Ch. 2 modified (1.10.2002 with effect in relation to accounting periods beginning on or after that date) by **The Exchange Gains and Losses (Bringing into Account Gains or Losses) Regulations 2002 (S.I. 2002/1970), regs. 1(2), 6, 7, 13**
- C2** Pt. 4 Ch. 2 applied (29.4.1996) by 1988 c. 1, **s. 434A(2A)** (as inserted (29.4.1996) by 1996 c. 8, s. 104, **Sch. 14 para. 23(2)** (with savings in Pt. 4 Ch. 2))
- Pt. 4 Ch. 2 applied (29.4.1996) by 1993 c. 34, **s. 130(1)** (as substituted (29.4.1996) by 1996 c. 8, s. 104, **Sch. 14 para. 69** (with savings in Pt. 4 Ch. 2))
- Pt. 4 Ch. 2 applied (29.4.1996) by 1994 c. 9, **s. 160(2)** (as substituted (29.4.1996) by 1996 c. 8, s. 104, **Sch. 14 para. 75** (with savings in Pt. 4 Ch. 2))
- Pt. 4 Ch. 2 applied (24.7.2002 with effect as mentioned in s. 82(2) of Finance Act 2002) by **Income and Corporation Taxes Act 1988 (c.1), s. 510A(6A)** (as inserted (24.7.2002 with effect as mentioned in s. 82(2) of the amending Act) by **Finance Act 2002 (c. 23), s. 82(1), Sch. 25 Pt. 2 para. 49(4)**)
- C3** Pt. 4 Ch. 2 restricted (29.4.1996) by 1988 c. 1, **s. 475(2)(b)** (as substituted (29.4.1996) by 1996 c. 8, s. 104, **Sch. 14 para. 27(1)** (with savings in Pt. 4 Ch. 2))
- Pt. 4 Ch. 2 restricted (29.4.1996) by 1988 c. 1, **s. 487(1)(b)** (as substituted (29.4.1996) by 1996 c. 8, s. 104, **Sch. 14 para. 31(1)** (with savings in Pt. 4 Ch. 2))
- Pt. 4 Ch. 2 restricted (29.4.1996) by 1988 c. 1, **s. 487(3A)** (as inserted (29.4.1996) by 1996 c. 8, s. 104, **Sch. 14 para. 31(3)** (with savings in Pt. 4 Ch. 2))
- Pt. 4 Ch. 2 restricted (29.4.1996) by 1988 c. 1, **s. 494(2)** (as substituted (29.4.1996) by 1996 c. 8, s. 104, **Sch. 14 para. 32(2)** (with savings in Pt. 4 Ch. 2))
- Pt. 4 Ch. 2 restricted (24.7.2002 with effect as mentioned in s. 82(2) of Finance Act 2002) by **Income and Corporation Taxes Act 1988 (c.1), s. 582(3A)** (as inserted (24.7.2002 with effect as mentioned in s. 82(2) of the amending Act) by **Finance Act 2002 (c. 23), s. 82(1), Sch. 25 Pt. 2 para. 50**)
- Pt. 4 Ch. 2 restricted (24.7.2002 with effect as mentioned in s. 82(2) of Finance Act 2002) by **Income and Corporation Taxes Act 1988 (c.1), s. 787(1A)** (as inserted (24.7.2002 with effect as mentioned in s. 82(2) of the amending Act) by **Finance Act 2002 (c. 23), s. 82(1), Sch. 25 Pt. 2 para. 53(2)**)
- C4** Pt. 4 Ch. 2 excluded (29.4.1996) by 1988 c. 1, **s. 56(4B)** (as inserted (29.4.1996) by 1996 c. 8, s. 104, **Sch. 14 para. 6** (with savings in Pt. 4 Ch. 2))
- Pt. 4 Ch. 2 excluded (29.4.1996) by 1988 c. 1, **s. 468L(5)** (as substituted (29.4.1996) by 1996 c. 8, s. 104, **Sch. 14 para. 26** (with savings in Pt. 4 Ch. 2))
- C5** Pt. 4 Ch. 2 modified (24.2.2003) by **Proceeds of Crime Act 2002 (c. 29), s. 458(1), Sch. 10 para. 9** (with **Sch. 10 para. 10**); S.I. 2003/120, art. 2, **Sch.** (with arts. 34) (as amended (20.2.2003) by S.I. 2003/333, art. 14)
- C6** Pt. 4 Ch. 2 restricted (24.7.2002 with effect as mentioned in s. 83(3)(4) of the amending Act) by **Finance Act 2002 (c. 23), s. 83(1), Sch. 26 Pt. 9 para. 48(4)** Pt. 4 Ch. 2 (as amended (with effect in accordance with s. 52(3) of the amending Act) by **Finance Act 2004 (c. 12), Sch. 10 para. 64**)
- C7** Pt. 4 Ch. 2 applied (with modifications) (5.10.2004) by **Energy Act 2004 (c. 20), s. 198(2), Sch. 9 para. 11** (with s. 38(2)); S.I. 2004/2575, art. 2(1), **Sch. 1**
- C8** Pt. 4 Ch. 2 applied (with modifications) (5.10.2004) by **Energy Act 2004 (c. 20), s. 198(2), Sch. 9 para. 23** (with s. 38(2)); S.I. 2004/2575, art. 2(1), **Sch. 1**
- C9** Pt. 4 Ch. 2 modified (with effect in accordance with s. 56(1)-(3)(5) of the amending Act) by **Finance Act 2005 (c. 7), s. 56(4)(b)**
- C10** Pt. 4 Ch. 2 modified (with effect in accordance with s. 56 of the amending Act) by **Finance Act 2005 (c. 7), s. 50**

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- C11** Pt. 4 Ch. 2 modified (E.W.S.) (8.6.2005) by Railways Act 2005 (c. 14), s. 60(2), **Sch. 10 para. 7**; S.I. 2005/1444, art. 2(1), **Sch. 1**
- C12** Pt. 4 Ch. 2 modified (E.W.S.) (8.6.2005) by Railways Act 2005 (c. 14), s. 60(2), **Sch. 10 para. 18**; S.I. 2005/1444, art. 2(1), **Sch. 1**
- C13** Pt. 4 Ch. 2 modified (20.7.2005) by Finance (No. 2) Act 2005 (c. 22), **Sch. 7 para. 14(5)-(7)**
- C14** Pt. 4 Ch. 2 modified (with effect in accordance with reg. 1(2) of the amending S.I.) by The Pension Protection Fund (Tax) (2005-06) Regulations 2005 (S.I. 2005/1907), regs. 1(1), **12**
- C15** Pt. 4 Ch. 2 modified by 1988 c. 1, s. 774B(5)(a) (as inserted (with effect in accordance with Sch. 6 para. 6(2)-(7) of the amending Act) by Finance Act 2006 (c. 25), **Sch. 6 para. 6(1)**)
- C16** Pt. 4 Ch. 2 modified (22.7.2008) by Crossrail Act 2008 (c. 18), **Sch. 13 para. 14**
- C17** Pt. 4 Ch. 2 modified (22.7.2008) by Crossrail Act 2008 (c. 18), **Sch. 13 para. 24(a)**

### *Introductory provisions*

#### **<sup>F6</sup>80 Taxation of loan relationships.**

.....

##### **Textual Amendments**

- F6** S. 80 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 1 para. 403, Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

#### **<sup>F7</sup>81 Meaning of “loan relationship” etc.**

.....

##### **Textual Amendments**

- F7** S. 81 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 1 para. 404, Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

### *Taxation of profits and gains and relief for deficits*

#### **<sup>F8</sup>82 Method of bringing amounts into account.**

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##### **Textual Amendments**

- F8** S. 82 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 1 para. 405, Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

#### **<sup>F9</sup>83 Non-trading deficit on loan relationships.**

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*Status: Point in time view as at 01/04/2009.*

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**Textual Amendments**

**F9** S. 83 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 406, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

*Computational provisions etc.*

**F10 84 Debits and credits brought into account.**

.....

**Textual Amendments**

**F10** S. 84 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 407, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**F11 84A Exchange gains and losses from loan relationships**

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**Textual Amendments**

**F11** S. 84A repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 408, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**F12 85A Computation in accordance with generally accepted accounting practice**

.....

**Textual Amendments**

**F12** S. 85A repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 409, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**F13 85B Amounts recognised in determining company’s profit or loss**

.....

**Textual Amendments**

**F13** S. 85B repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 410, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**F14 85C Amounts not fully recognised for accounting purposes**

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*Status: Point in time view as at 01/04/2009.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1996, Part IV. (See end of Document for details)*

**Textual Amendments**

**F14** S. 85C repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 411, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**<sup>F15</sup>87 Accounting method where parties have a connection.**

.....

**Textual Amendments**

**F15** S. 87 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 412, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**<sup>F16</sup>87A Meaning of “control” in section 87**

.....

**Textual Amendments**

**F16** S. 87A repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 413, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**<sup>F17</sup>88 Exemption from section 87 in certain cases.**

.....

**Textual Amendments**

**F17** S. 88 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 414, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**<sup>F18</sup>88A Accounting method where rate of interest is reset**

.....

**Textual Amendments**

**F18** S. 88A repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 415, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**89 Inconsistent application of accounting methods.**

**<sup>F19</sup>** .....

*Status: Point in time view as at 01/04/2009.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1996, Part IV. (See end of Document for details)*

**Textual Amendments**

**F19** S. 89 repealed (24.7.2002 with effect as mentioned in s. 82(2) of the repealing Act) by [Finance Act 2002 \(c. 23\)](#), ss. 82(1), 141, [Sch. 25 Pt. 1 para. 9](#), [Sch. 40 Pt. 3\(12\)](#)

**F20 90 Changes of accounting method.**

.....

**Textual Amendments**

**F20** S. 90 repealed (with effect in accordance with s. 52(3) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), Sch. 10 para. 7, [Sch. 42 Pt. 2\(6\)](#)

**F21 90A Change of accounting basis applicable to assets or liabilities**

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**Textual Amendments**

**F21** S. 90A repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 416, [Sch. 3 Pt. 1](#) (with Sch. 2 Pts. 1, 2)

**91 Payments subject to deduction of tax.**

**F22** .....

**Textual Amendments**

**F22** S. 91 repealed (24.7.2002 with effect as mentioned in s. 82(2) of the repealing Act) by [Finance Act 2002 \(c. 23\)](#), ss. 82(1), 141, [Sch. 25 Pt. 1 para. 11](#), [Sch. 40 Pt. 3\(12\)](#)

*[<sup>F23</sup>Shares treated as loan relationships]*

**Textual Amendments**

**F23** S. 91A and cross-heading inserted (with effect in accordance with Sch. 7 para. 10(7) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), Sch. 7 para. 10(1)(2)

**F24 [<sup>F23</sup>91A] Shares subject to outstanding third party obligations**

.....



*Status: Point in time view as at 01/04/2009.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1996, Part IV. (See end of Document for details)*

**Textual Amendments**

**F24** S. 91A repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 417, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**<sup>F25</sup>91B Non-qualifying shares**

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**Textual Amendments**

**F25** S. 91B repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 418, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**<sup>F26</sup>91C Condition 1 for section 91B(6)(b)**

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**Textual Amendments**

**F26** S. 91C repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 419, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**<sup>F27</sup>91D Condition 2 for section 91B(6)(b)**

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**Textual Amendments**

**F27** S. 91D repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 420, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**<sup>F28</sup>91E Condition 3 for section 91B(6)(b)**

.....

**Textual Amendments**

**F28** S. 91E repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 421, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**<sup>F29</sup>91F Power to add, vary or remove Conditions for section 91B(6)(b)**

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*Status: Point in time view as at 01/04/2009.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1996, Part IV. (See end of Document for details)*

**Textual Amendments**

- F29** S. 91F repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 422, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**<sup>F30</sup>91G Shares beginning or ceasing to be subject to section 91A or 91B**

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**Textual Amendments**

- F30** S. 91G repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 423, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

*<sup>F31</sup>Partnerships*

**Textual Amendments**

- F31** Ss. 91H, 91I and cross-heading inserted (with effect in accordance with Sch. 22 para. 17(3) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 22 para. 17(1)**

**<sup>F32</sup>91H Payments in return for capital contribution**

.....

**Textual Amendments**

- F32** S. 91H repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 424, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**<sup>F33</sup>91I Change of partnership shares**

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**Textual Amendments**

- F33** S. 91I repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 425, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

*Special cases*

**<sup>F34</sup>92 Convertible securities etc: creditor relationships**

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*Status: Point in time view as at 01/04/2009.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1996, Part IV. (See end of Document for details)*

**Textual Amendments**

**F34** S. 92 repealed (with effect in accordance with s. 52(3) of the amending Act) by [Finance Act 2004](#) (c. 12), Sch. 10 para. 9, [Sch. 42 Pt. 2\(6\)](#)

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

**C18** S. 92 modified (27.7.1999) by [1999 c. 16, s. 65\(9\)](#)

**<sup>F35</sup>92A Convertible securities etc: debtor relationships**

.....

**Textual Amendments**

**F35** S. 92A repealed (with effect in accordance with s. 52(3) of the amending Act) by [Finance Act 2004](#) (c. 12), Sch. 10 para. 10, [Sch. 42 Pt. 2\(6\)](#)

**<sup>F36</sup>93 Relationships linked to the value of chargeable assets.**

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**Textual Amendments**

**F36** S. 93 repealed (with effect in accordance with s. 52(3) of the amending Act) by [Finance Act 2004](#) (c. 12), Sch. 10 para. 11, [Sch. 42 Pt. 2\(6\)](#)

**<sup>F37</sup>93A Relationships linked to the value of chargeable assets: guaranteed returns**

.....

**Textual Amendments**

**F37** S. 93A repealed (with effect in accordance with s. 52(3) of the amending Act) by [Finance Act 2004](#) (c. 12), Sch. 10 para. 11, [Sch. 42 Pt. 2\(6\)](#)

**<sup>F38</sup>93B Loan relationships ceasing to be within section 93**

.....

**Textual Amendments**

**F38** S. 93B repealed (with effect in accordance with s. 52(3) of the amending Act) by [Finance Act 2004](#) (c. 12), Sch. 10 para. 11, [Sch. 42 Pt. 2\(6\)](#)

**<sup>F39</sup>93C Creditor relationships and benefit derived by connected persons**

.....

*Status: Point in time view as at 01/04/2009.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1996, Part IV. (See end of Document for details)*

**Textual Amendments**

**F39** S. 93C repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 426, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**F40** **94 Indexed gilt-edged securities.**

[<sup>F41</sup> .....

**Textual Amendments**

**F40** S. 94 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 427, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**F41** S. 94 repealed (with effect in accordance with s. 52(3) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), Sch. 10 para. 12, **Sch. 42 Pt. 2(6)**

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

**C19** S. 94 restored (7.4.2005) by [Finance Act 2005 \(c. 7\)](#), **Sch. 4 para. 27(1)**

**F42** **94A Loan relationships with embedded derivatives**

.....

