



Finance Act 2002

CHAPTER 23

FINANCE ACT 2002

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- 1 (1) Section 36 of the Alcoholic Liquor Duties Act 1979...
- 2 In that Act, after that section (and before the heading...
- 3 In section 49(1) of the Alcoholic Liquor Duties Act 1979...
- 4 (1) The Finance Act 1994 (c. 9) is amended as...

SCHEDULE 2 — Hydrocarbon oil duties: minor and consequential amendments relating to biodiesel

- 1 Introduction
- 2 Biodiesel and bioblend not to be treated as fuel substitute
- 3 Exclusion of bioblend from rebates on heavy oil
- 4 Repayment of duty in case of biodiesel used otherwise than as road fuel
- 5 Mixing biodiesel and rebated heavy oil

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- 6 Interpretation
- 7 Provision in relation to bioblend corresponding to that made by section 6 of the Finance Act 1998 in relation to section 6 of the Hydrocarbon Oil Duties Act 1979

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Part 1 — REGULATING TRADERS IN REBATED HEAVY OIL

- 1 In the Hydrocarbon Oil Duties Act 1979 (c. 5), after...
- 2 In section 100H(1) of the Customs and Excise Management Act...
- 3 In the Hydrocarbon Oil Duties Act 1979 (c. 5), after...
- 4 (1) Section 27 of the Hydrocarbon Oil Duties Act 1979...

Part 2 — MINOR AMENDMENTS RELATING TO REBATES

- 5 The Hydrocarbon Oil Duties Act 1979 is amended as follows....
- 6 In section 12(1) (no rebate allowed on heavy oil intended...
- 7 In section 12(2) (oil not to be used in road...
- 8 In section 24(2) (regulations made for the purposes of section...
- 9 In section 27(1) (interpretation), in the definition of “rebate”, after...

SCHEDULE 4 — Pool betting duty etc

Part 1 — AMENDMENTS OF THE BETTING AND GAMING DUTIES ACT 1981

- 1 The Betting and Gaming Duties Act 1981 (c. 63) is...
- 2 For sections 6 to 8 (pool betting duty: charge, rate...
- 3 In section 2(2) (bets to which section 2(1) does not...
- 4 In section 4(6) (bets to which subsections (1) to (3)...
- 5 In section 9(2) (bets to which section applies), omit “or...
- 6 In section 9(3) (bets to which section does not apply)—...
- 7 For section 9(6) substitute— (6) Section 8C(1) to (3) above...
- 8 Omit section 11 (definition of coupon betting).
- 9 In section 12(3) (interpretation of sections 1 to 10 etc),...
- 10 (1) Schedule 1 (administration etc of betting duties) is amended...

Part 2 — MINOR AMENDMENTS AND TRANSITIONAL PROVISIONS

- 11 Amendment in the Excise Duties (Surcharges or Rebates) Act 1979
- 12 Amendments in Schedule 5 to the Finance Act 1994
- 13 Duty charged before 31st March 2002
- 14 Notifications under paragraph 4(4) of Schedule 1 to that Act of premises used in connection with coupon betting

SCHEDULE 5 — Vehicle excise duty: registered vehicles etc

- 1 The Vehicle Excise and Registration Act 1994 (c. 22) is...
- 2 For section 1(1) substitute— (1) A duty of excise (“vehicle...
- 3 For section 2(2) to (4) (rates where duty charged in...
- 4 For section 7(4) (vehicle licence valid only for vehicle for...
- 5 After section 7 insert— Supplement payable on late renewal of...
- 6 (1) In section 22 (registration regulations), in subsection (1D) (power...
- 7 In section 29(7) (rate of duty by reference to which...
- 8 After section 31 insert— Offence of being registered keeper of...
- 9 (1) In section 32 (sections 29 to 31: supplementary), in...
- 10 In section 33(3)(b) (offences of not exhibiting licence are without...
- 11 In section 34(4) (rate of duty by reference to which...
- 12 In section 47 (proceedings in England and Wales or Northern...
- 13 In section 48(3)(a) (proceedings in Scotland: time limit), after “section...
- 14 In section 53 (burden of proof of certain matters in...
- 15 In section 54 (single witness sufficient in Scottish proceedings), after...

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- 16 In section 57 (regulations), after subsection (7) insert—
- 17 In section 62(1) (definitions), for the definition of “vehicle” substitute
—...

SCHEDULE 6 — Minor amendments to Schedule E charge

- 1 Share options
- 2 Credit-tokens and non-cash vouchers
- 3 In each of the following provisions of the Taxes Act...
- 4 Taxation of benefit where income received free of tax
- 5 Benefits in connection with termination of employment or change in duties or emoluments
- 6 Priority between charges under sections 148 and 595 of the Taxes Act 1988

SCHEDULE 7 — Chargeable gains: roll-over of degrouping charge: modification of enactments

SCHEDULE 8 — Chargeable gains: exemptions in case of substantial shareholding
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- 1 The following Schedule is inserted after Schedule 7AB to the...
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- 4 Overseas life insurance companies
- 5 Corporate venturing scheme

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- 1 Share exchanges
- 2 Scheme of reconstruction involving issue of securities
- 3 Meaning of “scheme of reconstruction”
Part 2 — CONSEQUENTIAL AMENDMENTS
- 4 Taxes Act 1988
- 5 Taxation of Chargeable Gains Act 1992
- 6 Finance Act 2000
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- 7 General commencement date
- 8 Commencement provision for certain consequential amendments

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- 1 Introduction
- 2 Periods of share ownership that do not count because of change of activity by company
- 3 Periods of share ownership not to count where company is not active
- 4 Meaning of “holding company”
- 5 Meaning of “interest in shares”
- 6 Meaning of “joint venture company” and “qualifying shareholding”
- 7 Meaning of “ordinary share capital”
- 8 Debentures to be treated as shares
- 9 Meaning of “trading company”
- 10 Meaning of “trading group”

