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# Finance Act 1999

## 1999 CHAPTER 16

### PART III

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

VALID FROM 27/07/1999

#### *Employee benefits etc.*

#### **42 Conditional acquisition of shares.**

- (1) Section 140A of the Taxes Act 1988 (conditional acquisition of shares) is amended as follows.
- (2) Omit subsection (2).
- (3) In subsection (3), for “In any other case” substitute “ If the terms on which the employee acquires the employee’s interest are such that his interest in the shares in question will cease to be only conditional within five years after his acquisition of the interest ”.
- (4) In subsection (4), for “, in a case falling within subsection (2) or (3) above” substitute “ (whether or not subsection (3) above applies) ”.
- (5) This section applies in relation to shares acquired on or after the day on which this Act is passed.

#### **43 Meaning of conditional interests in shares.**

- (1) Section 140C of the Taxes Act 1988 (which describes the cases in which an interest in shares is, or is not, to be treated as only conditional) is amended as follows.
- (2) After subsection (1) insert—

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“(1A) A person shall not for the purposes of sections 140A and 140B be taken, in relation to any shares in a company or any security, to have an interest which is only conditional by reason only that one or more of subsections (2) to (4) below applies in relation to him.”

(3) In subsections (2), (3) and (4) for the words from the beginning to “by reason only that” substitute “ This subsection applies in relation to a person if ”.

(4) In subsection (3)—

- (a) after “offer the shares for sale” insert “ or transfer them ”; and
- (b) for the words from “if he ceases” to the end substitute “ if he ceases to be an officer or employee of the company or of one or more group companies or of any group company. ”

(5) After that subsection insert—

“(3A) This subsection applies in relation to a person if he may be required to offer the shares for sale or transfer them, if, as a result of misconduct, he ceases to be an officer or employee of the company or of one or more group companies or of any group company.”

(6) After subsection (5) add—

“(6) For the purposes of this section—

- (a) a company is a “group company” in relation to another company if they are members of the same group, and
- (b) companies are taken to be members of the same group if, and only if, one is a 51 per cent. subsidiary of the other or both are 51 per cent. subsidiaries of a third company.”

(7) The amendments made by this section shall be deemed always to have had effect.

#### **44 Exemption for mobile telephones.**

(1) The following section shall be inserted after section 155 of the Taxes Act 1988 (exception of certain benefits in kind from the general charge to tax)—

##### **“155AA Mobile telephones.**

(1) Section 154 does not apply where the benefit consists in a mobile telephone being made available (without any transfer of the property in it) to the employee or to a member of his family or household.

(2) In this section “mobile telephone” means wireless telegraphy apparatus designed or adapted for the purpose of transmitting and receiving spoken messages so as to provide a telephone which—

- (a) is connected to a public telecommunication system (within the meaning of the <sup>M1</sup>Telecommunications Act 1984); and
- (b) is not physically connected to a land-line;

but does not include any cordless telephone or any telepoint telephone.

(3) The mobile telephones to which the exemption provided by this section applies include any mobile telephone provided in connection with a car, van or heavier commercial vehicle, notwithstanding that the vehicle is made

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available as mentioned in section 157, section 159AA or, as the case may be, section 159AC.

(4) In this section “cordless telephone” means wireless telegraphy apparatus which (whether or not provided in connection with a car, van or heavier commercial vehicle)—

- (a) is designed or adapted for the purpose of transmitting and receiving spoken messages so as to provide a wireless extension to a telephone, and
- (b) is used only as such an extension to a telephone that is physically connected to a land-line.

(5) In this section “telepoint telephone” means wireless telegraphy apparatus which (whether or not provided in connection with a car, van or heavier commercial vehicle) is used for the purpose of a short-range radio communications service utilising frequencies between 864 and 868 megahertz (inclusive).

(6) In this section “heavier commercial vehicle” has the same meaning as in section 159AC.”

(2) Section 159A of that Act (charge on mobile telephones) shall cease to have effect.

(3) In section 154 of that Act (general charging provision for benefits in kind), in subsection (2)—

- (a) in paragraph (b), “159A,” shall be omitted; and
- (b) after “sections 155” there shall be inserted “ , 155AA ”.

(4) In section 168A of that Act (price of a car as regards a year), in subsection (11), for “section 159A(8)(a)” there shall be substituted “ section 155AA(2) ”.

(5) In section 200AA of that Act (incidental benefits for holders of certain offices etc.), subsection (3) shall cease to have effect.

(6) This section has effect for the year 1999-00 and subsequent years of assessment.

#### **Marginal Citations**

M1 1984 c.12.