**Textual Amendments**

**F42** S. 94A repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 428, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**F43** **94B Loan relationships treated differently by connected debtor and creditor**

.....

**Textual Amendments**

**F43** S. 94B repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 429, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**F44** **95 Gilt strips.**

.....

**Textual Amendments**

**F44** S. 95 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 430, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

*Status: Point in time view as at 01/04/2009.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1996, Part IV. (See end of Document for details)*

**F<sup>45</sup>96 Special rules for certain other gilts.**

.....

**Textual Amendments**

**F45** S. 96 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 431, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**F<sup>46</sup>97 Manufactured interest.**

.....

**Textual Amendments**

**F46** S. 97 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 432, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**F<sup>47</sup>98 Collective investment schemes.**

.....

**Textual Amendments**

**F47** S. 98 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 433, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**F<sup>48</sup>99 Insurance companies.**

.....

**Textual Amendments**

**F48** S. 99 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 434, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

*Miscellaneous other provisions*

**F<sup>49</sup>100 Money debts etc not arising from the lending of money**

.....

**Textual Amendments**

**F49** S. 100 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 435, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

*Status: Point in time view as at 01/04/2009.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1996, Part IV. (See end of Document for details)*

**F50 101 Financial instruments.**

.....

**Textual Amendments**

**F50** S. 101 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 1 para. 436](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

**F51 102 Discounted securities: income tax provisions.**

.....

**Textual Amendments**

**F51** S. 102 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 487](#), [Sch. 3](#) (with [Sch. 2](#))

*Supplemental*

**F52 103 Interpretation of Chapter.**

.....

**Textual Amendments**

**F52** S. 103 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 1 para. 437](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

**104 Minor and consequential amendments.**

Schedule 14 to this Act (which, for the purposes of both corporation tax and income tax, makes certain minor and consequential amendments in connection with the provisions of this Chapter) shall have effect.

**105 Commencement and transitional provisions.**

- (1) Subject to Schedule 15 to this Act, this Chapter has effect—
  - (a) for the purposes of corporation tax, in relation to accounting periods ending after 31st March 1996; and
  - (b) so far as it makes provision for the purposes of income tax, in relation to the year 1996-97 and subsequent years of assessment.
- (2) Schedule 15 to this Act (which contains transitional provisions and savings in connection with the coming into force of this Chapter) shall have effect.

*Status: Point in time view as at 01/04/2009.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1996, Part IV. (See end of Document for details)*

## CHAPTER III

### PROVISIONS RELATING TO THE SCHEDULE E CHARGE

#### <sup>F53</sup> 106 Living accommodation provided for employees.

.....

##### Textual Amendments

**F53** Ss. 106-110 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](#))

#### <sup>F53</sup> 107 Beneficial loans.

.....

##### Textual Amendments

**F53** Ss. 106-110 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](#))

#### <sup>F53</sup> 108 Incidental benefits for holders of certain offices etc.

.....

##### Textual Amendments

**F53** Ss. 106-110 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](#))

#### <sup>F53</sup> 109 Charitable donations: payroll deduction schemes.

.....

##### Textual Amendments

**F53** Ss. 106-110 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](#))

#### <sup>F53</sup> 110 PAYE settlement agreements.

.....

##### Textual Amendments

**F53** Ss. 106-110 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: Point in time view as at 01/04/2009.*

*Changes to legislation: There are currently no known outstanding effects  
 for the Finance Act 1996, Part IV. (See end of Document for details)*

## CHAPTER IV

### SHARE OPTIONS, PROFIT SHARING AND EMPLOYEE SHARE OWNERSHIP

#### *Share options*

#### 111 Amount or value of consideration for option.

- (1) Section 149A of the <sup>M1</sup>Taxation of Chargeable Gains Act 1992 (consideration for grant of option under approved share option schemes not to be deemed to be equal to market value of option) shall be amended as follows.

<sup>F54</sup>(2) .....

- (3) In subsection (2) (grantor to be treated as if the amount or value of the consideration was its actual amount or value) for “The grantor of the option” there shall be substituted “ Both the grantor of the option and the person to whom the option is granted ”.

- (4) Subsection (4) (section not to affect treatment under that Act of person to whom option granted) shall cease to have effect.

<sup>F55</sup>(5) .....

- (6) This section has effect in relation to any right to acquire shares in a body corporate obtained on or after 28th November 1995 by an individual by reason of his office or employment as a director or employee of a body corporate.

#### **Textual Amendments**

**F54** S. 111(2) repealed (with effect in accordance with Sch. 11 Pt. 2(5) Note of the amending Act) by Finance (No. 2) Act 2005 (c. 22), **Sch. 11 Pt. 2(5)**

**F55** S. 111(5) repealed (with effect in accordance with Sch. 11 Pt. 2(5) Note of the amending Act) by Finance (No. 2) Act 2005 (c. 22), **Sch. 11 Pt. 2(5)**

#### **Marginal Citations**

**M1** 1992 c. 12.

#### 112 Release and replacement.

- (1) After section 237 of the <sup>M2</sup>Taxation of Chargeable Gains Act 1992 there shall be inserted—

##### **“237A Share option schemes: release and replacement of options.**

- (1) This section applies in any case where a right to acquire shares in a body corporate (“the old right”) which was obtained by an individual by reason of his office or employment as a director or employee of that or any other body corporate is released in whole or in part for a consideration which consists of or includes the grant to that individual of another right (“the new right”) to acquire shares in that or any other body corporate.

- (2) As respects the person to whom the new right is granted—



*Status: Point in time view as at 01/04/2009.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1996, Part IV. (See end of Document for details)*

- (a) without prejudice to subsection (1) above, the new right shall not be regarded for the purposes of capital gains tax as consideration for the release of the old right;
  - (b) the amount or value of the consideration given by him or on his behalf for the acquisition of the new right shall be taken for the purposes of section 38(1) to be the amount or value of the consideration given by him or on his behalf for the old right; and
  - (c) any consideration paid for the acquisition of the new right shall be taken to be expenditure falling within section 38(1)(b).
- (3) As respects the grantor of the new right, in determining for the purposes of this Act the amount or value of the consideration received for the new right, the release of the old right shall be disregarded.”
- (2) Section 238(4) of that Act (which provides that the release of an option under an approved share option scheme in exchange for another option, in connection with a company take-over, is not to involve a disposal, and which is superseded by subsection (1) above) shall cease to have effect.
- (3) This section has effect in relation to transactions effected on or after 28th November 1995.

**Marginal Citations**

M2 1992 c. 12.

*Savings-related share option schemes*

<sup>F56</sup> **113 Exercise of rights by employees of non-participating companies.**

.....

**Textual Amendments**

**F56** Ss. 113-115 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](#))

*Other share option schemes*

<sup>F56</sup> **114 Requirements to be satisfied by approved schemes.**

.....

**Textual Amendments**

**F56** Ss. 113-115 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: Point in time view as at 01/04/2009.*

*Changes to legislation: There are currently no known outstanding effects  
for the Finance Act 1996, Part IV. (See end of Document for details)*

**F56 115 Transitional provisions.**

.....

**Textual Amendments**

**F56** Ss. 113-115 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)

*Profit sharing schemes*

**116 The release date.**

- (1) In section 187(2) of the Taxes Act 1988 (interpretation of sections 185 and 186 of, and Schedules 9 and 10 to, that Act) in the definition of “release date” (the fifth anniversary of the date on which shares were appropriated to a participant in a profit sharing scheme) for “fifth” there shall be substituted “third”.
- (2) The amendment made by subsection (1) above shall have effect in relation to shares of a participant in a profit sharing scheme if the third anniversary of the appropriation of the shares to the participant occurs on or after the day on which this Act is passed.
- (3) If the third anniversary of the appropriation of any shares to a participant in a profit sharing scheme has occurred, but the fifth anniversary of their appropriation to him has not occurred, before the passing of this Act, then, in the application of sections 186 and 187 of, and Schedules 9 and 10 to, the Taxes Act 1988 in relation to those shares, the release date shall be the day on which this Act is passed.

**117 The appropriate percentage.**

- (1) In Schedule 10 to the Taxes Act 1988 (further provisions relating to profit sharing schemes) for paragraph 3 (the appropriate percentage) there shall be substituted—
  - “3 (1) For the purposes of any of the relevant provisions charging an individual to income tax under Schedule E by reason of the occurrence of an event relating to any of his shares, the “appropriate percentage” in relation to those shares is 100 per cent., unless sub-paragraph (2) below applies.
  - (2) Where the individual—
    - (a) ceases to be a director or employee of the grantor or, in the case of a group scheme, a participating company as mentioned in paragraph 2(a) above, or
    - (b) reaches the relevant age,
before the event occurs, the “appropriate percentage” is 50 per cent., unless paragraph 6(4) below applies.”
- (2) In section 187(8) of that Act (determination of certain values and percentages where shares are appropriated to a participant at different times) paragraph (b) (which relates to the appropriate percentage), and the word “and” immediately preceding it, shall cease to have effect.

*Status: Point in time view as at 01/04/2009.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1996, Part IV. (See end of Document for details)*

- (3) Subsections (1) and (2) above have effect in relation to the occurrence, on or after the day on which this Act is passed, of events by reason of whose occurrence any provision of section 186 or 187 of, or Schedule 9 or 10 to, the Taxes Act 1988 charges an individual to income tax under Schedule E.

### **118 The appropriate allowance.**

- (1) In section 186(12) of the Taxes Act 1988 (determination of the appropriate allowance for the purposes of the charge to tax on capital receipts by a participant in an approved profit sharing scheme)—
- (a) for “£100” there shall be substituted “ £60 ”; and
  - (b) for “five years” there shall be substituted “ three years ”.
- (2) Subsection (1) above has effect for the year 1997-98 and subsequent years of assessment.

#### *Employee share ownership trusts*

### **119 Removal of requirement for at least one year’s service.**

- (1) In Schedule 5 to the <sup>M3</sup>Finance Act 1989 (employee share ownership trusts) in paragraph 4(5)(a) (for a trust to be a qualifying ESOT, its beneficiaries must have been employees or directors of the company for at least one year) the words “not less than one year and” shall cease to have effect.
- (2) This section applies to trusts established on or after the day on which this Act is passed.

#### **Marginal Citations**

**M3** 1989 c. 26.

### **120 Grant and exercise of share options.**

- (1) In Schedule 5 to the <sup>M4</sup>Finance Act 1989 (employee share ownership trusts), in paragraph 4 (the trust deed must contain provision as to the beneficiaries) after sub-paragraph (2) there shall be inserted—
- “(2A) The trust deed may provide that a person is a beneficiary at a given time if at that time he is eligible to participate in a savings-related share option scheme within the meaning of Schedule 9 to the Taxes Act 1988—
- (a) which was established by a company within the founding company’s group, and
  - (b) which is approved under that Schedule.
- (2B) Where a trust deed contains a rule conforming with sub-paragraph (2A) above it must provide that the only powers and duties which the trustees may exercise in relation to persons who are beneficiaries by virtue only of that rule are those which may be exercised in accordance with the provisions of a scheme such as is mentioned in that sub-paragraph.”

*Status: Point in time view as at 01/04/2009.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1996, Part IV. (See end of Document for details)*

- (2) In consequence of the amendment made by subsection (1) above, section 69 of, and Schedule 5 to, the <sup>M5</sup>Finance Act 1989 (which respectively make provision about chargeable events in relation to the trustees of qualifying employee share ownership trusts and the requirements to be satisfied by such trusts) shall be amended in accordance with the following provisions of this section.
- (3) In subsection (4) of that section (meaning of “qualifying terms” for the purposes of the provision that the transfer of securities to beneficiaries is a chargeable event if it is not on qualifying terms)—
- (a) in paragraph (a) (securities which are transferred at the same time must be transferred on similar terms) after “time” there shall be inserted “ other than those transferred on a transfer such as is mentioned in subsection (4ZA) below ”;
  - (b) in paragraph (b) (securities must have been offered to all the persons who are beneficiaries), after “trust deed” there shall be inserted “ by virtue of a rule which conforms with paragraph 4(2), (3) or (4) of Schedule 5 to this Act ”; and
  - (c) in paragraph (c) (securities must be transferred to all such beneficiaries who have accepted the offer) for “beneficiaries” there shall be substituted “ persons ”.
- (4) After subsection (4) of that section there shall be inserted—
- “(4ZA) For the purposes of subsection (1)(b) above a transfer of securities is also made on qualifying terms if—
- (a) it is made to a person exercising a right to acquire shares, and
  - (b) that right was obtained in accordance with the provisions of a savings-related share option scheme within the meaning of Schedule 9 to the Taxes Act 1988—
    - (i) which was established by, or by a company controlled by, the company which established the trust, and
    - (ii) which is approved under that Schedule, and
  - (c) that right is being exercised in accordance with the provisions of that scheme, and
  - (d) the consideration for the transfer is payable to the trustees.”
- (5) In sub-paragraph (4) of paragraph 4 of that Schedule (trust deed may provide for charity to be beneficiary if there are no beneficiaries falling within a rule conforming with sub-paragraph (2) or (3)) after “sub-paragraph (2)” there shall be inserted “ , (2A) ”.
- (6) In sub-paragraph (7) of that paragraph (trust deed must not provide for a person to be a beneficiary unless he falls within a rule conforming with sub-paragraph (2), (3) or (4)) after “sub-paragraph (2)” there shall be inserted “ , (2A) ”.
- (7) In sub-paragraph (8) of that paragraph (trust deed must provide that person with material interest in founding company cannot be a beneficiary) after “at a particular time (the relevant time)” there shall be inserted “ by virtue of a rule which conforms with sub-paragraph (2), (3) or (4) above ”.
- (8) In paragraph 5(2) of that Schedule (trust deed must be so expressed that it is apparent that the general functions of the trustees are as mentioned in paragraphs (a) to (e)) after paragraph (c) there shall be inserted—

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- “(cc) to grant rights to acquire shares to persons who are beneficiaries under the terms of the trust deed;”.
- (9) In paragraph 9 of that Schedule (trust deed must provide that transfers of securities to beneficiaries must be on qualifying terms and within the qualifying period) in sub-paragraph (2) (meaning of qualifying terms)—
- (a) in paragraph (a) (securities which are transferred at the same time must be transferred on similar terms) after “time” there shall be inserted “ other than those transferred on a transfer such as is mentioned in sub-paragraph (2ZA) below ”;
  - (b) in paragraph (b) (securities must have been offered to all the persons who are beneficiaries) after “trust deed” there shall be inserted “ by virtue of a rule which conforms with paragraph 4(2), (3) or (4) above ”; and
  - (c) in paragraph (c) (securities must be transferred to all such beneficiaries who have accepted the offer) for “beneficiaries” there shall be substituted “ persons ”.
- (10) After sub-paragraph (2) of that paragraph there shall be inserted—
- “(2ZA) For the purposes of sub-paragraph (1) above a transfer of securities is also made on qualifying terms if—
- (a) it is made to a person exercising a right to acquire shares, and
  - (b) that right was obtained in accordance with the provisions of a savings-related share option scheme within the meaning of Schedule 9 to the Taxes Act 1988—
    - (i) which was established by, or by a company controlled by, the founding company, and
    - (ii) which is approved under that Schedule, and
  - (c) that right is being exercised in accordance with the provisions of that scheme, and
  - (d) the consideration for the transfer is payable to the trustees.”
- (11) In paragraph 10 of that Schedule (trust deed must not contain features not essential or reasonably incidental to purposes mentioned in that paragraph)—
- (a) after “acquiring sums and securities,” there shall be inserted “ granting rights to acquire shares to persons who are eligible to participate in savings-related share option schemes approved under Schedule 9 to the Taxes Act 1988, transferring shares to such persons, ”; and
- <sup>F57</sup>(b) .....
- (12) This section has effect in relation to trusts established on or after the day on which this Act is passed.