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- 11 Joint venture companies
- 12 Joint enterprise companies

SCHEDULE 11 — Chargeable gains: deduction of personal losses from gains treated as accruing to settlors

- 1 Introduction
- 2 Section 2
- 3 Section 77
- 4 Section 86
- 5 Section 86A
- 6 Section 87
- 7 Commencement
- 8 Election for Schedule to apply for years earlier than 2003-04

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- 1 Entitlement to relief under this Part
- 2 Meaning of “large company” and “small or medium-sized enterprise”
- 3 Qualifying R&D expenditure
- 4 Qualifying expenditure on direct research and development
- 5 Expenditure on research and development directly undertaken on company’s behalf
- 6 Qualifying expenditure on contributions to independent research and development

Part 2 — ENTITLEMENT TO RELIEF FOR R&D EXPENDITURE: WORK SUBCONTRACTED TO SMALL OR MEDIUM-SIZED ENTERPRISE

- 7 Entitlement to relief under this Part
- 8 Qualifying sub-contracted R&D expenditure
- 9 Expenditure on research and development directly undertaken by the SME
- 10 Expenditure on research and development directly undertaken on SME’s behalf

Part 2A — ENTITLEMENT OF SME TO ADDITIONAL RELIEF AVAILABLE TO LARGE COMPANIES

Entitlement to relief under this Part

- 10A (1) A company (“ the SME ”) is entitled to...

Qualifying additional SME expenditure

- 10B For the purposes of this Schedule, the SME ’s “...

Part 3 — THE RELIEF

- 11 Deduction in computing profits of trade

Part 4 — SPECIAL PROVISION FOR GIVING RELIEF TO INSURANCE COMPANIES

- 12 Treated as large companies

- 13 Entitlement to relief in respect of “I minus E” basis

Part 5 — SUPPLEMENTARY PROVISIONS

- 14 Research and development expenditure of group companies
- 15 Refunds of contributions to independent research and development etc
- 16 Artificially inflated claims for deduction

Part 6 — GENERAL PROVISIONS

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- 17 Meaning of “relevant research and development”, “staffing costs”, “software or consumable items”, “relevant payments to the subjects of a clinical trial” and “qualifying expenditure on externally provided workers”
 - 18 Meaning of “qualifying body”
 - 19 Other definitions etc
 - 20 Transitional provision
- SCHEDULE 13 — Tax relief for expenditure on vaccine research etc
- Part 1 — ENTITLEMENT TO RELIEF
- 1 Entitlement to relief under this Schedule
 - 2 Qualifying expenditure
 - 3 Qualifying expenditure on direct research and development
 - 4 Qualifying R&D activity
 - 5 Meaning of “relevant R&D”, “small or medium-sized enterprise”, “staffing costs”, “software or consumable items”, “relevant payments to the subjects of a clinical trial”, “subsidised” and “qualifying expenditure on externally provided workers.
 - 6 Qualifying expenditure on sub-contracted research and development
 - 7 Conditions that must be satisfied by qualifying expenditure on sub-contracted research and development
 - 8 Treatment of sub-contractor payment where principal and sub-contractor are connected persons
 - 9 Relevant expenditure of the sub-contractor
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 - 11 Treatment of sub-contractor payment in other cases
 - 12 Qualifying expenditure on contributions to independent research and development
- Part 2 — MANNER OF GIVING EFFECT TO RELIEF: SMALL AND MEDIUM-SIZED COMPANIES
- 13 Application of this Part
 - 14 Deduction in computing profits of trade
 - 15 Alternative treatment of pre-trading expenditure: deemed trading loss
 - 15A Paragraphs 14 and 15: modifications for larger SMEs claiming R&D tax credits
 - 16 Entitlement to tax credit
 - 16A Entitlement to tax credit: modification for larger SMEs
 - 17 Amount of credit
 - 18 Payment in respect of tax credit
 - 18A Relief or tax credit only available where company is a going concern
 - 19 Restriction on losses carried forward
 - 20 Payment in respect of tax credit not income
- Part 3 — MANNER OF GIVING EFFECT TO RELIEF: LARGE COMPANIES
- 21 Deduction in computing profits of trade
- Part 4 — SPECIAL PROVISION FOR GIVING RELIEF TO INSURANCE COMPANIES
- 22 Treated as large companies
 - 23 Entitlement to relief in respect of “I minus E” basis
- Part 5 — SUPPLEMENTARY PROVISIONS
- 24 Artificially inflated claims for deduction or tax credit
 - 25 Refunds of contributions to independent research and development
 - 26 Funding of tax credits
 - 27 Interpretation

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28 Commencement and transitional provision

SCHEDULE 14 — Tax credits under Schedule 13: consequential amendments

- 1 Interest
- 2 Claim must be made in tax return
- 3 Recovery of excessive tax credits
- 4 Claims for tax credits
- 5 Commencement

SCHEDULE 15 — R&D tax relief for small and medium-sized enterprises: minor and consequential amendments

- 1 Schedule 20 to the Finance Act 2000 (c. 17) (R&D...
- 2 (1) In paragraph 1 (entitlement to R&D tax relief)—
- 3 In paragraph 5 (staffing costs)— (a) in sub-paragraph (1)(c) omit...
- 4 In paragraph 8 (subsidised expenditure), for the second sentence of...
- 5 In paragraph 12 (treatment of sub-contractor payments where principal and...