#### **45 Limited exemption for computer equipment.**

(1) After section 156 of the Taxes Act 1988 there shall be inserted the following section—

##### **“156A Limited exemption for computer equipment.**

(1) This section applies to a benefit consisting in the provision of computer equipment if, in the case of a person (“the employee”) who is in employment to which this Chapter applies—

- (a) that equipment is provided by being made available to the employee or to a member of his family or household;

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- (b) it is so made available without any transfer of property in the equipment to the employee or to a member of his family or household; and
  - (c) it is so made available in a case in which the arrangements for providing employees of the employer with the benefit of computer equipment comply with subsection (2) below.
- (2) The arrangements for providing the employees of the employer with the benefit of computer equipment comply with this subsection unless—
- (a) the only arrangements for making computer equipment available to such employees, or to members of their families or households, are arrangements that are confined to cases where the employee in question is a director of a company; or
  - (b) the arrangements (taking them all together) for making computer equipment available to employees of the employer, or to members of their families or households, are such that it is made available on terms that are more favourable in some or all of the cases where the employee in question is a director of a company than in one or more cases where he is not.
- (3) Section 154 applies for any year of assessment to—
- (a) the benefits to which this section applies that are provided in that year and consist in the making available to the employee of any equipment, and
  - (b) the benefits to which this section applies that are provided in that year and consist in the making available to members of his family or household of any equipment,
- to the extent only that the amount which (disregarding this section) would be taken to be the aggregate cash equivalent of the benefits falling within paragraphs (a) and (b) above exceeds £500.
- (4) For the purposes of this section “computer equipment” includes printers, scanners, modems, discs and other peripheral devices designed to be used by being connected to or inserted in a computer.
- (5) In this section references to making computer equipment available—
- (a) include references to the provision, together with any computer equipment made available, of a right to use computer software; but
  - (b) do not include references to the provision of a benefit consisting in access to, or the use of, any public telecommunication system (within the meaning of the <sup>M2</sup>Telecommunications Act 1984).<sup>2</sup>
- (2) In section 154(2) of that Act, for “and 155A” there shall be substituted “, 155A and 156A ”.
- (3) This section applies for the year 1999-00 and subsequent years of assessment.

#### Marginal Citations

M2 1984 c.12.

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#### **46 PRP and agricultural pay.**

- (1) An application made at any time on or after 28th July 1998 for the registration of a profit-related pay scheme shall not be required to contain, or to have contained, any such undertaking as is mentioned in section 175(1)(c) of the Taxes Act 1988 (undertaking to satisfy minimum wage legislation without taking account of profit-related pay).
- (2) In section 178(1) of the Taxes Act 1988, paragraph (d) (cancellation on grounds of non-compliance with a section 175(1)(c) undertaking) shall be omitted.
- (3) Subsection (2) above has effect in relation only to failures to comply taking place on or after 28th July 1998; but it shall be deemed so to have had effect at all times on or after that date.

#### **47 Cars available for private use.**

- (1) Schedule 6 to the Taxes Act 1988 (cars available for private use: cash equivalent of car) shall be amended as follows.
- (2) In paragraph 2(1) (reduction for business travel: 18,000 miles and above)—
  - (a) for “in the year concerned” substitute “ in a year ”, and
  - (b) for “the amount ascertained under paragraph 1 above, reduced by two thirds” substitute “ 15 per cent. of the price of the car as regards the year ”.
- (3) In paragraph 2(2) (reduction for business travel: 2,500 to 18,000 miles)—
  - (a) for “in the year concerned” substitute “ in a year ”, and
  - (b) for “the amount ascertained under paragraph 1 above, reduced by one third” substitute “ 25 per cent. of the price of the car as regards the year ”.
- (4) For paragraph 4(a) (two or more cars) substitute—
  - (a) paragraph 2(1) above shall have effect as if for “15 per cent.” there were substituted “25 per cent.”
- (5) In paragraph 5 (reduction for age of car), for “one third” substitute “ one quarter ”.
- (6) This section has effect for the year 1999-00 and subsequent years of assessment.

#### **48 Provision and support of bus services.**

- (1) In Chapter IV of Part V of the Taxes Act 1988 (provisions relating to the Schedule E charge: exemptions and deductions), after section 197A insert—

##### **“197AA Works bus services.**

- (1) There is no charge to tax under section 154 (taxable benefits: general charging provision) in respect of the provision for employees of a works bus service.
- (2) A “works bus service” means a service provided by means of a bus for conveying employees of one or more employers on qualifying journeys.
- (3) For the purposes of this section—
  - “bus” means a road passenger vehicle with a seating capacity of 12 or more; and

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“qualifying journey”, in relation to an employee, means a journey—

- (a) between his home and workplace, or
- (b) between one workplace and another,

in connection with the performance of the duties of the employment.

(4) The exemption conferred by this section is subject to the following conditions—

- (a) the service must be available generally to employees of the employer (or each employer) concerned;
- (b) the main use of the service must be for qualifying journeys by those employees.

(5) The exemption is also subject to substantial compliance with the condition that the service must be used only by the employees for whom it is provided or their children.

For this purpose “children” includes stepchildren and illegitimate children but does not include children aged 18 or over.

(6) If under this section there is no charge to tax under section 154 (or would be no charge if the employee were in employment to which Chapter II of Part V applies), there is no charge to tax under section 141 (non-cash vouchers) in respect of a voucher evidencing the employee’s entitlement to use the service.

(7) In this section—

“employment” includes an office and related expressions have a corresponding meaning; and

“workplace” means a place at which the employee’s attendance is necessary in the performance of the duties of the employment.