**Textual Amendments**

**F57** S. 120(11)(b) 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](#))

**Marginal Citations**

**M4** 1989 c. 26.  
**M5** 1989 c. 26.

*Status: Point in time view as at 01/04/2009.*

*Changes to legislation: There are currently no known outstanding effects  
for the Finance Act 1996, Part IV. (See end of Document for details)*

## CHAPTER V

### SELF ASSESSMENT, GENERAL MANAGEMENT ETC.

#### *General*

#### **121 Returns and self assessment.**

- (1) In subsection (1) of section 8 of the <sup>M6</sup>Taxes Management Act 1970 (personal return), and in subsection (1) of section 8A of that Act (trustee's return), after the words "year of assessment," there shall be inserted the words " and the amount payable by him by way of income tax for that year, ".
- (2) In subsection (1A) of each of those sections, the words from "and the amounts referred to" to the end shall cease to have effect.
- (3) After that subsection of each of those sections there shall be inserted the following subsection—
 

“(1AA) For the purposes of subsection (1) above—

  - (a) the amounts in which a person is chargeable to income tax and capital gains tax are net amounts, that is to say, amounts which take into account any relief or allowance a claim for which is included in the return; and
  - (b) the amount payable by a person by way of income tax is the difference between the amount in which he is chargeable to income tax and the aggregate amount of any income tax deducted at source and any tax credits to which section 231 of the principal Act applies.”
- (4) For subsection (1) of section 9 of that Act (returns to include self-assessment) there shall be substituted the following subsection—
 

“(1) Subject to subsection (2) below, every return under section 8 or 8A of this Act shall include a self-assessment, that is to say—

  - (a) an assessment of the amounts in which, on the basis of the information contained in the return and taking into account any relief or allowance a claim for which is included in the return, the person making the return is chargeable to income tax and capital gains tax for the year of assessment; and
  - (b) an assessment of the amount payable by him by way of income tax, that is to say, the difference between the amount in which he is assessed to income tax under paragraph (a) above and the aggregate amount of any income tax deducted at source and any tax credits to which section 231 of the principal Act applies.”
- <sup>F58</sup>(5) In subsection (1)(b) of section 11AA of that Act (return of profits to include self-assessment), for the words “, allowance or repayment of tax” there shall be substituted the words “ or allowance ”.]
- (6) In subsection (1)(a) of section 12AA of that Act (partnership return), after the words “so chargeable” there shall be inserted the words “ and the amount payable by way of income tax by each such partner ”.

*Status: Point in time view as at 01/04/2009.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1996, Part IV. (See end of Document for details)*

(7) For subsection (1A) of that section there shall be substituted the following subsection—

“(1A) For the purposes of subsection (1) above—

- (a) the amount in which a partner is chargeable to income tax or corporation tax is a net amount, that is to say, an amount which takes into account any relief or allowance for which a claim is made; and
- (b) the amount payable by a partner by way of income tax is the difference between the amount in which he is chargeable to income tax and the aggregate amount of any income tax deducted at source and any tax credits to which section 231 of the principal Act applies.”

(8) This section and sections 122, 123, 125 to 127 and 141 below—

- (a) so far as they relate to income tax and capital gains tax, have effect as respects the year 1996-97 and subsequent years of assessment, and
- (b) so far as they relate to corporation tax, have effect as respects accounting periods ending on or after the appointed day for the purposes of Chapter III of Part IV of the <sup>M7</sup>Finance Act 1994.

**Textual Amendments**

**F58** S. 121(5) repealed (31.7.1998 with effect as mentioned in Sch. 27 Pt. III(28), Note of the amending Act) by 1998 c. 36, s. 165, Sch. 27 Pt. III(28)

**Marginal Citations**

**M6** 1970 c. 9.  
**M7** 1994 c. 9.

**122 Notional tax deductions and payments.**

(1) At the end of subsection (1) of section 9 of the <sup>M8</sup>Taxes Management Act 1970 (as substituted by section 121(4) above) there shall be inserted the words “ but nothing in this subsection shall enable a self-assessment to show as repayable any income tax treated as deducted or paid by virtue of section 233(1), 246D(1), 249(4), 421(1), 547(5) or 599A(5) of the principal Act. ”

(2) At the end of subsection (1) of section 59B of that Act (payment of income tax and capital gains tax) there shall be inserted the words “ but nothing in this subsection shall require the repayment of any income tax treated as deducted or paid by virtue of section 233(1), 246D(1), 249(4), 421(1), 547(5) or 599A(5) of the principal Act. ”

<sup>F59</sup>(3) .....

<sup>F59</sup>(4) .....

<sup>F59</sup>(5) .....

(6) In subsection (1)(b) of section 421 of that Act (taxation of borrower when loan released), for the words “no assessment shall be made on him in respect of” there shall be substituted the words “ he shall not be liable to pay ”.

(7) The following shall cease to have effect, namely—

<sup>F60</sup>(a) .....

*Status: Point in time view as at 01/04/2009.*

*Changes to legislation: There are currently no known outstanding effects  
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- (b) in subsection (6) of section 599A of that Act (charge to tax: payments out of surplus funds), the words from “subject” to “and”; and
- (c) subsection (7) of that section.

#### Textual Amendments

- F59** S. 122(3)-(5) repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))
- F60** S. 122(7)(a) repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

#### Marginal Citations

- M8** 1970 c. 9.

### 123 Liability of partners.

- (1) In subsection (2) of section 12AA of the <sup>M9</sup>Taxes Management Act 1970 (partnership return) after the words “with the notice” there shall be inserted the words “ or a successor of his ”.
- (2) In subsection (3) of that section after the words “the partner” there shall be inserted the words “ or a successor of his ”.
- (3) In subsection (7)(a) of that section, the words “any part of” shall cease to have effect.
- (4) At the end of that section there shall be inserted the following subsections—
  - “(11) In this Act “successor”, in relation to a person who is required to make and deliver, or has made and delivered, a return in pursuance of a notice under subsection (2) or (3) above, but is no longer available, means—
    - (a) where a partner is for the time being nominated for the purposes of this subsection by a majority of the relevant partners, that partner; and
    - (b) where no partner is for the time being so nominated, such partner as—
      - (i) in the case of a notice under subsection (2) above, is identified in accordance with rules given with that notice; or
      - (ii) in the case of a notice under subsection (3) above, is nominated for the purposes of this subsection by an officer of the Board;
 and “predecessor” and “successor”, in relation to a person so nominated or identified, shall be construed accordingly.
  - (12) For the purposes of subsection (11) above a nomination under paragraph (a) of that subsection, and a revocation of such a nomination, shall not have effect in relation to any time before notice of the nomination or revocation is given to an officer of the Board.
  - (13) In this section “relevant partner” means a person who was a partner at any time during the period for which the return was made or is required, or the personal representatives of such a person.”
- (5) In subsection (1) of section 12AB of that Act (partnership return to include partnership statement)—



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- (a) in paragraph (a), for the words “each period of account ending within the period in respect of which the return is made” there shall be substituted the words “ the period in respect of which the return is made and each period of account ending within that period ”;
- (b) in sub-paragraph (i) of that paragraph, for the words “that period” there shall be substituted the words “ the period in question ”;
- (c) after that sub-paragraph there shall be inserted the following sub-paragraph—
  - “(ia) the amount of the consideration which, on that basis, has accrued to the partnership in respect of each disposal of partnership property during that period.”;

and

- (d) in paragraph (b), after the words “such period” there shall be inserted the words “ as is mentioned in paragraph (a) above ” and after the word “loss,” there shall be inserted the word “ consideration, ”.

F61(6) .....

F61(7) .....

- (8) In subsection (1)(b) of section 93A of that Act (failure to make partnership return), after the word “he” there shall be inserted the words “ or a successor of his ”.

- (9) In subsections (3) and (4) of that section, after the words “the representative partner” there shall be inserted the words “ or a successor of his ”.

- (10) In subsection (6) of that section—

- (a) after the words “the representative partner” there shall be inserted the words “ or a successor of his ”; and
- (b) after the words “that partner”, in both places where they occur, there shall be inserted the words “ or successor ”.

- (11) In subsection (7) of that section, for the words “the representative partner had a reasonable excuse for not delivering the return” there shall be substituted the words “ the person for the time being required to deliver the return (whether the representative partner or a successor of his) had a reasonable excuse for not delivering it ”.

F62(12) .....

F63(13) .....

- (14) In subsection (1) of section 118 of that Act (interpretation), for the definition of “successor” there shall be substituted the following definition—

““successor”, in relation to a person who is required to make and deliver, or has made and delivered, a return under section 12AA of this Act, and “predecessor” and “successor”, in relation to the successor of such a person, shall be construed in accordance with section 12AA(11) of this Act.”.

#### Textual Amendments

**F61** S. 123(6)(7) repealed (11.5.2001 with effect as mentioned in Sch. 33 Pt. 2(13), Note of the amending Act) by 2001 c. 9, s. 110, **Sch. 33 Pt. 2(13)**

**F62** S. 123(12) repealed (with effect in accordance with s. 97 of the amending Act) by **Finance Act 2007** (c. 11), **Sch. 27 Pt. 5(5)**

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**F63** S. 123(13) repealed (with effect in accordance with s. 97 of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 5\(5\)](#)

#### Marginal Citations

**M9** 1970 c. 9.

## 124 Retention of original records.

- (1) The <sup>M10</sup>Taxes Management Act 1970, as it has effect—
- (a) for the purposes of income tax and capital gains tax, as respects the year 1996-97 and subsequent years of assessment, and
  - (b) for the purposes of corporation tax, as respects accounting periods ending on or after the day appointed under section 199 of the <sup>M11</sup>Finance Act 1994 for the purposes of Chapter III of Part IV of that Act (self-assessment management provisions),

shall be amended in accordance with the following provisions of this section.

<sup>F64</sup>(2) .....

- (3) After that subsection there shall be inserted—

“(4A) The records which fall within this subsection are—

- (a) any statement in writing such as is mentioned in—
  - (i) subsection (1) of section 234 of the principal Act (amount of qualifying distribution and tax credit), or
  - (ii) subsection (1) of section 352 of that Act (gross amount, tax deducted, and actual amount paid, in certain cases where payments are made under deduction of tax),

which is furnished by the company or person there mentioned, whether after the making of a request or otherwise;

- (b) any certificate or other record (however described) which is required by regulations under section 566(1) of the principal Act to be given to a sub-contractor (within the meaning of Chapter IV of Part XIII of that Act) on the making of a payment to which section 559 of that Act (deductions on account of tax) applies;
- (c) any such record as may be requisite for making a correct and complete claim in respect of, or otherwise requisite for making a correct and complete return so far as relating to, an amount of tax—
  - (i) which has been paid under the laws of a territory outside the United Kingdom, or
  - (ii) which would have been payable under the law of such a territory but for a relief to which section 788(5) of the principal Act (relief for promoting development and relief contemplated by double taxation arrangements) applies.”

- (4) In subsection (5) of that section (penalty for failure to comply with section 12B(1) or (2A)) for “Subject to subsection (5A)” there shall be substituted “ Subject to subsections (5A) and (5B) ”.

- (5) After subsection (5A) of that section there shall be inserted—

“(5B) Subsection (5) above also does not apply where—

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- (a) the records which the person fails to keep or preserve are records falling within paragraph (a) of subsection (4A) above; and
- (b) an officer of the Board is satisfied that any facts which he reasonably requires to be proved, and which would have been proved by the records, are proved by other documentary evidence furnished to him.”

<sup>F65</sup>(6) . . . . .

(7) In sub-paragraph (4) of that paragraph (penalty for failure to comply with paragraph 2A(1)) at the beginning there shall be inserted “ Subject to sub-paragraph (5) below, ”.

(8) After that sub-paragraph there shall be inserted—

“(5) Sub-paragraph (4) above does not apply where—

- (a) the records which the person fails to keep or preserve are records falling within paragraph (a) of section 12B(4A) of this Act; and
- (b) an officer of the Board is satisfied that any facts which he reasonably requires to be proved, and which would have been proved by the records, are proved by other documentary evidence furnished to him.”

(9) The amendments made by this section shall not have effect in relation to—

- (a) any time before this Act is passed, or
- (b) any records which a person fails to preserve before this Act is passed.

**Textual Amendments**

**F64** S. 124(2) omitted (1.4.2009) by virtue of Finance Act 2008 (c. 9), s. 115(2), Sch. 37 para. 11(b); S.I. 2009/402, art. 2

**F65** S. 124(6) omitted (1.4.2009) by virtue of Finance Act 2008 (c. 9), s. 115(2), Sch. 37 para. 11(b); S.I. 2009/402, art. 2

**Marginal Citations**

**M10** 1970 c. 9.

**M11** 1994 c. 9.

**125 Determination of tax where no return delivered.**

(1) For subsection (1) of section 28C of the <sup>M12</sup>Taxes Management Act 1970 (determination of tax where no return delivered) there shall be substituted the following subsections—

“(1) This section applies where—

- (a) a notice has been given to any person under section 8 or 8A of this Act (the relevant section), and
- (b) the required return is not delivered on or before the filing date.

(1A) An officer of the Board may make a determination of the following amounts, to the best of his information and belief, namely—

- (a) the amounts in which the person who should have made the return is chargeable to income tax and capital gains tax for the year of assessment; and

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(b) the amount which is payable by him by way of income tax for that year;

and subsection (1AA) of section 8 or, as the case may be, section 8A of this Act applies for the purposes of this subsection as it applies for the purposes of subsection (1) of that section.”

(2) In subsection (3) of that section the words “or 11AA” shall cease to have effect.

<sup>F66</sup>(3) .....