SCHEDULE 16 — Community investment tax relief

Part 1 — INTRODUCTION

- 1 Eligibility for tax relief
- 2 Meaning of “investment”
- 3 Meaning of “the five year period”

Part 2 — ACCREDITED COMMUNITY DEVELOPMENT FINANCE INSTITUTIONS

Application of Chapter 2 of Part 7 of ITA 2007

- 4 (1) Chapter 2 of Part 7 of ITA 2007 applies...

Part 3 — QUALIFYING INVESTMENTS

- 8 Introduction
- 9 Conditions to be satisfied in relation to loans
- 10 Conditions to be satisfied in relation to securities
- 11 Conditions to be satisfied in relation to shares
- 12 Tax relief certificates
- 13 Pre-arranged protection against risks

Part 4 — GENERAL CONDITIONS

- 14 No control of CDFI by investor
- 15 Beneficial ownership
- 16 Investor must not be accredited
- 17 No acquisition of share in partnership
- 18 No tax avoidance purpose

Part 5 — FORM OF RELIEF

- 19 Individual investors
- 20 Company investors
- 21 Determination of “the invested amount”
- 22 Loans: no claim after disposal or excessive repayments or receipts of value
- 23 Securities or shares: no claim after disposal or excessive receipts of value
- 24 Loss of accreditation by the CDFI
- 25 Accreditation of the investor
- 26 Attribution

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Part 6 — WITHDRAWAL OF RELIEF

- 27 Manner of withdrawal of relief
- 28 Disposal of loan during five year period
- 29 Disposal of shares or securities during five year period
- 30 Repayments of loan capital
- 31 Value received treated as repayment of loan
- 32 Value received by investor where the investment consists of securities or shares
- 33 Meaning of “period of restriction”
- 34 Aggregation of receipts of insignificant value
- 35 When value is received
- 36 The amount of value received
- 37 Value received where there is more than one investment
- 38 Effect of receipt of value on future claims for relief
- 39 Receipts of value by and from connected persons

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- 40 Rights issues etc
- 41 Company reconstructions etc

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- 42 Information to be provided by the investor
- 43 Disclosure
- 44 Nominees
- 45 Application for postponement of tax pending appeal
- 46 Meaning of “issue of securities or shares”
- 47 Identification of securities or shares on a disposal
- 48 Meaning of “disposal”
- 49 Construction of references to investment being “held continuously”
- 50 Meaning of “associate”
- 51 Minor definitions etc
- 52 Index of defined expressions

SCHEDULE 17 — Community investment tax relief: consequential amendments

- 1 In section 98 of the Taxes Management Act 1970 (c....)
- 2 In section 289A of the Taxes Act 1988 (form of...)
- 3 In Schedule 15B to that Act (venture capital trusts: relief...)
- 4 In section 25 of the Finance Act 1990 (c. 29)...
- 5 In Schedule 18 to the Finance Act 1998 (c. 36)...

SCHEDULE 18 — Relief for community amateur sports clubs

Part 1 — CLUBS ENTITLED TO BE REGISTERED

- 1 The requirements
- 2 Open to the whole community
- 3 Organised on an amateur basis

Part 2 — EXEMPTIONS FOR REGISTERED CLUBS

- 4 Exemption for trading income
- 5 Exemption for interest and gift aid income
- 6 Exemption for property income
- 7 Exemption for chargeable gains
- 8 Exemption reduced where club incurs non-qualifying expenditure

Part 3 — RELIEFS FOR DONORS

- 9 (1) Chapter 2 of Part 8 of ITA 2007 (gift...)

Part 4 — CHARGEABLE GAINS: PROPERTY CEASING TO BE HELD FOR QUALIFYING PURPOSES

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10 (1) This paragraph applies where a club holds property and,...

Part 5 — REGISTRATION

11 Registration and termination

12 Information etc

13 Appeals

Part 6 — INTERPRETATION

14 "Eligible sport"

15 "Inland Revenue"

16 Other expressions

SCHEDULE 19 — Capital allowances: cars with low carbon dioxide emissions

1 Introductory

2 Types of expenditure for which first-year allowances available

3 First-year qualifying expenditure: car with low carbon dioxide emissions

4 General exclusions affecting first-year qualifying expenditure

5 Amount of first-year allowances

6 Single asset pool in relation to cars above cost threshold

SCHEDULE 20 — Capital allowances: plant or machinery for gas refuelling station

1 Introductory

2 Types of expenditure for which first-year allowances available

3 First-year qualifying expenditure: plant or machinery for gas refuelling station

4 General exclusions affecting first-year qualifying expenditure

5 Amount of first-year allowance

SCHEDULE 21 — First-year allowances for expenditure wholly for a ring fence trade

Part 1 — PLANT AND MACHINERY

1 Introductory

2 Types of expenditure for which first-year allowances available

3 First-year qualifying expenditure: plant and machinery for use wholly in a ring fence trade

4 Plant or machinery used for less than five years in a ring fence trade

5 General exclusions affecting first-year qualifying expenditure

6 Amount of first-year allowances

7 Penalty for failure to provide information etc

Part 2 — MINERAL EXTRACTION ALLOWANCES

8 Introductory

9 First-year qualifying expenditure

10 First-year allowances

11 Artificially inflated claims for first-year allowances

12 Amount of allowances and charges: balancing charge for period in which expenditure incurred

13 Unrelieved qualifying expenditure: effect of first-year qualifying expenditure

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1 General scheme

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2 Calculation of adjustment

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- 3 Meaning of items being brought into account
- 4 Giving effect to positive adjustment
- 5 Giving effect to negative adjustment
 - Part 3 — SPECIAL RULES FOR CERTAIN CASES
- 6 No adjustment for certain expenses previously brought into account
- 7 Cases where adjustment not required until asset realised or written off
- 8 Change from realisation basis to mark to market
- 9 Election for spreading where paragraph 8 applies
- 10 Application of paragraphs 8 and 9 in case of transfer of insurance business
- 11 Spreading of adjustment charge on ending of exemption for barristers and advocates
- 12 Election to accelerate payment of adjustment charge under paragraph 11
 - Part 4 — SUPPLEMENTARY PROVISIONS
- 13 Application of provisions to partnerships
- 14 Liability of personal representatives in case of death of person chargeable
- 15 Interpretation
 - Part 5 — COMMENCEMENT
- 16 General rule
- 17 Application of provisions to certain earlier changes of basis
- 18 Period in which change of basis takes effect