(8) For the purposes of this section the seating capacity of a vehicle is determined in the same way as for the purposes of Part III of Schedule 1 to the <sup>M3</sup>Vehicle Excise and Registration Act 1994 (vehicle excise duty on buses), whether or not the vehicle is a bus within the meaning of that Part.

#### **197AB Support for public transport road services.**

(1) There is no charge to tax under section 154 (taxable benefits: general charging provision) in respect of financial or other support for a public transport road service used by employees of one or more employers for qualifying journeys.

(2) For this purpose—

“public transport road service” means a public passenger transport service provided by means of a road vehicle; and

“qualifying journey”, in relation to an employee, means a journey—

- (a) between his home and workplace, or
- (b) between one workplace and another,

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in connection with the performance of the duties of the employment.

(3) The exemption conferred by this section is subject to the following conditions—

- (a) the terms on which the service is available to the employees referred to in subsection (1) above must not be more favourable than those available to other passengers;
- (b) the service must be available generally to employees of the employer (or each employer) concerned.

(4) In this section—

“employment” includes an office and related expressions have a corresponding meaning; and

“workplace” means a place at which the employee’s attendance is necessary in the performance of the duties of the employment.”

(2) This section has effect for the year 1999-00 and subsequent years of assessment.

#### Marginal Citations

M3 1994 c.22.

#### 49 Provision of motor cycle or cycle parking facilities.

(1) The provisions listed below (which provide for exemption from tax in relation to the provision of car parking spaces) apply in relation to—

- (a) motor cycle parking spaces, and
- (b) facilities for parking cycles,

as they apply in relation to car parking spaces.

(2) The provisions referred to above are—

section 141(6A) of the Taxes Act 1988 (use of non-cash voucher to obtain use of parking space);

section 142(3A) of that Act (use of credit-token to obtain use of parking space);

section 155(1A) of that Act (taxable benefits: general charge excluded in relation to provision of parking space); and

section 197A of that Act (charge on emoluments excluded in relation to expenditure in connection with provision of parking space).

(3) In subsection (1) above—

“motor cycle” has the meaning given by section 185(1) of the <sup>M4</sup>Road Traffic Act 1988, and

“cycle” has the meaning given by section 192(1) of that Act.

(4) The provisions of this section have effect for the year 1999-00 and subsequent years of assessment.



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

- C1** S. 49(1) applied (6.4.2001 with effect as mentioned in reg. 1(2) of S.I. 2001/597) by S.R. 1979/186, reg. 19, **Sch. 1ZC Pt. V para. 3** (as inserted 6.4.2001 with effect as mentioned in reg. 1(2) of S.I. 2001/597) by S.I. 2001/597, reg. 11, **Sch. 2**  
S. 49(1) applied (6.4.2001 with effect as mentioned in reg. 1(1) of the amending S.I.) by S.I. 2001/1004, regs. 1, 26, **Sch. 3 Pt. V para. 3**

**Marginal Citations**

- M4** 1988 c.52.

**50 Cycles and cyclist's safety equipment.**

- (1) In Chapter IV of Part V of the Taxes Act 1988 (provisions relating to the Schedule E charge: exemptions and deductions), after section 197AB (inserted by section 48 above) insert—

**“197AC Provision of cycle or cyclist's safety equipment.**

- (1) There is no charge to tax under section 154 (taxable benefits: general charging provision) in respect of the provision for an employee of—
- (a) a cycle, or
  - (b) cyclist's safety equipment,
- without any transfer of the property in the cycle or equipment.
- (2) In this section “cycle” has the meaning given by section 192(1) of the Road Traffic Act 1988, and “cyclist” has a corresponding meaning.
- (3) The exemption conferred by subsection (1) above is subject to the condition that the benefit or facility in question must be available generally to employees of the employer concerned.
- (4) The exemption is also subject to the condition that the employee must use the cycle or safety equipment mainly for qualifying journeys.
- For this purpose “qualifying journey”, in relation to an employee, means a journey—
- (a) between his home and workplace, or
  - (b) between one workplace and another,
- in connection with the performance of the duties of the employment.
- (5) If under this section there is no charge to tax under section 154 (or would be no charge if the employee were in employment to which Chapter II of Part V applies), there is no charge to tax under section 141 (non-cash vouchers) in respect of a voucher evidencing the employee's entitlement to use the cycle or safety equipment in question.
- (6) In this section—
- “employment” includes an office and related expressions shall be construed accordingly; and



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“workplace” means a place at which the employee’s attendance is necessary in the performance of the duties of the employment.”

(2) In section 27(2B) of the <sup>M5</sup>Capital Allowances Act 1990 (cases in which expenditure on machinery or plant qualifies for allowances although not “necessarily” provided for use in performance of duties of employment)—

- (a) in paragraph (a) after “mechanically propelled road vehicle” insert “ or a cycle ”; and
- (b) after paragraph (b) insert—

“In paragraph (a) “cycle” has the meaning given by section 192(1) of the <sup>M6</sup>Road Traffic Act 1988.”.

(3) The provisions of this section have effect for the year 1999-00 and subsequent years of assessment.

**Marginal Citations**

- M5** 1990 c.1.
- M6** 1988 c.52.

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