(4) After subsection (5) of section 59B of that Act (payment of income tax and capital gains tax) there shall be inserted the following subsection—

“(5A) Where a determination under section 28C of this Act which has effect as a person’s self-assessment is superseded by his self-assessment under section 9 of this Act, any amount of tax which is payable or repayable by virtue of the supersession shall be payable or (as the case may be) repayable on or before the day given by subsection (3) or (4) above.”

#### Textual Amendments

**F66** S. 125(3) repealed (with effect in accordance with s. 92 of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 5\(3\)](#)

#### Marginal Citations

**M12** 1970 c. 9.

### 126 PAYE regulations.

(1) After subsection (9) of section 59A of the Taxes Management Act 1970 (payments on account of income tax) there shall be inserted the following subsection—

“(10) Regulations under section 203 of the principal Act (PAYE) may provide that, for the purpose of determining the amount of any such excess as is mentioned in subsection (1) above, any necessary adjustments in respect of matters prescribed by the regulations shall be made to the amount of tax deducted at source under that section.”

(2) After subsection (7) of section 59B of that Act (payment of income tax and capital gains tax) there shall be inserted the following subsection—

“(8) Regulations under section 203 of the principal Act (PAYE) may provide that, for the purpose of determining the amount of the difference mentioned in subsection (1) above, any necessary adjustments in respect of matters prescribed by the regulations shall be made to the amount of tax deducted at source under that section.”

### 127 Repayment postponed pending completion of enquiries.

After subsection (4) of section 59B of the <sup>M13</sup>Taxes Management Act 1970 (payment of income tax and capital gains tax) there shall be inserted the following subsection—

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- “(4A) Where in the case of a repayment the return on the basis of which the person’s self-assessment was made under section 9 of this Act is enquired into by an officer of the Board—
- (a) nothing in subsection (3) or (4) above shall require the repayment to be made before the day on which, by virtue of section 28A(5) of this Act, the officer’s enquiries are treated as completed; but
  - (b) the officer may at any time before that day make the repayment, on a provisional basis, to such extent as he thinks fit.”

**Marginal Citations**

M13 1970 c. 9.

**128 Claims for reliefs involving two or more years.**

- (1) In section 42 of the Taxes Management Act 1970 (procedure for making claims etc.)—
- (a) subsections (3A) and (3B) (which are superseded by subsection (2) below) shall cease to have effect;
  - (b) in subsection (7)(a), the words “534, 535, 537A, 538” shall cease to have effect; and
  - (c) after subsection (11) there shall be inserted the following subsection—
- “(11A) Schedule 1B to this Act shall have effect as respects certain claims for relief involving two or more years of assessment.”

- (2) After Schedule 1A to that Act there shall be inserted, as Schedule 1B, the provisions set out in Schedule 17 to this Act (claims for reliefs involving two or more years).

- F67(3) . . . . .
- F67(4) . . . . .
- F68(5) . . . . .
- F68(6) . . . . .
- F68(7) . . . . .
- F68(8) . . . . .
- F68(9) . . . . .
- F68(10) . . . . .

- F68(11) This section (except subsections (1)(b) and (6) above) and Schedule 17 to this Act have effect as respects claims made (or deemed to be made) in relation to the year 1996-97 or later years of assessment.
- (12) Subsection (1)(b) above has effect as respects claims made in relation to the year 1997-98 or later years of assessment.

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### Textual Amendments

- F67** S. 128(3)(4) repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 3](#) (with [Sch. 2](#))
- F68** S. 128(5)-(10) repealed (11.5.2001 with effect as mentioned in Sch. 33 Pt. 2(6), Note of the amending Act) by [2001 c. 9, s. 110, Sch. 33 Pt. 2\(6\)](#)

## 129 Claims for medical insurance and vocational training relief.

- (1) Nothing in section 42 of the <sup>M14</sup>Taxes Management Act 1970 (procedure for making claims etc.), or Schedule 1A to that Act (claims etc. not included in returns), shall apply in relation to—
- [<sup>F69</sup>(a) any claim under subsection (6)(b) of section 54 (medical insurance relief) of the <sup>M15</sup>Finance Act 1989 (“the 1989 Act”); or]
- [<sup>F70</sup>(b) any claim under subsection (5)(b) of section 32 (vocational training relief) of the <sup>M16</sup>Finance Act 1991 (“the 1991 Act”).]
- (2) In [<sup>F71</sup>section 54(6)(b) of the 1989 Act and][<sup>F72</sup>section 32(5)(b) of the 1991 Act], after the words “on making a claim” there shall be inserted the words “ in accordance with regulations ”.
- [<sup>F73</sup>(3) In section 57(1) of the 1989 Act (medical insurance relief: supplementary), after paragraph (a) there shall be inserted the following paragraph—
- “(aa) make provision for and with respect to appeals against a decision of an officer of the Board or the Board with respect to a claim under section 54(6)(b) above;”.
- [<sup>F74</sup>(4) In section 33(1) of the 1991 Act (vocational training relief: supplementary), after paragraph (a) there shall be inserted the following paragraph—
- “(aa) make provision for and with respect to appeals against a decision of an officer of the Board or the Board with respect to a claim under section 32(5)(b) above;”.]
- [<sup>F73</sup>(5) Subsection (1)(a) above shall not apply in relation to claims made before the coming into force of regulations made by virtue of section 57(1)(aa) of the 1989 Act.]
- [<sup>F74</sup>(6) Subsection (1)(b) above shall not apply in relation to claims made before the coming into force of regulations made by virtue of section 33(1)(aa) of the 1991 Act.]

### Textual Amendments

- F69** S. 129(1)(a) repealed (31.7.1997 with effect as mentioned in Sch. 8 Pt. II(2), Note of the amending Act) by [1997 c. 58, s. 52, Sch. 8 Pt. II\(2\)](#)
- F70** S. 129(1)(b) repealed (27.7.1999 with effect as mentioned in Sch. 20 Pt. III(15), Note of the amending Act) by [1999 c. 16, s. 139, Sch. 20 Pt. III\(15\)](#)
- F71** Words in s. 129(2) repealed (31.7.1997 with effect as mentioned in Sch. 8 Pt. II(2), Note of the amending Act) by [1997 c. 58, s. 52, Sch. 8 Pt. II\(2\)](#)
- F72** Words in s. 129(2) repealed (27.7.1999 with effect as mentioned in Sch. 20 Pt. III(15), Note of the amending Act) by [1999 c. 16, s. 139, Sch. 20 Pt. III\(15\)](#)
- F73** S. 129(3)(5) repealed (31.7.1997 with effect as mentioned in Sch. 8 Pt. II(2), Note of the amending Act) by [1997 c. 58, s. 52, Sch. 8 Pt. II\(2\)](#)

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**F74** S. 129(4)(6) repealed (27.7.1999 with effect as mentioned in Sch. 20 Pt. III(15), Note of the amending Act) by 1999 c. 16, s. 139, **Sch. 20 Pt. III(15)**

#### **Marginal Citations**

**M14** 1970 c. 9.

**M15** 1989 c. 26.

**M16** 1991 c. 31.

### **130 Procedure for giving notices.**

(1) Section 42 of, and Schedule 1A to, the Taxes Management Act 1970, as they have effect—

- (a) for the purposes of income tax and capital gains tax, as respects the year 1996-97 and subsequent years of assessment, and
- (b) for the purposes of corporation tax, as respects accounting periods ending on or after the day appointed under section 199 of the <sup>M17</sup>Finance Act 1994 for the purposes of Chapter III of Part IV of that Act (self-assessment management provisions),

shall be amended in accordance with the following provisions of this section.

(2) In subsection (7) of section 42 (which contains a list of provisions, claims under which must be made in accordance with subsection (6)) the following words shall cease to have effect, that is to say—

- (a) in paragraph (a), “62A,” and “401,”; and
- (b) in paragraph (c), “30,” “33,” “48, 49,” and “124A,”.

(3) In subsection (10) of that section (section 42 to apply in relation to elections and notices as it applies in relation to claims) the words “and notices” shall cease to have effect.

(4) In subsection (11) of that section (Schedule 1A to apply as respects any claim, election or notice made otherwise than in a return under section 8 etc) for the words “, election or notice” there shall be substituted “ or election ”.

(5) In paragraph 1 of Schedule 1A (claims etc. not included in returns), in the definition of “claim”, for the words “means a claim, election or notice” there shall be substituted “ means a claim or election ”.

#### **Marginal Citations**

**M17** 1994 c. 9.

### **131 Interest on overdue tax.**

(1) Section 110 of the <sup>M18</sup>Finance Act 1995 (interest on overdue tax) shall be deemed to have been enacted with the insertion after subsection (3) of the following subsection—

- “(4) So far as it relates to partnerships whose trades, professions or businesses were set up and commenced before 6th April 1994, subsection (1) above has effect as respects the year 1997-98 and subsequent years of assessment.”

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- (2) In subsection (3) of section 86 of the <sup>M19</sup>Taxes Management Act 1970 (which was substituted by the said section 110), for the words “section 93” there shall be substituted the words “ section 92 ”.
- (3) In Schedule 19 to the <sup>M20</sup>Finance Act 1994, paragraph 23 (which is superseded by the said section 110) shall cease to have effect.

**Marginal Citations**

**M18** 1995 c. 4.

**M19** 1970 c. 9.

**M20** 1994 c. 9.

**132 Overdue tax and excessive payments by the Board.**

Schedule 18 to this Act (which amends enactments relating to overdue tax or excessive payments by the Board) shall have effect.

**133 Claims and enquiries.**

Schedule 19 to this Act (which, for purposes connected with self-assessment, further amends provisions relating to claims and enquiries) shall have effect.

**134 Discretions exercisable by the Board etc.**

- (1) Schedule 20 to this Act (which in connection with self-assessment modifies enactments by virtue of which a decision or other action affecting an assessment may be or is required to be taken by the Board, or one of their officers, before the making of the assessment) shall have effect.
- (2) Subject to subsection (3) below, the amendments made by that Schedule shall have effect—
- (a) for the purposes of income tax and capital gains tax, as respects the year 1996-97 and subsequent years of assessment; and
  - (b) for the purposes of corporation tax, as respects accounting periods ending on or after the day appointed under section 199 of the Finance Act 1994 for the purposes of Chapter III of Part IV of that Act (self-assessment management provisions).
- (3) Paragraphs 22 and 23 of that Schedule shall have effect in relation to shares issued on or after 6th April 1996.

**135 Time limits for claims etc.**

- (1) Schedule 21 to this Act (which in connection with self-assessment modifies enactments which impose time limits on the making of claims, elections, adjustments and assessments and the giving of notices, and enactments which provide for the giving of notice to the inspector) shall have effect.
- (2) Subject to subsections (3) to (5) below, the amendments made by that Schedule shall have effect—



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- (a) for the purposes of income tax and capital gains tax, as respects the year 1996-97 and subsequent years of assessment; and
- (b) for the purposes of corporation tax, as respects accounting periods ending on or after the day appointed under section 199 of the <sup>M21</sup>Finance Act 1994 for the purposes of Chapter III of Part IV of that Act (self-assessment management provisions).

<sup>F75</sup>(3) .....

<sup>F75</sup>(4) .....

<sup>F75</sup>(5) .....

**Textual Amendments**

**F75** S. 135(3)-(5) repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2, s. 580, **Sch. 4**

**Marginal Citations**

**M21** 1994 c. 9.

**136 Appeals.**

Schedule 22 to this Act (which makes provision, in connection with self-assessment, about appeals) shall have effect.

*Companies*

<sup>F76</sup>**137 Schedules 13 and 16 to the Taxes Act 1988.**

.....

**Textual Amendments**

**F76** S. 137 repealed (6.4.2007) by **Income Tax Act 2007 (c. 3)**, s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)

**138 Accounting periods.**

Schedule 24 to this Act (which makes provision, in connection with self-assessment, in relation to accounting periods) shall have effect.

**[139 Surrenders of advance corporation tax.**

Schedule 25 to this Act (which makes provision, in connection with self-assessment, about surrenders of advance corporation tax) shall have effect.]

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

**C20** S. 139 repealed (31.7.1998 with effect as mentioned in Sch. 27 Pt. III(2), Note of the amending Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(2)**

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### Chargeable gains

#### 140 Transfer of company’s assets to investment trust.

(1) In section 101 of the <sup>M22</sup>Taxation of Chargeable Gains Act 1992 (transfer of company’s assets to investment trust) after subsection (1) there shall be inserted—

“(1A) Any chargeable gain or allowable loss which, apart from this subsection, would accrue to the company on the sale referred to in subsection (1) above shall be treated as accruing to the company immediately before the end of the last accounting period to end before the beginning of the accounting period mentioned in that subsection.”

(2) This section shall have effect as respects accounting periods ending on or after the day appointed under section 199 of the <sup>M23</sup>Finance Act 1994 for the purposes of Chapter III of Part IV of that Act (self-assessment management provisions).

#### Marginal Citations

**M22** 1992 c. 12.

**M23** 1994 c. 9.

#### 141 Roll-over relief.

(1) In subsection (4) of section 152 of the Taxation of Chargeable Gains Act 1992 (roll-over relief)—

- (a) after the word “making” there shall be inserted the words “ or amending ”; and
- (b) after the word “assessments”, in the second place where it occurs, there shall be inserted the words “ or amendments ”.

(2) After section 153 of that Act there shall be inserted the following section—

#### “153A Provisional application of sections 152 and 153.

(1) This section applies where a person carrying on a trade who for a consideration disposes of, or of his interest in, any assets (“the old assets”) declares, in his return for the chargeable period in which the disposal takes place—

- (a) that the whole or any specified part of the consideration will be applied in the acquisition of, or of an interest in, other assets (“the new assets”) which on the acquisition will be taken into use, and used only, for the purposes of the trade;
- (b) that the acquisition will take place as mentioned in subsection (3) of section 152; and
- (c) that the new assets will be within the classes listed in section 155.

(2) Until the declaration ceases to have effect, section 152 or, as the case may be, section 153 shall apply as if the acquisition had taken place and the person had made a claim under that section.