SCHEDULE 23 — Exchange gains and losses from loan relationships etc

Part 1 — AMENDMENTS OF THE FINANCE ACT 1996

- 1 Introductory
- 2 Meaning of “related transaction”
- 3 Exchange gains and losses from loan relationships etc
- 4 Authorised accounting methods
- 5 Convertible securities etc: exchange gains and losses
- 6 Extension of section 100 to exchange gains and losses and to items other than money debts
- 7 Interpretation
- 8 Bad debt etc: cases where departure allowed from assumption of prompt payment in full
- 9 Bad debts etc where parties have a connection
- 10 Transactions not at arm’s length
- 11 Exchange gains and losses where loan not on arm’s length terms
- 12 Continuity of treatment: groups etc
- 13 Loan relationships for unallowable purposes
- 14 Life assurance business
- 15 Special provisions for insurers: apportionments
- 16 Savings and transitional provisions in the Finance Act 1996

Part 2 — AMENDMENTS OF OTHER LEGISLATION

The Income and Corporation Taxes Act 1988

- 17 Charges on income
- 18 Supplementary charge in respect of ring fence trades
- 19 Controlled foreign companies
- 20 Double taxation relief
- 21 Provision not at arm’s length: foreign exchange gains and losses

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The Finance Act 1995

- 22 Miscellaneous amendments

The Finance Act 2000

- 23 Tonnage tax

The Finance Act 2002

- 24 Intangible fixed assets: assets entirely excluded: financial assets
Part 3 — TRANSITIONAL PROVISIONS ETC
25 Anti-avoidance: change of accounting period
26 Deferred foreign exchange gains

SCHEDULE 24 — Corporation tax: currency

The Finance Act 1993

- 1 Introductory
2 The basic rule: sterling to be used
3 Use of currency other than sterling: accounts as a whole etc in foreign currency
4 Use of currency other than sterling: accounts etc partly from statements in foreign currency
5 Rules for ascertaining currency equivalents: general
6 Rules for ascertaining sterling equivalent for section 93(4) or (5)

The Finance Act 1994

- 7 Lloyd's underwriters: corporations etc

SCHEDULE 25 — Loan relationships

Part 1 — AMENDMENTS OF THE FINANCE ACT 1996

- 1 Introductory
2 Meaning of "loan relationship" etc: method of settlement
3 Non-trading deficit on loan relationships
4 Debits and credits brought into account
5 Authorised accounting methods
6 Application of accounting methods
7 Accounting method where parties have a connection
8 Meaning of "control" in section 87
9 Inconsistent application of accounting methods
10 Changes of accounting method
11 Payments subject to deduction of tax
12 Indexed gilt-edged securities
13 Manufactured interest
14 Interpretation: "shares" not to include building society shares
15 Interpretation: miscellaneous
16 Provision continuing to be made on accruals basis after company ceases to be party
17 Claims to treat deficit as eligible for group relief
18 Claim to carry back deficit to previous accounting periods
19 Deficit carried forward and set against non-trading profits of succeeding accounting periods

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- 20 Distributions
- 21 Life assurance policies and capital redemption policies
- 22 Late interest: further cases where paragraph 2 of Schedule 9 applies
- 23 Bad debts and consortium relief
- 24 Bad debt etc where parties have a connection
- 25 Bad debt etc: parties having connection and creditor company in insolvent liquidation etc
- 26 Bad debt etc: companies becoming connected
- 27 Bad debt etc: departure not permitted by paragraph 6: subsequent cessation of connection
- 28 Imported losses etc
- 29 Continuity of treatment: groups etc
- 30 Loan relationships for unallowable purposes
- 31 Debits and credits treated as relating to capital expenditure
- 32 Repo transactions and stock lending
- 33 Discounted securities where companies have a connection
- 34 Discounted securities of close companies
- 35 Partnerships involving companies
- 36 Interpretation of Schedule 9: “major interest”
- 37 Investment trusts and venture capital trusts: treatment of capital reserves
- 38 Authorised unit trusts and open-ended investment companies
- 39 Distributing offshore funds
- 40 Life assurance business
- 41 Adjustments in the case of chargeable assets etc
- 42 Reduction of paragraph 11 credit where s.251(4) of 1992 Act prevents paragraph 8 loss

Part 2 — AMENDMENTS OF OTHER ENACTMENTS

The Taxes Act 1988

- 43 Introductory
- 44 Incidental costs of obtaining loan finance
- 45 Group relief
- 46 Apportionment of income and gains
- 47 Building society shares: regulations for deduction of tax
- 48 Building society shares: incidental costs of issuing qualifying shares
- 49 European Economic Interest Groupings
- 50 Funding bonds issued in respect of interest on certain debts
- 51 Transfers of income arising from securities
- 52 Treatment of price differential on sale and repurchase of securities
- 53 Restriction of relief for payments of interest
- 54 Limits on credit: corporation tax
- 55 Foreign tax on items giving rise to a non-trading credit
- 56 Investment trusts
- 57 Venture capital trusts
- 58 Change in ownership of investment company

The Finance Act 1988

- 59 Commercial woodlands

The Taxation of Chargeable Gains Act 1992

- 60 Interest charged to capital

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Part 3 — TRANSITIONAL PROVISIONS

- 61 Interpretation
- 61A Non-trading deficit carried forward from last old accounting period
- 62 Discounted securities where companies have a connection
- 63 Discounted securities of close companies
- 64 Authorised unit trusts and open-ended investment companies

SCHEDULE 26 — Derivative contracts

Part 1 — INTRODUCTION

- 1 Profits arising from derivative contracts

Part 2 — DERIVATIVE CONTRACTS

- 2 Derivative contracts and relevant contracts
 - 2A Non-financial contracts with embedded derivatives
 - 2B Hybrid derivatives
 - 3 Contracts to satisfy accounting requirements etc
 - 4 Contracts excluded by virtue of their underlying subject matter
 - 4A Contracts which become derivative contracts: chargeable assets
 - 4B (1) This paragraph applies to a company if the conditions...
 - 4D Treatment of credits and debits on former chargeable asset
 - 5
 - 5A
 - 6
 - 7
 - 8
 - 9 Underlying subject matter which is subordinate or of small value disregarded
 - 10
 - 11 Meaning of “underlying subject matter”
 - 12 Definition of terms relating to derivative contracts
 - 13 Power to amend paragraphs 2 to 12 and Part 9
- #### Part 3 — METHOD OF TAXATION
- 14 Method of bringing amounts into account
 - 15 Credits and debits brought into account
 - 16 Exchange gains and losses arising from derivative contracts
- #### Part 4 — COMPUTATION OF AMOUNTS TO BE BROUGHT INTO ACCOUNT
- 17A Computation in accordance with generally accepted accounting practice
 - 17B Amounts recognised in determining company’s profit or loss
 - 17C Power to make further provision by regulations
 - 21 Basis of accounting for contracts falling within paragraph 6, 7 or 8
- #### Part 5 — SPECIAL PROVISION FOR RELEASE OF LIABILITY
- 22 Release of liability under derivative contract
- #### Part 6 — SPECIAL COMPUTATIONAL PROVISIONS
- 22A Deemed assignment of derivative contracts on company ceasing to be resident in UK etc
 - 23 Derivative contracts for unallowable purposes
 - 24 Derivative contracts for unallowable purposes: supplementary
 - 25 Debits and credits treated as relating to capital expenditure
 - 25A Debits and credits recognised in equity or shareholders’ funds
 - 26 Transfers of value to connected companies
 - 27 Exchange gains and losses where derivative contracts not on arm’s length terms
 - 27A Disposals for consideration not fully recognised by accounting practice
 - 28 Transactions within groups

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- 29 Transactions within groups: exceptions relating to insurance
- 30 Transactions within groups: fair value accounting
- 30A Transferee leaving group after replacing transferor as party to derivative contract
- 30B (1) This paragraph applies on a merger which satisfies the...
- 30C (1) This paragraph applies on a merger which satisfies the...
- 30D (1) This paragraph applies where— (a) a company resident in...
- 30E (1) This paragraph applies where— (a) a company resident in...
- 30F (1) Paragraph 30D or 30E shall apply in relation to...
- 30G (1) This paragraph applies in relation to a transfer of...
- 30H (1) This paragraph applies in relation to a merger if—...
- 30I (1) In paragraphs 30B to 30H and this paragraph ,...
- 31 Derivative contracts with non-residents
- 31A Amounts imputed under Schedule 28AA to the Taxes Act 1988
 - Part 7 — COLLECTIVE INVESTMENT SCHEMES
 - 32 Authorised unit trusts: capital profits and losses
 - 33 Open-ended investment companies: capital profits and losses
 - 34 Power to amend paragraphs 32 and 33
 - 35 Distributing offshore funds
 - 36 Contracts relating to holdings in unit trust schemes, open-ended investment companies and offshore funds
 - 37 Contract which becomes contract to which paragraph 36 applies
 - 38 Investment trusts: capital profits, gains or losses
 - 38A Venture capital trusts: capital profits, gains or losses
 - 39 Investment trusts: approval for purposes of section 842 of the Taxes Act 1988
 - 40 Venture capital trusts: approval for purposes of section 842AA of the Taxes Act 1988
 - Part 8 — INSURANCE AND MUTUAL TRADING COMPANIES
 - 41 Application of Schedule to insurance and mutual trading companies
 - 41A Application of section 103(3)(c) of the Finance Act 1996
 - 42 Application of Part 1 of Schedule 11 to the Finance Act 1996
 - 43
 - 43 Mutual trading and non-life mutual business
 - Part 9 — MISCELLANEOUS
 - 43A Contracts which become derivative contracts
 - 43B Contracts which cease to be derivative contracts
 - 44
 - 45
 - 45A Derivative contracts which are to be taxed on a chargeable gains basis
 - 45B Carry back of net losses on derivative contracts to which paragraph 45A applies
 - 45C Derivative contracts relating to land or certain tangible movable property
 - 45D Creditor relationships: embedded derivatives which are options
 - 45E Exclusions from paragraph 45D
 - 45F Creditor relationships: embedded derivatives which are exactly tracking contracts for differences
 - 45FA Creditor relationships: existing assets
 - 45G Property based total return swaps
 - 45H Treatment of net gains and losses on terminal exercise of option
 - 45HZA Treatment of net gains and losses on disposal of certain embedded derivatives