(3) The declaration shall cease to have effect as follows—

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- (a) if and to the extent that it is withdrawn before the relevant day, or is superseded before that day by a valid claim made under section 152 or 153, on the day on which it is so withdrawn or superseded; and
  - (b) if and to the extent that it is not so withdrawn or superseded, on the relevant day.
- (4) On the declaration ceasing to have effect in whole or in part, all necessary adjustments—
  - (a) shall be made by making or amending assessments or by repayment or discharge of tax; and
  - (b) shall be so made notwithstanding any limitation on the time within which assessments or amendments may be made.
- (5) In this section “the relevant day” means—
  - (a) in relation to capital gains tax, the third anniversary of the 31st January next following the year of assessment in which the disposal of, or of the interest in, the old assets took place;
  - (b) in relation to corporation tax, the fourth anniversary of the last day of the accounting period in which that disposal took place.
- (6) Subsections (6), (8), (10) and (11) of section 152 shall apply for the purposes of this section as they apply for the purposes of that section.”
- (3) In section 175 of that Act (replacement of business assets by members of a group)—
  - (a) in subsections (2A) and (2B), after the words “Section 152” there shall be inserted the words “ or 153 ”; and
  - (b) in subsection (2C), for the words “Section 152 shall not” there shall be substituted the words “ Neither section 152 nor section 153 shall ”.
- (4) In section 246 of that Act (time of disposal or acquisition), the words from “or, if earlier” to the end shall cease to have effect.
- (5) In subsection (5)(b) of section 247 of that Act (roll-over relief on compulsory acquisition), for the words “subsection (3)” there shall be substituted the words “ subsections (3) and (4) ”.
- (6) After that section there shall be inserted the following section—

**“247A Provisional application of section 247.**

- (1) This section applies where a person who disposes of land (“the old land”) to an authority exercising or having compulsory powers declares, in his return for the chargeable period in which the disposal takes place—
  - (a) that the whole or any specified part of the consideration for the disposal will be applied in the acquisition of other land (“the new land”);
  - (b) that the acquisition will take place as mentioned in subsection (3) of section 152; and
  - (c) that the new land will not be land excluded from section 247(1)(c) by section 248.

*Status: Point in time view as at 01/04/2009.*

*Changes to legislation: There are currently no known outstanding effects  
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- (2) Until the declaration ceases to have effect, section 247 shall apply as if the acquisition had taken place and the person had made a claim under that section.
- (3) For the purposes of this section, subsections (3) to (5) of section 153A shall apply as if the reference to section 152148. or 153 were a reference to section 247 and the reference to the old assets were a reference to the old land.
- (4) In this section “land” and “authority exercising or having compulsory powers” have the same meaning as in section 247.”

## 142 Premiums for leases.

- (1) Paragraph 3 of Schedule 8 to the <sup>M24</sup>Taxation of Chargeable Gains Act 1992 (premiums for leases) shall be amended as follows.
- (2) In sub-paragraph (2), for the words “for the period” to the end there shall be substituted the words “, being a premium which—
  - (a) is due when the sum is payable by the tenant; and
  - (b) where the sum is payable in lieu of rent, is in respect of the period in relation to which the sum is payable.”
- (3) In sub-paragraph (3), for the words “for the period” to the end there shall be substituted the words “, being a premium which—
  - (a) is due when the sum is payable by the tenant; and
  - (b) is in respect of the period from the time when the variation or waiver takes effect to the time when it ceases to have effect.”
- (4) For sub-paragraphs (4) to (6) there shall be substituted the following sub-paragraphs—
  - “(4) Where under sub-paragraph (2) or (3) above a premium is deemed to have been received by the landlord, that shall not be the occasion of any recomputation of the gain accruing on the receipt of any other premium, and the premium shall be regarded—
    - (a) in the case of a premium deemed to have been received for the surrender of a lease, as consideration for a separate transaction which is effected when the premium is deemed to be due and consists of the disposal by the landlord of his interest in the lease; and
    - (b) in any other case, as consideration for a separate transaction which is effected when the premium is deemed to be due and consists of a further part disposal of the freehold or other asset out of which the lease is granted.
  - (5) If under sub-paragraph (2) or (3) above a premium is deemed to have been received by the landlord, otherwise than as consideration for the surrender of the lease, and the landlord is a tenant under a lease the duration of which does not exceed 50 years, this Schedule shall apply—
    - (a) as if an amount equal to the amount of that premium deemed to have been received had been given by way of consideration for the grant of the part of the sublease covered by the period in respect of which the premium is deemed to have been paid; and
    - (b) as if that consideration were expenditure incurred by the sublessee and attributable to that part of the sublease under section 38(1)(b).”

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(5) This section has effect as respects sums payable on or after 6th April 1996.

#### Marginal Citations

M24 1992 c. 12.

## CHAPTER VI

### MISCELLANEOUS PROVISIONS

#### *Reliefs*

#### <sup>F77</sup>143 Annual payments under certain insurance policies.

#### Textual Amendments

<sup>F77</sup> S. 143 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

#### [<sup>F78</sup>144 Vocational training.

- (1) Section 32 of the <sup>M25</sup>Finance Act 1991 (vocational training relief) shall be amended in accordance with the following provisions of this section.
- (2) In subsection (1) (application of section) for paragraph (ca) (individual has attained school leaving age etc at time of paying for the course) there shall be substituted—
  - “(ca) at the time the payment is made, the individual—
    - (i) in a case where the qualifying course of vocational training is such a course by virtue only of paragraph (b) of subsection (10) below, has attained the age of thirty, or
    - (ii) in any other case, has attained school-leaving age and, if under the age of nineteen, is not a person who is being provided with full-time education at a school.”
- (3) For subsection (10) (meaning of “qualifying course of vocational training”) there shall be substituted—
  - “(10) In this section “qualifying course of vocational training” means—
    - (a) any programme of activity capable of counting towards a qualification—
      - (i) accredited as a National Vocational Qualification by the National Council for Vocational Qualifications; or
      - (ii) accredited as a Scottish Vocational Qualification by the Scottish Vocational Education Council; or
    - (b) any course of training which—

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- (i) satisfies the conditions set out in the paragraphs of section 589(1) of the Taxes Act 1988 (qualifying courses of training etc),
  - (ii) requires participation on a full-time or substantially full-time basis, and
  - (iii) extends for a period which consists of or includes four consecutive weeks,
- but treating any time devoted to study in connection with the course as time devoted to the practical application of skills or knowledge.”

(4) This section applies to payments made on or after 6th May 1996.]

**Textual Amendments**

**F78** S. 144 repealed (27.7.1999 with effect as mentioned in Sch. 20 Pt. III(15), Note of the amending Act) by 1999 c. 16, s. 139, **Sch. 20 Pt. III(15)**

**Marginal Citations**

**M25** 1991 c. 31.

**F79 145 Personal reliefs for non-resident EEA nationals.**

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**Textual Amendments**

**F79** S. 145 omitted (with effect in accordance with s. 70(4) of the amending Act) by virtue of **Finance Act 2008 (c. 9), s. 70(3)**

**146 Exemptions for charities.**

- (1) Section 505(1) of the Taxes Act 1988 (exemptions for charities) shall be amended as follows.
- (2) For paragraph (a) (rents etc.) there shall be substituted the following paragraph—
  - “(a) exemption from tax under Schedules A and D in respect of any profits or gains arising in respect of rents or other receipts from an estate, interest or right in or over any land (whether situated in the United Kingdom or elsewhere) to the extent that the profits or gains—
    - (i) arise in respect of rents or receipts from an estate, interest or right vested in any person for charitable purposes; and
    - (ii) are applied to charitable purposes only;”.
- (3) For sub-paragraph (ii) of paragraph (c) (yearly interest and annual payments) there shall be substituted the following sub-paragraphs—
  - “(ii) from tax under Case III of Schedule D,
  - (iia) from tax under Case IV or V of Schedule D in respect of income equivalent to income chargeable under Case III of that Schedule but arising from securities or other possessions outside the United Kingdom,

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- (iib) from tax under Case V of Schedule D in respect of income consisting in any such dividend or other distribution of a company not resident in the United Kingdom as would be chargeable to tax under Schedule F if the company were so resident, and”.
- (4) In paragraph (e) (trading profits), after “by a charity” there shall be inserted “ (whether in the United Kingdom or elsewhere) ”.
- (5) This section has effect—
- (a) for the purposes of income tax, for the year 1996-97 and subsequent years of assessment; and
  - (b) for the purposes of corporation tax, in relation to accounting periods ending after 31st March 1996.

#### **147 Withdrawal of relief for Class 4 contributions.**

- <sup>F80</sup>(1) . . . . .
- (2) In consequence of the provision made by subsection (1) above, in paragraph 3(2) of Schedule 2 to—
- (a) the <sup>M26</sup>Social Security Contributions and Benefits Act 1992, and
  - (b) the <sup>M27</sup>Social Security Contributions and Benefits (Northern Ireland) Act 1992,
- the words “ (e) section 617(5) (relief for Class 4 contributions); ” shall be omitted.
- (3) This section shall have effect in relation to the year 1996-97 and subsequent years of assessment.

##### **Textual Amendments**

**F80** S. 147(1) repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

##### **Marginal Citations**

**M26** 1992 c. 4.

**M27** 1992 c. 7.

#### **148 Mis-sold personal pensions etc.**

- (1) Income tax shall not be chargeable on any payment falling within subsection (3) or (5) below.
- (2) Receipt of a payment falling within subsection (3) below shall not be regarded for the purposes of capital gains tax as the disposal of an asset.
- (3) A payment falls within this subsection if it is a capital sum by way of compensation for loss suffered, or reasonably likely to be suffered, by a person in a case where that person, or some other person, acting in reliance on bad investment advice at least some of which was given during the period beginning with 29th April 1988 and ending with 30th June 1994,—

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- (a) has, while eligible, or reasonably likely to become eligible, to be a member of an occupational pension scheme, instead become a member of a personal pension scheme or entered into a retirement annuity contract;
  - (b) has ceased to be a member of, or to pay contributions to, an occupational pension scheme and has instead become a member of a personal pension scheme or entered into a retirement annuity contract;
  - (c) has transferred to a personal pension scheme accrued rights of his under an occupational pension scheme; or
  - (d) has ceased to be a member of an occupational pension scheme and has instead (by virtue of such a provision as is mentioned in section 591(2)(g) of the Taxes Act 1988) entered into arrangements for securing relevant benefits by means of an annuity contract.
- (4) A payment chargeable to income tax apart from subsection (1) above may nevertheless be regarded as a capital sum for the purpose of determining whether it falls within subsection (3) above.
- (5) A payment falls within this subsection if and to the extent that it is a payment of interest, on the whole or any part of a capital sum such as is mentioned in subsection (3) above, for a period ending on or before the earliest date on which a determination (whether or not subsequently varied on an appeal or in any other proceedings) of the amount of the particular capital sum in question is made, whether by agreement or by a decision of—
- (a) a court, tribunal or commissioner,
  - (b) an arbitrator or (in Scotland) arbiter, or
  - (c) any other person appointed for the purpose.
- (6) In this section—
- “bad investment advice” means investment advice in respect of which an action against the person who gave it has been, or may be, brought—
- (a) in or for negligence;
  - (b) for breach of contract;
  - (c) by reason of a breach of a fiduciary obligation; or
  - (d) [<sup>F81</sup>by reason of a contravention which is actionable—
    - (i) under section 62 of the Financial Services Act 1986; or
    - (ii) under section 150 of the Financial Services and Markets Act 2000;]
- [<sup>F82</sup>“investment advice”—
- (a) in relation to a time before 1st December 2001, means advice such as is mentioned in paragraph 15 of Schedule 1 to the Financial Services Act 1986; and
  - (b) in relation to a time on or after that date, means advice such as is mentioned in Article 53 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;]
- “occupational pension scheme” means—
- (a) a scheme approved, or being considered for approval, under Chapter I of Part XIV of the Taxes Act 1988 (retirement benefit schemes);
  - (b) a relevant statutory scheme, as defined in section 611A(1) of that Act; or
  - (c) a fund to which section 608 of that Act applies (superannuation funds approved before 6th April 1980 etc);



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“personal pension scheme” has the meaning given by section 630(1) of the Taxes Act 1988;

“relevant benefits” has the meaning given by section 612(1) of the Taxes Act 1988;

“retirement annuity contract” means a contract made before 1st July 1988 and approved by the Board under or by virtue of any provision of Chapter III of Part XIV of the Taxes Act 1988.

[<sup>F83</sup>(6A) References in subsections (3)(d) and (6) to provisions of Part 14 of the Taxes Act 1988 are to those provisions as they had effect at the time in question.]

(7) This section shall have effect, and be taken always to have had effect, in relation to any payment falling within subsection (3) or (5) above, whether made before or after the passing of this Act.

#### Textual Amendments

- F81** S. 148(6): para. (d) in the definition of “bad investment advice” substituted (1.12.2001) by [S.I. 2001/3629, art. 93\(2\)](#)
- F82** S. 148(6): definition of “investment advice” substituted (1.12.2001) by [S.I. 2001/3629, art. 93\(3\)](#)
- F83** S. 148(6A) inserted (6.4.2006) by [Finance Act 2004 \(c. 12\), s. 284\(1\), Sch. 35 para. 44](#) (with [Sch. 36](#))

#### [<sup>F84</sup>149 Annual payments in residuary cases.

(1) Section 347A of the Taxes Act 1988 (annual payments not a charge on the income of a payer) shall apply to any payment made on or after 6th April 1996—

- (a) in pursuance of any obligation which falls within section 36(4)(a) of the <sup>M28</sup>Finance Act 1988 (existing obligations under certain court orders), and
- (b) for the benefit, maintenance or education of a person (whether or not the person to whom the payment is made) who attained the age of 21 before 6th April 1994,

as if that obligation were not an existing obligation within the definition contained in section 36(4) of the Finance Act 1988.

(2) Subsection (1) above does not apply to any payment to which section 38 of the Finance Act 1988 (treatment of certain maintenance payments under existing obligations) applies.]

#### Textual Amendments

- F84** [S. 149](#) repealed (27.7.1999 with effect as mentioned in [Sch. 20 Pt. III\(6\)](#), Note of the amending Act) by [1999 c. 16, s. 139, Sch. 20 Pt. III\(6\)](#)

#### Marginal Citations

- M28** [1988 c. 39](#).