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- 45HA Treatment of credits and debits on terminal exercise of non-embedded option or running to delivery of future
- 45H
 - 45I Index-linked gilt-edged securities with embedded contracts for differences
 - 45J Issuers of securities with embedded derivatives: deemed options
- 45JA Issuers of securities with embedded derivatives: equity instruments
- 45K Issuers of securities with embedded derivatives: deemed contracts for differences
- 45KA Securities with embedded options: existing liabilities
- 45L Derivatives not embedded in a loan relationship
- 45LA Elections under paragraph 45L(2A): further provisions
- 45M Treatment of host contract as a loan relationship
- 46 Contracts where part of underlying subject matter of excluded type
- 47
- 48
- 48A
- 49 Partnerships involving companies
- 50 Partnerships involving companies: use of fair value accounting
- 50A Adjustment on company changing to international accounting standards
- 51 Prevention of deduction of tax

Part 10 — INTERPRETATION

- 52 Statutory accounts
- 53 Derivative and relevant contracts of person
- 54 General interpretation

SCHEDULE 27 — Derivative contracts: minor and consequential amendments

- 1 The Taxes Act 1988
- 2 In section 15(1) (Schedule A) in paragraph 2(3) of Schedule...
- 3 (1)
- 4 (1)
- 5 In section 440 (transfers between categories of assets held by...
- 6 Omit section 468AA (authorised unit trusts: futures and options).
- 7 (1) Section 468L (interest distributions) is amended as follows.
- 8 In section 501A (supplementary charge in respect of ring fence...
- 9 In section 768B (change in ownership of investment company: deductions...
- 10 In section 768C (deductions: asset transferred within group) in subsection...
- 11 In section 798B (restriction of relief on certain interest and...
- 12 (1) Section 807A (disposals and acquisitions of company loan relationships...
- 13 In section 834(1) (interpretation of the Corporation Tax Acts) insert...
- 14
- 15 (1) Schedule 28AA (provision not at arm's length) is amended...
- 16 The Finance Act 1994
- 17 The Finance Act 1996
- 18
- 19 (1) Section 101 (financial instruments) is amended as follows.
- 20 (1) Schedule 10 (loan relationships: collective investment schemes) is amended...
- 21 Omit Schedule 12(meaning of debt contract or option).
- 22 The Finance Act 2000

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- 23 (1) Schedule 22 (tonnage tax) is amended as follows.
- 24 The Finance Act 2002
- 25 Section 78 (which amends the provision made by Schedule 5AA...
- 26 In Schedule 29 (taxation of intangible fixed assets) in paragraph...

SCHEDULE 28 — Derivative contracts: transitional provisions etc

- 1 Anti-avoidance: change of accounting period
- 2 Qualifying contracts to which company ceases to be party before commencement day
- 3 Qualifying contracts which become derivative contracts
- 4 Contracts which become derivative contracts: chargeable assets
- 5 Contracts: election to treat as two assets
- 6 Contracts which become derivative contracts: contracts within Schedule 5AA to the Taxes Act 1988
- 7 Interpretation

SCHEDULE 29 — Gains and losses of a company from intangible fixed assets

Part 1 — INTRODUCTION

- 1 Gains and losses in respect of intangible fixed assets
- 2 Intangible assets
- 3 Intangible fixed assets
- 4 Goodwill
- 5 Company not drawing up correct accounts
- 6 Reference to consolidated group accounts

Part 2 — DEBITS IN RESPECT OF INTANGIBLE FIXED ASSETS

- 7 Introduction
- 8 Expenditure written off as it is incurred
- 9 Writing down on accounting basis
- 10 Writing down at fixed rate: election for fixed-rate basis
- 11 Writing down at fixed rate: calculation
- 12 Reversal of previous accounting gain

Part 3 — CREDITS IN RESPECT OF INTANGIBLE FIXED ASSETS

- 13 Introduction
- 14 Receipts recognised as they accrue
- 14A Receipts in respect of royalties so far as not dealt with under paragraph 14
- 15 Revaluation
- 16 Negative goodwill
- 17 Reversal of previous accounting loss

Part 4 — REALISATION OF INTANGIBLE FIXED ASSETS

- 18 Introduction
- 19 Meaning of "realisation"
- 20 Realisation of asset written down for tax purposes
- 21 Realisation of asset shown in balance sheet and not written down for tax purposes
- 22 Apportionment in case of part realisation
- 23 Realisation of asset not shown in balance sheet
- 24 Meaning of "proceeds of realisation"
- 25 Relief in case of reinvestment
- 26 Abortive expenditure on realisation

Part 5 — CALCULATION OF TAX WRITTEN DOWN VALUE

- 27 Asset written down on accounting basis
- 28 Asset written down at fixed rate

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- 29 Effect of part realisation of asset
 - Part 6 — HOW CREDITS AND DEBITS ARE GIVEN EFFECT
- 30 Introduction
- 31 Asset held for purposes of trade
- 32 Asset held for purposes of property business
- 33 Assets held for purposes of mines, transport undertakings, etc
- 34 Non-trading credits and debits
- 35 Claim to set non-trading loss against total profits
- 36 Special provisions relating to insurance companies
 - Part 7 — ROLL-OVER RELIEF IN CASE OF REALISATION AND REINVESTMENT
- 37 The relief
- 38 Conditions to be met in relation to the old asset and its realisation
- 39 Conditions to be met in relation to the expenditure on other assets
- 40 Claim for relief
- 41 How the relief is given: general
- 42 Determination of appropriate proportion or adjusted cost
- 42A References to cost of asset where asset affected by change of accounting policy
- 43 Declaration of provisional entitlement to relief
- 44 Realisation and reacquisition
- 45 Deemed realisations and deemed acquisitions to be disregarded
 - Part 8 — GROUPS OF COMPANIES
- 46 Introduction
- 47 General rule: a company and its 75% subsidiaries form a group
- 48 Membership of group restricted to effective 51% subsidiaries of principal company
- 49 Principal company cannot be 75% subsidiary of another company
- 50 Company cannot be member of more than one group
- 51 Continuity of identity of group
- 51A For the purposes of this Schedule where the principal company...
- 52 Meaning of “effective 51% subsidiary”
- 53 Meaning of equity holder and profits or assets available for distribution
- 54 Supplementary provisions
 - Part 9 — APPLICATION OF PROVISIONS TO GROUPS OF COMPANIES
- 55 Transfers within a group
- 56 Roll-over relief on reinvestment: application to group member
- 57 Roll-over relief on reinvestment: acquisition of group company treated as equivalent to acquisition of underlying assets
- 58 Company ceasing to be member of group (“degrouing”)
- 59 Degrouing: associated companies leaving group at the same time
- 60 Degrouing: principal company becoming member of another group
- 61 Degrouing: company ceasing to be member of group by reason of exempt distribution
- 62 Degrouing: merger carried out for bona fide commercial reasons
- 63 Degrouing: group member ceasing to exist
- 64 Degrouing: supplementary provisions
- 65 Degrouing: application of roll-over relief in relation to degrouing charge
- 66 Reallocation of degrouing charge within group
- 67 Application of roll-over relief in relation to reallocated degrouing charge

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- 68 Recovery of degrouping charge from another group company or controlling director
- 69 Recovery of degrouping charge from another group company or controlling director: procedure etc
- 70 Recovery of degrouping charge from another group company or controlling director: time limit
- 71 Payments between group members in respect of reliefs
 - Part 10 — EXCLUDED ASSETS
 - 72 Introduction
 - 73 Assets entirely excluded: rights over tangible assets
 - 73A Assets entirely excluded: assets in respect of which capital allowance previously made
 - 74 Assets entirely excluded: oil licences
 - 75 Assets entirely excluded: financial assets
 - 76 Assets entirely excluded: rights in companies, trusts, etc
 - 77 Assets entirely excluded: non-commercial purposes etc
 - 78 Assets excluded except as regards royalties: life assurance business
 - 79 Assets excluded except as regards royalties: mutual trade or business
 - 80 Assets excluded except as regards royalties: films and sound recordings
 - 80A Assets excluded: certain films
 - 80B Assets excluded except as regards royalties: sound recordings
 - 81 Assets excluded except as regards royalties: computer software treated as part of cost of related hardware
 - 82 Assets excluded to extent specified: research and development
 - 83 Assets excluded to extent specified: election to exclude capital expenditure on computer software
 - Part 11 — TRANSFER OF BUSINESS OR TRADE
 - 84 Company reconstruction involving transfer of business
 - 85 Transfer of UK business between companies resident in different EU member States
 - 85A European cross-border merger: transfer of UK business
 - 86 Postponement of charge on transfer of assets to non-resident company.
 - 87 Transfer of non-UK business
 - 87A European cross-border merger: transfer of non-UK business
 - 88 Procedure on application for clearance
 - 89 Transfer of life assurance business
 - 90 Transfer of business of building society to company
 - 91 Amalgamation of or transfer of engagements by certain societies

Transparent entities

- 85B (1) This paragraph applies in relation to a transfer of...
- 85C (1) This paragraph applies in relation to a merger if—...
- 85D (1) In paragraphs 85, 85A, 85B, 85C, 87 and 87A...
 - Part 12 — TRANSACTIONS BETWEEN RELATED PARTIES
 - 92 Transfer between company and related party treated as being at market value
 - 93 Exclusion of roll-over relief in case of part realisation involving related party
 - 94 Delayed payment of royalty payable by company to related party
 - 95 Meaning of “related party”
 - 95A Persons treated as “related parties”
 - 96 Meaning of “control” and “major interest”

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- 97 Rights and powers to be taken into account: general
- 98 Rights and powers to be taken into account: rights and powers held jointly
- 99 Rights and powers to be taken into account: partnerships
- 100 Meaning of “participator” and “associate”
- 101 Connected persons
 - Part 13 — SUPPLEMENTARY PROVISIONS
- 102 Treatment of grants and other contributions to expenditure
- 103 Grants to be left out of account for tax purposes
- 104 Finance leasing etc
- 105 Assets acquired or realised together
- 106 Deemed market value acquisition: adjustment of amounts in case of nil accounting value
- 107 Treatment of fungible assets
- 108 Asset ceasing to be chargeable intangible asset: deemed realisation at market value
- 109 Asset ceasing to be chargeable intangible asset: postponement of gain in certain cases
- 110 Asset becoming chargeable intangible asset
- 111 Tax avoidance arrangements to be disregarded
- 112 Debits not allowed in respect of expenditure not generally deductible for tax purposes
- 113 Delayed payment of employees' remuneration
- 114 Delayed payment of pension contributions
- 115 Bad debts etc
- 116 Assumptions for computing chargeable profits of controlled foreign companies
 - Part 13A — ADJUSTMENT ON CHANGE OF ACCOUNTING POLICY
- 116A Introduction
- 116B Change of accounting policy involving change of value
- 116C Change of accounting policy involving disaggregation
- 116D Change of accounting policy involving disaggregation: original asset subject to fixed rate writing down
- 116E Change of accounting policy involving disaggregation: election for fixed rate writing down in relation to resulting asset
- 116F Cap on credit to be brought into account on change of accounting policy
- 116G Exclusion of debits or credits brought into account under other provisions
- 116H Subsequent events affecting asset subject to adjustment under this Part
 - Part 14 — COMMENCEMENT AND TRANSITIONAL PROVISIONS
- 117 Commencement date
- 118 Application of Schedule to assets created or acquired after commencement
- 119 Application of Schedule to royalties
- 120 Assets regarded as created or acquired when expenditure incurred
- 121 Internally-generated goodwill: whether created before or after commencement
- 122 Certain other internally-generated assets: whether created before or after commencement
- 123 Expenditure on acquisition treated as incurred when recognised for accounting purposes
- 124 When expenditure treated as incurred: chargeable gains rule to be followed in certain cases