#### [<sup>F85</sup>150 Income tax exemption for periodical payments of damages and compensation for personal injury.

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*Status: Point in time view as at 01/04/2009.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1996, Part IV. (See end of Document for details)*

### **Textual Amendments**

**F85** S. 150 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

## *Taxation of benefits*

### **151 Benefits under pilot schemes.**

- (1) The Treasury may by order make provision for the Income Tax Acts to have effect in relation to any amount of benefit payable by virtue of a Government pilot scheme as if it was, as they think fit, either—
  - (a) wholly or partly exempt from income tax and, accordingly, to be disregarded in computing the amount of any receipts brought into account for income tax purposes; or
  - (b) to the extent specified in the order, to be brought into account for the purposes of income tax as income of a description so specified or as a receipt of a description so specified.
- (2) The Treasury may by order provide for any amount of benefit payable by virtue of a Government pilot scheme to be left out of account, to the extent specified in the order, in the determination for the purposes of [F86 section 532 of the Capital Allowances Act (exclusion of expenditure met by contributions)] of how far any expenditure has been or is to be met directly or indirectly by the Crown or by an authority or person other than the person actually incurring it.
- (3) In this section “Government pilot scheme” means any arrangements (whether or not contained in a scheme) which—
  - (a) are made, under any enactment or otherwise, by the Secretary of State or any Northern Ireland department;
  - (b) make provision for or about the payment of amounts of benefit either—
    - (i) for purposes that are similar to those for which any social security or comparable benefit is payable; or
    - (ii) for purposes connected with the carrying out of any functions of the Secretary of State or any such department in relation to employment or training for employment;
  - (c) are arrangements relating to a temporary experimental period; and
  - (d) are made wholly or partly for the purpose of facilitating a decision as to whether, or to what extent, it is desirable for provision to be made on a permanent basis for or in relation to any benefit.
- (4) In subsection (3)(b) above the reference to making provision for or about the payment of amounts of benefit for purposes that are similar to those for which any social security or comparable benefit is payable shall include a reference to making provision by virtue of which there is a modification of the conditions of entitlement to, or the conditions for the payment of, an existing social security or comparable benefit.
- (5) An order under this section may—
  - (a) make different provision for different cases, and

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- (b) contain such incidental, supplemental, consequential and transitional provision (including provision modifying provision made by or under the Income Tax Acts) as the Treasury may think fit.
- (6) In this section “benefit” includes any allowance, grant or other amount the whole or any part of which is payable directly or indirectly out of public funds.
- (7) The power to make an order under this section—
  - (a) shall be exercisable for the year 1996-97 and subsequent years of assessment; and
  - (b) so far as exercisable for the year 1996-97, shall be exercisable in relation to benefits, allowances and other amounts paid at times on or after 6th April 1996 but before the making of the order.
- (8) The Treasury shall not make an order under this section containing any such provision as is mentioned in subsection (1)(b) above unless a draft of the order has been laid before, and approved by a resolution of, the House of Commons.

**Textual Amendments**

**F86** Words in s. 151(2) substituted (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2, s. 578, **Sch. 2 para. 95**

<sup>F87</sup> **152 Jobfinder’s grant.**

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**Textual Amendments**

**F87** S. 152 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)

*Investments*

**153 Foreign income dividends.**

Schedule 27 to this Act (which makes provision relating to foreign income dividends) shall have effect.

**154 FOTRA securities.**

- (1) The modifications which, under section 60 of the <sup>M29</sup>Finance Act 1940, may be made for the purposes of any issue of securities to the conditions about tax exemption specified in section 22 of the <sup>M30</sup>Finance (No. 2) Act 1931 shall include a modification by virtue of which the tax exemption contained in any condition of the issue applies, as respects capital, irrespective of where the person with the beneficial ownership of the securities is domiciled.

<sup>F88</sup>(2) .....

<sup>F89</sup>(3) .....

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F90(4) .....

F91(5) .....

F92(6) .....

(7) Schedule 28 to this Act (which contains amendments consequential on the provisions of this section) shall have effect.

F93(8) .....

(9) This section and Schedule 28 to this Act shall have effect—

- (a) for the purposes of income tax, for the year 1996-97 and subsequent years of assessment; and
- (b) for the purposes of corporation tax, for accounting periods ending after 31st March 1996.

**Textual Amendments**

- F88** S. 154(2) repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 1 para. 438, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)
- F89** S. 154(3) repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 1 para. 438, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)
- F90** S. 154(4) repealed (6.4.2005) by Income Tax (Trading and Other Income) Act 2005 (c. 5), s. 883(1), Sch. 1 para. 488(3), **Sch. 3** (with Sch. 2)
- F91** S. 154(5) repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 1 para. 438, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)
- F92** S. 154(6) repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 1 para. 438, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)
- F93** S. 154(8) repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 1 para. 438, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**Marginal Citations**

- M29** 1940 c. 29.
- M30** 1931 c. 49.

**F94 155 Directions for payment without deduction of tax.**

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**Textual Amendments**

- F94** S. 155 repealed (6.4.2007) by Income Tax Act 2007 (c. 3), s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)

**156 Paying and collecting agents etc.**

Schedule 29 to this Act (which amends the rules relating to paying and collecting agents) shall have effect.

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*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1996, Part IV. (See end of Document for details)*

## 157 Stock lending fees.

- (1) After section 129A of the Taxes Act 1988 (interest on cash collateral paid in connection with stock lending arrangements) there shall be inserted the following section—

### “129B Stock lending fees.

- (1) The income which, as income deriving from investments of a description specified in any of the relevant provisions, is eligible for relief from tax by virtue of that provision shall be taken to include any relevant stock lending fee.
- (2) For the purposes of this section the relevant provisions are sections 592(2), 608(2)(a), 613(4), 614(3), 620(6) and 643(2).
- (3) In this section “relevant stock lending fee”, in relation to investments of any description, means any amount, in the nature of a fee, which is payable in connection with an approved stock lending arrangement relating to investments which, but for any transfer under the arrangement, would be investments of that description.
- (4) In this section “approved stock lending arrangement” has the same meaning as in Schedule 5A.”
- (2) This section has effect in relation to any arrangements entered into on or after 2nd January 1996.

## <sup>F95</sup>158 Transfers on death under the accrued income scheme.

.....

### Textual Amendments

**F95** S. 158 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

## 159 Manufactured payments, repos, etc.

- (1) Sections 729, 737A(2)(b) and 786(4) of the Taxes Act 1988 (provisions applying to sale and repurchase agreements) shall cease to have effect except in relation to cases where the initial agreement to sell or transfer the securities or other property was made before the appointed day.
- [<sup>F96</sup>(2) In section 737 of that Act—
- (a) in subsection (5) (manufactured dividends paid to UK residents by non-residents), for the words from “a person resident in the United Kingdom” to “the United Kingdom recipient shall” there shall be substituted “ a United Kingdom recipient, that recipient shall ”; and
- (b) after that subsection there shall be inserted the following subsection—
- “(5AAA) For the purposes of subsection (5) above a person who receives a manufactured dividend is a United Kingdom recipient if—
- (a) he is resident in the United Kingdom; or

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- (b) he is not so resident but receives that dividend for the purposes of a trade carried on through a branch or agency in the United Kingdom.”

<sup>F96</sup>(3) In section 737C of that Act (deemed manufactured payments), the following subsection shall be inserted after subsection (11A) in relation to cases where the initial agreement to sell the securities is made on or after the appointed day, that is to say—

“(11B) The preceding provisions of this section shall have effect in cases where paragraph 2, 3 or 4 of Schedule 23A would apply by virtue of section 737A(5) but for paragraph 5 of that Schedule as they have effect in a case where the paragraph in question is not disapplied by paragraph 5; and where—

- (a) the gross amount of the deemed manufactured interest, or  
(b) the gross amount of the deemed manufactured overseas dividend,  
falls to be calculated in such a case under subsection (8) or (11) above, it shall be so calculated by reference to the provisions of paragraph 3 or 4 of Schedule 23A that would have applied but for paragraph 5 of that Schedule.”]

<sup>F97</sup>(4) .....

<sup>F97</sup>(5) .....

<sup>F97</sup>(6) .....

(7) In sub-paragraph (1) of paragraph 8 of that Schedule (power to modify provisions of Schedule)—

- (a) before the “or” at the end of paragraph (a) there shall be inserted—  
“(aa) such persons who receive, or become entitled to receive, manufactured dividends, manufactured interest or manufactured overseas dividends as may be prescribed,”

[<sup>F98</sup>and

- (b) in the words after paragraph (b), for “paragraph 2, 3 or 4 above” there shall be substituted “ paragraphs 2 to 5 above ”.]

(8) After sub-paragraph (1) of paragraph 8 of that Schedule there shall be inserted the following sub-paragraph—

“(1A) Dividend manufacturing regulations may provide, in relation to prescribed cases where a person makes or receives the payment of any amount representative of an overseas dividend, or is treated for any purposes of this Schedule or such regulations as a person making or receiving such a payment—

- (a) for any entitlement of that person to claim relief under Part XVIII to be extinguished or reduced to such extent as may be found under the regulations; and  
(b) for the adjustment, by reference to any provision having effect under the law of a territory outside the United Kingdom, of any amount falling to be taken, for any prescribed purposes of the Tax Acts or the 1992 Act, to be the amount paid or payable by or to any person in respect of any sale, repurchase or other transfer of the overseas securities to which the payment relates.”

(9) Subsections (2), (4) and (5) above have effect—

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- (a) for the purposes of corporation tax, in relation to accounting periods ending after 31st March 1996; and
- (b) for the purposes of income tax, in relation to the year 1996-97 and subsequent years of assessment.

(10) In this section “the appointed day” means such day as the Treasury may by order appoint, and different days may be appointed under this subsection for different purposes.

**Textual Amendments**

- F96** S. 159(2)(3) repealed (19.3.1997 with effect as mentioned in Sch. 18 Pt. VI(10), Note 1) by 1997 c. 16, s. 113, **Sch. 18 Pt. VI(10)**; S.I. 1997/991, **art. 2**
- F97** S. 159(4)-(6) repealed (6.4.2007) by **Income Tax Act 2007** (c. 3), s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)
- F98** S. 159(7)(b) and the preceding word “and” repealed (19.3.1997 with effect as mentioned in Sch. 18 Pt. VI(10), Note 1) by 1997 c. 16, s. 113, **Sch. 18 Pt. VI(10)**; S.I. 1997/991, **art. 2**

**[<sup>F99</sup>160 Investments in housing.**

Schedule 30 to this Act (which makes provision conferring relief from corporation tax on companies that invest in housing) shall have effect.]

**Textual Amendments**

- F99** S. 160 ceased to have effect (with effect in accordance with s. 145(2) of the amending Act) by virtue of **Finance Act 2006** (c. 25), **s. 143**

**<sup>F100</sup>161 Venture capital trusts: control of companies etc.**

.....

**Textual Amendments**

- F100** S. 161 repealed (6.4.2007) by **Income Tax Act 2007** (c. 3), s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)

*Insurance policies*

**162 Qualifying life insurance policies: certification.**

- (1) Section 55 of the <sup>M31</sup>Finance Act 1995 (removal of certification requirements for qualifying policies with respect to any time on or after 5th May 1996 etc) shall have effect—
  - (a) with the substitution for “5th May 1996”, wherever occurring, of “the appointed date”; and
  - (b) with the addition of the following subsection after subsection (8)—
    - “(9) In this section “the appointed date” means such date as may be specified for the purpose in an order made by the Board.”

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- (2) In Schedule 15 to the Taxes Act 1988 (qualifying policies) paragraphs 24(2A) and 25(2) shall have effect with the substitution for “5th May 1996” of “the appointed date for the purposes of section 55 of the Finance Act 1995 (removal of certification requirements)”.

#### Marginal Citations

**M31** 1995 c. 4.

### *Insurance companies*

#### **163 Life assurance business losses.**

Schedule 31 to this Act, which makes provision about losses arising to insurance companies in the carrying on of life assurance business, shall have effect.

#### **164 Limits on relief for expenses.**

**F101**(1) .....

**F102**(2) .....

**F103**(3) .....

**F104**(4) .....

- (5) Subject to subsection (6) below, this section has effect in relation to accounting periods beginning on or after 1st January 1996.

**F105**(6) .....

#### Textual Amendments

**F101** S. 164(1) repealed (with effect in accordance with s. 42 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 2\(3\)](#)

**F102** S. 164(2) repealed (with effect in accordance with s. 42 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 2\(3\)](#)

**F103** S. 164(3) 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](#)

**F104** S. 164(4) omitted (21.7.2008) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 17 para. 24\(2\)](#)

**F105** S. 164(6) repealed (with effect in accordance with s. 42 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 2\(3\)](#)

#### **165 Annual payments under insurance policies: deductions.**

- (1) In section 337 of the Taxes Act 1988 (deductions in computing income), the following subsections shall be inserted after subsection (2)—

“(2A) In computing any profits or losses of a company in accordance with the provisions of this Act applicable to Case I of Schedule D, subsection (2)(b) above shall not prevent the deduction of any annuity or other annual payment



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which is payable by a company wholly or partly in satisfaction of any claim under an insurance policy in relation to which the company is the insurer.

(2B) The reference in subsection (2A) above to an annuity payable wholly or partly in satisfaction of a claim under an insurance policy shall be taken, in relation to an insurance company (within the meaning of Chapter I of Part XII), to include a reference to every annuity payable by that company; and the references in sections 338(2) and 434B(2) to an annuity paid wholly or partly as mentioned in subsection (2A) above shall be construed accordingly.”

(2) In section 338(2) of that Act, in the words after paragraph (b) (payments which are not charges on income), after “corporation tax” there shall be inserted “ nor any annuity or other annual payment which (without being so deductible) is paid wholly or partly as mentioned in section 337(2A) ”.

[<sup>F106</sup>(3) In section 434B of that Act (treatment of interest and annuities in the case of insurance companies), subsection (1) shall cease to have effect; and in subsection (2), for the words from the beginning to “mentioned in subsection (1) above” there shall be substituted—

“(2) Nothing in section 337(2A) or 338(2) shall be construed as preventing any annuity or other annual payment which is paid wholly or partly as mentioned in section 337(2A)”.]

(4) Subject to subsection (5) below, this section has effect in relation to accounting periods beginning on or after 1st January 1996.

(5) In relation to any accounting period beginning on or after 1st January 1996 but ending before 1st April 1996, this section shall have effect as if any reference in provisions inserted by this section to an annuity payable or paid by an insurance company included a reference to any such interest as was mentioned in section 434B(1) of the Taxes Act 1988 before its repeal by virtue of this section.

#### Textual Amendments

**F106** s. 165(3) repealed (19.3.1997 with effect as mentioned in Sch. 18 Pt. VI(6), Note) by 1997 c. 16, s. 113, Sch. 18 Pt. VI(6)

#### 166 Equalisation reserves.

Schedule 32 to this Act (which makes provision about the tax treatment of equalisation reserves maintained by insurance companies) shall have effect.

#### 167 Industrial assurance business.

(1) In section 432 of the Taxes Act 1988, subsection (2) (industrial assurance business treated as separate business for the purposes of Chapter I of Part XII) shall cease to have effect.

<sup>F107</sup>(2) .....

(3) In section 86 of the <sup>M32</sup>Finance Act 1989 (spreading of relief for acquisition expenses)

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- (a) in subsection (1)(a), for “in respect of industrial life assurance business carried on by the company” there shall be substituted “ for persons who collect premiums from house to house ”; and
- (b) in subsection (2), for “in respect of industrial life assurance business” there shall be substituted “ for persons who collect premiums from house to house ”.

<sup>F108</sup>(4) . . . . .

(5) In Schedule 14 to the Taxes Act 1988 (ancillary provisions about relief in respect of life assurance premiums), in paragraph 8, at the beginning of sub-paragraph (4) (policy which is varied so as to increase benefits, etc. to be treated as issued after 13th March 1984) there shall be inserted “ Subject to sub-paragraph (8) below, ”.

(6) After sub-paragraph (7) of that paragraph there shall be inserted the following sub-paragraph—

- “(8) Sub-paragraph (4) above does not apply in the case of a variation so as to increase the benefits secured, if the variation is made—
  - (a) on or after such day as the Board may by order appoint, and
  - (b) in consideration of a change in the method of payment of premiums from collection by a person collecting premiums from house to house to payment by a different method.”

(7) In Schedule 15 to the Taxes Act 1988 (qualifying policies)—

- (a) in paragraph 1(6) (calculation of amount included in premiums of whole life and term insurances in respect of their payment otherwise than annually), for “and if the policy is issued in the course of an industrial assurance business,” there shall be substituted “ sand if the policy provides for payment otherwise than annually without providing for the amount of the premiums if they are paid annually, ”; and
- (b) in paragraph 2(2) (the equivalent calculation for endowment assurances), for “issued in the course of an industrial assurance business” there shall be substituted “ that provides for the payment of premiums otherwise than annually without providing for the amount of the premiums if they are paid annually, ”.

(8) After paragraph 8 of that Schedule there shall be inserted the following paragraph—

- “8A (1) Paragraphs 7 and 8 above shall have effect in relation to any policy issued on or after the appointed day as if the references to the issue of a policy in the course of an industrial assurance business were references to the issue of a policy by any company in a case in which—
  - (a) the company, before that day and in the course of such a business, issued any policy which was a qualifying policy by virtue of either of those paragraphs; and
  - (b) the policies which on 28th November 1995 were being offered by the company as available to be issued included policies of the same description as the policy issued on or after the appointed day.
- (2) In this paragraph “the appointed day” means such day as the Board may by order appoint.”

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- (9) In paragraph 18(3) of that Schedule (certain variations of a policy not to affect whether policy is a qualifying policy), after paragraph (b) there shall be inserted “or
- (c) any variation so as to increase the benefits secured or reduce the premiums payable which is effected—
- (i) on or after such day as the Board may by order appoint, and
- (ii) in consideration of a change in the method of payment of premiums from collection by a person collecting premiums from house to house to payment by a different method.”
- (10) Subsections (1) to (3) above have effect in relation to accounting periods beginning on or after 1st January 1996.
- (11) Subsection (4) above shall come into force on such day as the Board may by order appoint.
- (12) Subsection (7) above shall have effect in relation to policies issued on or after such day as the Board may by order appoint.

#### Subordinate Legislation Made

**P1** S. 167(11)(12) power fully exercised: 1.12.2001 appointed by [S.I. 2001/3643](#), **art. 2(a)**

#### Textual Amendments

**F107** S. 167(2) repealed (with effect in accordance with s. 38 of the amending Act) by [Finance Act 2007 \(c. 11\)](#), **Sch. 27 Pt. 2(7)**

**F108** S. 167(4) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))

#### Marginal Citations

**M32** [1989 c. 26](#).

## 168 Capital redemption business.

**F109**(1) .....

- (2) Schedule 33 to this Act (which makes provision for the application of the I minus E basis of charging tax to companies carrying on capital redemption business) shall have effect.

**F109**(3) .....

**F110**(4) .....

**F110**(5) .....

**F110**(6) .....

#### Textual Amendments

**F109** S. 168(1)(3) repealed (with effect in accordance with s. 38 of the amending Act) by [Finance Act 2007 \(c. 11\)](#), **Sch. 27 Pt. 2(7)**

**F110** S. 168(4)-(6) omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **Sch. 14 para. 17(e)**

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**F111 169** .....

**Textual Amendments**

**F111** S. 169 repealed (11.5.2001 with effect as mentioned in Sch. 33 Pt. 2(12), Note of the amending Act) by 2001 c. 9, s. 110, **Sch. 33 Pt. 2(12)**

**[F112 170 Time for amending and enquiring into returns.**

- (1) After section 11AB of the <sup>M33</sup>Taxes Management Act 1970 there shall be inserted the following sections—

**“ Modifications of sections 11AA and 11AB in relation to non-annual accounting of general insurance business.**

- (1) This section applies in any case where a company carrying on insurance business in any period delivers a return for that period under section 11 of this Act which is based wholly or partly on accounts which the company is required or permitted to draw up using the method described in paragraph 52 of Schedule 9A to the <sup>M34</sup>Companies Act 1985 (accounting for general insurance business on a non-annual basis).
- (2) Where this section applies, section 11AA(2) of this Act shall have effect as if after paragraph (b) there were added “and
- (c1) where a company has delivered a return which is based wholly or partly on accounts drawn up as mentioned in section 11AC(1) of this Act, then, at any time before the end of the period of twelve months beginning with the date on which any particular technical provision constituted in the case of those accounts as described in paragraph 52 of Schedule 9A to the <sup>M35</sup>Companies Act 1985 is replaced as described in sub-paragraph (4) of that paragraph, the company may by notice to an officer of the Board so amend its self-assessment as to give effect to any amendments to the return—
- (i) which arise from the replacement of that technical provision, and
- (ii) which the company has notified to such an officer.”
- (3) Where this section applies, section 11AB of this Act shall have effect—
- (a) as if in subsection (1)(b) after “subsection (2)(b)” there were inserted “or (c1)”; and
- (b) as if in subsection (2) for the words from “is” to the end of paragraph (b) there were substituted—
- (“ in the case of a return (whenever delivered) which is based wholly or partly on accounts drawn up as mentioned in section 11AC(1) of this Act, is whichever of the following periods ends the later, that is to say—
- (i) the period of two years beginning with the date (or, if there is more than one such date, the latest date) on which any technical provision constituted in the case of those accounts as described in paragraph 52 of Schedule 9A to

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- the Companies Act 1985 is replaced as mentioned in subparagraph (4) of that paragraph; or
- (ii) the period ending with the quarter day next following the first anniversary of the day on which the return was delivered; and
- (b1) in the case of an amendment of such a return—
- (i) if the amendment is made on or before the filing date, is the period of twelve months beginning with that date; or
- (ii) if the amendment is made after that date, is the period ending with the quarter day next following the first anniversary of the day on which the amendment was made;”.

### **Modifications of sections 11AA and 11AB for insurance companies with non-annual actuarial investigations.**

- (1) This section applies in any case where a return under section 11 of this Act is delivered by an insurance company which is permitted by an order under section 68 of the <sup>M36</sup>Insurance Companies Act 1982 to cause investigations to be made into its financial condition less frequently than is required by section 18 of that Act.
- (2) Where this section applies, section 11AA(2) of this Act shall have effect as if, after paragraph (b), there were added “and
- (c2) where a company falling within section 11AD(1) of this Act has delivered a return for any period, then, at any time before the end of the period of twelve months beginning with the date as at which the relevant investigation is carried out, that is to say—
- (i) if the return is for a period as at the end of which there is carried out an investigation under section 18 of the <sup>M37</sup>Insurance Companies Act 1982 into the financial condition of the company, that investigation, or
- (ii) if the return is not for such a period, the first such investigation to be made into the financial condition of the company as at the end of a subsequent period,
- the company may by notice to an officer of the Board so amend its self-assessment as to give effect to any amendments to its return which arise from that investigation and which the company has notified to such an officer.”
- (3) Where this section applies, section 11AB of this Act shall have effect—
- (a) as if in subsection (1)(b) after “subsection (2)(b)” there were inserted “or (c2)”; and
- (b) as if in subsection (2) for the words from “is” to the end of paragraph (b) there were substituted—
- (“ in the case of a return delivered at any time by a company falling within section 11AD(1) of this Act, is the period of two years beginning with the date as at which the relevant investigation, as defined in section 11AA(2)(c2) of this Act, is carried out; and
- (b2) in the case of an amendment of such a return—
- (i) if the amendment is made on or before the filing date, is the period of twelve months beginning with that date; or

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- (ii) if the amendment is made after that date, is the period ending with the quarter day next following the first anniversary of the day on which the amendment was made;”.

**Modifications of sections 11AA and 11AB for friendly societies with non-annual actuarial investigations.**

- (1) This section applies in any case where a return under section 11 of this Act is delivered by a friendly society which is required by section 47 of the <sup>M38</sup>Friendly Societies Act 1992 to cause an investigation to be made into its financial condition at least once in every period of three years.
- (2) Where this section applies, section 11AA(2) of this Act shall have effect as if, after paragraph (b), there were added “and
- (c3) where a friendly society falling within section 11AE(1) of this Act has delivered a return for any period, then, at any time before the end of the period of fifteen months beginning with the date as at which the relevant investigation is carried out, that is to say—
- (i) if the return is for a period as at the end of which there is carried out an investigation under section 47 of the <sup>M39</sup>Friendly Societies Act 1992 into the financial condition of the society, that investigation, or
- (ii) if the return is not for such a period, the first such investigation to be made into the financial condition of the society as at the end of a subsequent period,
- the society may by notice to an officer of the Board so amend its self-assessment as to give effect to any amendments to its return which arise from that investigation and which the society has notified to such an officer.”
- (3) Where this section applies, section 11AB of this Act shall have effect—
- (a) as if in subsection (1)(b) after “subsection (2)(b)” there were inserted “or (c3)”; and
- (b) as if in subsection (2) for the words from “is” to the end of paragraph (b) there were substituted—
- (“ in the case of a return delivered at any time by a friendly society falling within section 11AE(1) of this Act, is the period of twenty seven months beginning with the date as at which the relevant investigation, as defined in section 11AA(2)(c3) of this Act, is carried out; and
- (b3) in the case of an amendment of such a return—
- (i) if the amendment is made on or before the filing date, is the period of twelve months beginning with that date; or
- (ii) if the amendment is made after that date, is the period ending with the quarter day next following the first anniversary of the day on which the amendment was made;”.
- (2) The amendment made by subsection (1) above shall have effect as respects accounting periods ending on or after the day appointed under section 199 of the <sup>M40</sup>Finance Act 1994 for the purposes of Chapter III of Part IV of that Act (self-assessment management provisions).]

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#### Textual Amendments

**F112** S. 170 repealed (31.7.1998 with effect as mentioned in Sch. 27 Pt. III(28), Note) by 1998 c. 36, s. 165, Sch. 27 Pt. III(28)

#### Marginal Citations

**M33** 1970 c. 9.

**M34** 1985 c. 6.

**M35** 1985 c. 6.

**M36** 1982 c. 50.

**M37** 1982 c. 50.

**M38** 1992 c. 40.

**M39** 1992 c. 40.

**M40** 1994 c. 9.

### *Friendly societies*

#### **171 Life or endowment business.**

(1) In section 466 of the Taxes Act 1988 (interpretation of Chapter II of Part XII) for subsection (1) (meaning of “life or endowment business”) there shall be substituted—

“(1) In this Chapter “life or endowment business” means, subject to subsections (1A) and (1B) below,—

- (a) any business within Class I, II or III of Head A of Schedule 2 to the<sup>M41</sup>Friendly Societies Act 1992;
- (b) pension business;
- (c) any other life assurance business;
- (d) any business within Class IV of Head A of that Schedule, if—
  - (i) the contract is one made before 1st September 1996; or
  - (ii) the contract is one made on or after 1st September 1996 and the effecting and carrying out of the contract also constitutes business within Class I, II or III of Head A of that Schedule.

(1A) Life or endowment business does not include the issue, in respect of a contract made before 1st September 1996, of a policy affording provision for sickness or other infirmity (whether bodily or mental), unless—

- (a) the policy also affords assurance for a gross sum independent of sickness or other infirmity;
- (b) not less than 60 per cent. of the amount of the premiums is attributable to the provision afforded during sickness or other infirmity; and
- (c) there is no bonus or addition which may be declared or accrue upon the assurance of the gross sum.

(1B) Life or endowment business does not include the assurance of any annuity the consideration for which consists of sums obtainable on the maturity, or on the surrender, of any other policy of assurance issued by the friendly society, being a policy of assurance forming part of the tax exempt life or endowment business of the friendly society.”

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(2) In subsection (2) of that section (other definitions) there shall be inserted at the appropriate places—

“(a) “insurance company” shall be construed in accordance with section 431;” and

“(b) “long term business” shall be construed in accordance with section 431;”.

<sup>F113</sup>(3) .....

<sup>F113</sup>(4) .....

(5) In section 463(1) of that Act (Corporation Tax Acts to apply to friendly societies’ life or endowment business as they apply to insurance companies’ mutual life assurance business) after “mutual life assurance business” there shall be inserted “ (or other long term business) ”.

(6) The amendment made by subsection (5) above shall have effect in relation to accounting periods ending on or after 1st September 1996.

**Textual Amendments**  
**F113** S. 171(3)(4) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

**Marginal Citations**  
**M41** 1992 c. 40.

*Personal pension schemes*

<sup>F114</sup>**172 Return of contributions on or after death of member.**

.....

**Textual Amendments**  
**F114** S. 172 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#) (with [Sch. 36](#))

*Participators in close companies*

**173 Loans to participators etc.**

(1) Section 419 of the Taxes Act 1988 (loans to participators etc.) shall be amended in accordance with subsections (2) to (4) below.

(2) For subsection (3) (time when tax becomes due) there shall be substituted the following subsection—

“(3) Tax due by virtue of this section in relation to any loan or advance shall be due and payable on the day following the expiry of nine months from the end of the accounting period in which the loan or advance was made.”



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- (3) After subsection (4) (relief in respect of repayment) there shall be inserted the following subsection—
- “(4A) Where the repayment of the whole or any part of a loan or advance occurs on or after the day on which tax by virtue of this section becomes due in relation to that loan or advance, relief in respect of the repayment shall not be given under subsection (4) above at any time before the expiry of nine months from the end of the accounting period in which the repayment occurred.”
- (4) In subsection (6) (application to loans and advances to certain companies who are participators etc.), the words “ and to a company not resident in the United Kingdom ” shall be omitted.
- (5) In section 826(4) of that Act (interest on repayment of tax by virtue of section 419), for paragraph (a) there shall be substituted the following paragraph—
- “(a) the date when the entitlement to relief in respect of the repayment accrued, that is to say—
- (i) where the repayment of the loan or advance (or part thereof) occurred on or after the day mentioned in section 419(4A), the date nine months after the end of that accounting period; and
- (ii) in any other case, the date nine months after the end of the accounting period in which the loan or advance was made;
- or”.
- (6) This section has effect in relation to any loan or advance made in an accounting period ending on or after 31st March 1996.

#### **174 Attribution of gains to participators in non-resident companies.**

- (1) Section 13 of the <sup>M42</sup>Taxation of Chargeable Gains Act 1992 (attribution of gains to members of non-resident companies) shall be amended in accordance with subsections (2) to (9) below.
- (2) In subsection (2) (persons subject to charge on gain to company), for “holds shares” there shall be substituted “ is a participator ”.
- (3) For subsections (3) and (4) (part of gain attributed to person subject to charge) there shall be substituted the following subsections—
- “(3) That part shall be equal to the proportion of the gain that corresponds to the extent of the participator’s interest as a participator in the company.
- (4) Subsection (2) above shall not apply in the case of any participator in the company to which the gain accrues where the aggregate amount falling under that subsection to be apportioned to him and to persons connected with him does not exceed one twentieth of the gain.”
- (4) In subsection (5), paragraph (a) (section not to apply where gain distributed within two years) shall be omitted; and after that subsection there shall be inserted the following subsection—
- “(5A) Where—

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- (a) any amount of capital gains tax is paid by a person in pursuance of subsection (2) above, and
- (b) an amount in respect of the chargeable gain is distributed (either by way of dividend or distribution of capital or on the dissolution of the company) within 2 years from the time when the chargeable gain accrued to the company,

that amount of tax (so far as neither reimbursed by the company nor applied as a deduction under subsection (7) below) shall be applied for reducing or extinguishing any liability of that person to income tax in respect of the distribution or (in the case of a distribution falling to be treated as a disposal on which a chargeable gain accrues to that person) to any capital gains tax in respect of the distribution.”

(5) In subsection (7) (deduction of tax paid in computing gain on shares in the company)—

- (a) for “not reimbursed by the company” there shall be inserted “ neither reimbursed by the company nor applied under subsection (5A) above for reducing any liability to tax) ”; and
- (b) for “the shares by reference to which the tax was paid” there shall be substituted “ any asset representing his interest as a participator in the company. ”

(6) After subsection (7) there shall be inserted the following subsection—

“(7A) In ascertaining for the purposes of subsection (5A) or (7) above the amount of capital gains tax or income tax chargeable on any person for any year on or in respect of any chargeable gain or distribution—

- (a) any such distribution as is mentioned in subsection (5A)(b) above and falls to be treated as income of that person for that year shall be regarded as forming the highest part of the income on which he is chargeable to tax for the year;
- (b) any gain accruing in that year on the disposal by that person of any asset representing his interest as a participator in the company shall be regarded as forming the highest part of the gains on which he is chargeable to tax for that year;
- (c) where any such distribution as is mentioned in subsection (5A)(b) above falls to be treated as a disposal on which a gain accrues on which that person is so chargeable, that gain shall be regarded as forming the next highest part of the gains on which he is so chargeable, after any gains falling within paragraph (b) above; and
- (d) any gain treated as accruing to that person in that year by virtue of subsection (2) above shall be regarded as the next highest part of the gains on which he is so chargeable, after any gains falling within paragraph (c) above.”

(7) In subsection (9) (cases where person charged is a company)—

- (a) for “the person owning any of the shares in the company” there shall be substituted “ a person who is a participator in the company ”; and
- (b) for the words from “to the shares” onwards there shall be substituted “ to the participating company’s interest as a participator in the company to which the gain accrues shall be further apportioned among the participators in the participating company according to the extent of their respective interests as participators, and subsection (2) above shall apply to them accordingly in

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relation to the amounts further apportioned, and so on through any number of companies.”

(8) In subsection (10) (application to trustees), for “owning shares in the company” there shall be substituted “who are participators in the company, or in any company amongst the participators in which the gain is apportioned under subsection (9) above,”.

(9) After subsection (11) there shall be inserted the following subsections—

“(12) In this section “participator”, in relation to a company, has the meaning given by section 417(1) of the Taxes Act for the purposes of Part XI of that Act (close companies).

(13) In this section—

- (a) references to a person’s interest as a participator in a company are references to the interest in the company which is represented by all the factors by reference to which he falls to be treated as such a participator; and
- (b) references to the extent of such an interest are references to the proportion of the interests as participators of all the participators in the company (including any who are not resident or ordinarily resident in the United Kingdom) which on a just and reasonable apportionment is represented by that interest.

(14) For the purposes of this section, where—

- (a) the interest of any person in a company is wholly or partly represented by an interest which he has under any settlement (“his beneficial interest”), and
- (b) his beneficial interest is the factor, or one of the factors, by reference to which that person would be treated (apart from this subsection) as having an interest as a participator in that company,

the interest as a participator in that company which would be that person’s shall be deemed, to the extent that it is represented by his beneficial interest, to be an interest of the trustees of the settlement (and not of that person), and references in this section, in relation to a company, to a participator shall be construed accordingly.

(15) Any appeal under section 31 of the Management Act involving any question as to the extent for the purposes of this section of a person’s interest as a participator in a company shall be to the Special Commissioners.”

(10) In paragraph 1(3) of Schedule 5 to the <sup>M43</sup>Taxation of Chargeable Gains Act 1992 (application of section 86 to section 13 gains)—

- (a) in paragraph (a), for “hold shares in a company which originate” there shall be substituted “are participators in a company in respect of property which originates”;
- (b) in paragraph (b), for “the shares” there shall be substituted “so much of their interest as participators as arises from that property”;
- (c) at the end there shall be added—

“Subsections (12) and (13) of section 13 shall apply for the purposes of this sub-paragraph as they apply for the purposes of that section.”

(11) This section applies to gains accruing on or after 28th November 1995.

*Status: Point in time view as at 01/04/2009.*

*Changes to legislation: There are currently no known outstanding effects  
for the Finance Act 1996, Part IV. (See end of Document for details)*

#### **Marginal Citations**

**M42** 1992 c. 12.

**M43** 1992 c. 12.

### *Cancellation of tax advantages*

#### **175 Transactions in certain securities.**

(1) In section 704 of the Taxes Act 1988 (which relates to the cancellation of tax advantages and specifies the circumstances mentioned in section 703(1)) in paragraph D(2)(b) (companies which do not satisfy the conditions there specified with respect to their shares or stocks) for “are authorised to be dealt in on the Stock Exchange, and are so dealt in (regularly or from time to time)” there shall be substituted “ are listed in the Official List of the Stock Exchange, and are dealt in on the Stock Exchange regularly or from time to time ”.

[<sup>F115</sup>(2) The reference in paragraph D(2)(b) of section 704 of the Taxes Act 1988 to being listed in the Official List of the Stock Exchange and being dealt in on the Stock Exchange regularly or from time to time shall be taken to include a reference to being dealt in on the Unlisted Securities Market regularly or from time to time, but this subsection is subject to subsection (3) below.

<sup>F115</sup>(3) Subsection (2) above—

- (a) so far as relating to sub-paragraph (2) of paragraph D of section 704 of the Taxes Act 1988 as it applies for the purposes of sub-paragraph (1) of that paragraph or paragraph E of that section, shall not have effect where the relevant transaction takes place after the date on which the Unlisted Securities Market closes;
- (b) so far as relating to paragraph D of that section as it applies for the purposes of section 210(3) or 211(2) of that Act (which relate to bonus issues following, and other matters to be treated or not treated as, repayment of share capital) shall not have effect—
  - (i) in the case of section 210(3), in relation to share capital issued after that date; or
  - (ii) in the case of section 211(2), in relation to distributions made after that date.]

(4) [<sup>F116</sup>Except as provided by subsection (3) above,]this section—

- (a) so far as relating to sub-paragraph (2) of paragraph D of section 704 of the Taxes Act 1988 as it applies for the purposes of sub-paragraph (1) of that paragraph or paragraph E of that section, shall have effect where the relevant transaction takes place after the passing of this Act; and
- (b) so far as relating to paragraph D of that section as it applies for the purposes of section 210(3) or 211(2) of that Act, shall have effect—
  - (i) in the case of section 210(3), in relation to share capital issued after the passing of this Act; or
  - (ii) in the case of section 211(2), in relation to distributions made after the passing of this Act.

(5) In this section “the relevant transaction” means—

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- (a) the transaction in securities mentioned in paragraph (b) of section 703(1) of the Taxes Act 1988, or
- (b) the first of the two or more such transactions mentioned in that paragraph, as the case may be.

#### Textual Amendments

**F115** S. 175(2)(3) repealed (with effect as mentioned in Sch. 41 Pt. V(31), Note in the repealing Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. V(31)**

**F116** Words in s. 175(4) repealed (with effect as mentioned in Sch. 41 Pt. V(31), Note in the repealing Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. V(31)**

#### *Chargeable gains: reliefs*

#### [<sup>F117</sup>176 Retirement relief: age limits.

- (1) In each of sections 163 and 164 of, and paragraph 5 of Schedule 6 to, the <sup>M44</sup>Taxation of Chargeable Gains Act 1992 (retirement relief), for “the age of 55”, wherever occurring, there shall be substituted “ the age of 50 ”.
- (2) The amendments made by this section shall apply in relation to disposals on or after 28th November 1995.]

#### Textual Amendments

**F117** S. 176 repealed (31.7.1998 with effect as mentioned in Sch. 27 Pt. III(31), Note) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(31)**

#### Marginal Citations

**M44** 1992 c. 12.

#### 177 Reinvestment relief on disposal of qualifying corporate bond.

Section 164A of the Taxation of Chargeable Gains Act 1992 (re-investment relief) shall have effect, and be deemed always to have had effect, as if the following subsections were inserted after subsection (2)—

- “(2A) Where the chargeable gain referred to in subsection (1)(a) above is one which (apart from this section) would be deemed to accrue by virtue of section 116(10) (b)—
- (a) any reduction falling to be made by virtue of subsection (2)(a) above shall be treated as one made in the consideration mentioned in section 116(10)(a), instead of in the consideration for the disposal of the asset disposed of; but
  - (b) if the disposal on which that gain is deemed to accrue is a disposal of only part of the new asset, it shall be assumed, for the purpose only of making a reduction affecting the amount of that gain—
    - (i) that the disposal is a disposal of the whole of a new asset,

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- (ii) that the gain accruing on that disposal relates to an old asset consisting in the corresponding part of what was in fact the old asset, and
- (iii) that the corresponding part of the consideration deemed to be given for what was in fact the old asset is taken to be the consideration by reference to which the amount of that gain is computed;

and in this subsection “new asset” and “old asset” have the same meanings as in section 116.

(2B) Where a chargeable gain accrues in accordance with subsection (12) of section 116, this Chapter shall have effect—

- (a) as if that gain were a gain accruing on the disposal of an asset; and
- (b) in relation to that deemed disposal, as if references in this Chapter to the consideration for the disposal were references to the sum of money falling, apart from this Chapter, to be used in computing the gain accruing under that subsection.”

*Special cases*

**<sup>F118</sup>178 Sub-contractors in the construction industry.**

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**Textual Amendments**  
**F118** S. 178 repealed (with effect in accordance with s. 77 of the amending Act) by [Finance Act 2004](#) (c. 12), [Sch. 42 Pt. 2\(7\)](#)

**<sup>F119</sup>179** .....

**Textual Amendments**  
**F119** S. 179 repealed (22.3.2001 with effect as mentioned in [s. 579\(1\)](#) of the amending Act) by [2001 c. 2, s. 580](#), [Sch. 4](#)

**<sup>F120</sup>180** .....

**Textual Amendments**  
**F120** S. 180 repealed (22.3.2001 with effect as mentioned in [s. 579\(1\)](#) of the amending Act) by [2001 c. 2, s. 580](#), [Sch. 4](#)

*Status: Point in time view as at 01/04/2009.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1996, Part IV. (See end of Document for details)*

## 181 Overseas petroleum.

(1) In subsection (1) of section 196 of the <sup>M45</sup>Taxation of Chargeable Gains Act 1992 (interpretation of sections 194 and 195), for “licence” there shall be substituted “UK licence”.

(2) After subsection (1) of section 196 of that Act there shall be inserted the following subsection—

“(1A) For the purposes of section 194 a licence other than a UK licence relates to an undeveloped area at any time if, at that time—

- (a) no development has actually taken place in any part of the licensed area; and
- (b) no condition for the carrying out of development anywhere in that area has been satisfied—
  - (i) by the grant of any consent by the authorities of a country or territory exercising jurisdiction in relation to the area; or
  - (ii) by the approval or service on the licensee, by any such authorities, of any programme of development.”;

and in subsection (2) of that section for “subsection (1) above” there shall be substituted “subsections (1) and (1A) above”.

(3) For subsection (5) of section 196 of that Act there shall be substituted the following subsections—

“(5) In sections 194 and 195 and this section—

“foreign oil concession” means any right to search for or win overseas petroleum, being a right conferred or exercisable (whether or not by virtue of a licence) in relation to a particular area;

“interest” in relation to a licence, includes, where there is an agreement which—

- (a) relates to oil from the whole or any part of the licensed area, and
- (b) was made before the extraction of the oil to which it relates,

any entitlement under that agreement to, or to a share of, either that oil or the proceeds of its sale;

“licence” means any UK licence or foreign oil concession;

“licensed area” (subject to subsection (4) above)—

- (a) in relation to a UK licence, has the same meaning as in Part I of the <sup>M46</sup>Oil Taxation Act 1975; and
- (b) in relation to a foreign oil concession, means the area to which the concession applies;

“licensee”—

- (a) in relation to a UK licence, has the same meaning as in Part I of the Oil Taxation Act 1975; and
- (b) in relation to a foreign oil concession, means the person with the concession or any person having an interest in it;

“oil”—

- (a) except in relation to a UK licence, means any petroleum (within the meaning of the <sup>M47</sup>Petroleum (Production) Act 1934); and

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(b) in relation to such a licence, has the same meaning as in Part I of the Oil Taxation Act 1975;

“overseas petroleum” means any oil that exists in its natural condition at a place to which neither the <sup>M48</sup>Petroleum (Production) Act 1934 nor the <sup>M49</sup>Petroleum (Production) Act (Northern Ireland) 1964 applies; and

“UK licence” means a licence within the meaning of Part I of the <sup>M50</sup>Oil Taxation Act 1975.

(5A) References in sections 194 and 195 to a part disposal of a licence shall include references to the disposal of any interest in a licence.”

(4) Subsections (1) to (3) above shall have effect in relation to any disposal on or after 13th September 1995 and subsection (3) shall also have effect, and be deemed always to have had effect, for the construction of section 195 of the <sup>M51</sup>Taxation of Chargeable Gains Act 1992 in its application to disposals before that date.

(5) Where enactments re-enacted in the <sup>M52</sup>Taxation of Chargeable Gains Act 1992 apply, instead of that Act, in the case of any disposal before 13th September 1995, this section shall have effect as if it required amendments equivalent to those made by subsection (3) above to have effect, and be deemed always to have had effect, for the construction of any enactment corresponding to section 195 of that Act.

#### Marginal Citations

**M45** 1992 c. 12.

**M46** 1975 c. 22.

**M47** 1934 c. 36.

**M48** 1934 c. 36.

**M49** 1964 c. 28 (N.I.).

**M50** 1975 c. 22.

**M51** 1992 c. 12.

**M52** 1992 c. 12.

## 182 Controlled foreign companies.

Schedule 36 to this Act (which contains amendments of Chapter IV of Part XVII of the Taxes Act 1988) shall have effect in relation to accounting periods of a controlled foreign company, within the meaning of that Chapter, beginning on or after 28th November 1995.



**Status:**

Point in time view as at 01/04/2009.

**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 1996, Part IV.