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- 125 When expenditure treated as incurred: capital allowances general rule to be followed in certain cases
- 126 Application of Schedule to fungible assets
- 127 Certain assets acquired on transfer of business treated as existing assets
- 127A Assets whose value derives from existing assets treated as existing assets
- 127B Assets acquired in connection with disposals of existing assets treated as existing assets
- 128 Application of Schedule to certain existing telecommunication rights
- 129 Application of Schedule to existing Lloyd's syndicate capacity
- 130 Roll-over relief: application in relation to disposal of existing asset after commencement
- 131 Roll-over relief: application in relation to degrouping charge on existing asset arising after commencement
- 132 Roll-over relief: transitory interaction with relief on replacement of business asset
- Part 15 — INTERPRETATION
- 133 References to expenditure on an asset
- 134 References to amounts recognised in determining profit or loss
- 135 Meaning of "accounting value"
- 136 Meaning of "adjustments required for tax purposes"
- 137 Meaning of "chargeable intangible asset" and "chargeable realisation gain"
- 138 Interpretation provisions relating to insurance companies
- 139 Meaning of "royalty"
- 140 Meaning of "tax-neutral transfer"
- 141 Meaning of "the Inland Revenue"
- 142 Meaning of "the Taxes Acts"
- 143 Index of defined expressions

SCHEDULE 30 — Gains and losses of a company from intangible fixed assets: consequential amendments

- 1 General provisions about deductions
- 2 Surrender of non-trading loss by way of group relief
- 3 Extension of charitable exemption to non-trading gains
- 4 Change in ownership of company with unused non-trading loss
- 5 Double taxation relief
- 6 Value-shifting provisions

SCHEDULE 31 — Gains of insurance company from venture capital investment partnership

SCHEDULE 32 — Lloyd's underwriters

- 1 Individuals
- 2 In section 178(stop loss and quota share insurance), in subsection...
- 3 After subsection (3) of that section insert—
- 4 For subsection (4) of that section substitute—
- 5 In section 184(1) (interpretation), in the definition of "stop-loss insurance",...
- 6 Corporate bodies
- 7 In section 225 (stop loss and quota share insurance), in...
- 8 After subsection (3) of that section insert—

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- 9 For subsection (4) of that section substitute—
- 10 In section 230(1) (interpretation), in the definition of “stop-loss insurance”,...

SCHEDULE 33 — Venture capital trusts

Part 1 — VENTURE CAPITAL TRUSTS: WINDING UP

- 1 Meaning of “VCT-in-liquidation”
 - 2 Power to treat VCT-in-liquidation as VCT
 - 3 Power to treat conditions for VCT approval as fulfilled with respect to VCT-in-liquidation
 - 4 Power to make provision about distributions by VCT-in-liquidation
 - 5 Power to facilitate disposals to VCT by VCT-in-liquidation
 - 6 Provision in respect of periods before and after winding-up
 - 7 Part 1: supplementary provisions and interpretation
- ##### Part 2 — VENTURE CAPITAL TRUSTS: MERGERS
- 8 Power to facilitate mergers of VCTs
 - 9 Provision that may be made by regulations under paragraph 8(1)
 - 10 Meaning of “merger” and “successor company”
- ##### Part 3 — TIME ALLOWED FOR VCT TO INVEST MONEY RAISED BY FURTHER SHARE ISSUE
- 11 Power to disapply, or limit operation of, section 842AA(5B) of the Taxes Act 1988
 - 12 Withdrawal of VCT approval in cases for which provision made under paragraph 11
 - 13 Consequential amendment in section 842AA(5A) of the Taxes Act 1988
- ##### Part 4 — SUPPLEMENTARY
- 14 Extension of existing powers to give effect to VCT reliefs
 - 15 Penalties for non-compliance with regulations under this Schedule
 - 16 Regulations under this Schedule: inclusion of supplementary etc provisions
 - 17 Interpretation of Schedule

SCHEDULE 34 — Stamp duty: withdrawal of group relief: supplementary provisions

- 1 Introduction
- 2 Relief not withdrawn if transferor company leaves group
- 3 Relief not withdrawn in case of winding-up
- 4 Relief not withdrawn in case of exempt acquisition
- 5 Interest
- 6 Duty of transferee company to notify particulars
- 7 Determination, collection and recovery of duty and interest
- 8 Recovery of group relief from another group company or controlling director
- 9 Recovery of group relief from another group company or controlling director: procedure and time limit
- 10 Power to require information
- 11 Supplementary

SCHEDULE 35 — Stamp duty: withdrawal of relief for company acquisitions: supplementary provisions

- 1 Introduction
- 2 Change of control due to exempt transfer
- 3 Change of control due to intra-group transfer

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- 4 Change of control due to exempt share acquisition
- 5 Change of control due to interest of loan creditor
- 6 Interest
- 7 Duty of acquiring company to notify particulars
- 8 Determination, collection and recovery of duty and interest
- 9 Recovery of section 76 relief from from another group company or controlling director
- 10 Recovery of section 76 relief from another group company or controlling director: procedure and time limit
- 11 Power to require information
- 12 Supplementary

SCHEDULE 36 — Stamp duty: contracts chargeable as conveyances: supplementary provisions

Part 1 — SUBSALES

- 1 Introduction
- 2 Meaning of “subsale”
- 3 Relief where duty paid on original sale or earlier subsale

Part 2 — SUBSEQUENT CONVEYANCE OR TRANSFER

- 4 Introduction
- 5 Conveyance or transfer of property contracted to be sold
- 6 Repayment of duty in certain cases

Part 3 — GENERAL SUPPLEMENTARY PROVISIONS

- 7 Construction of references to duty on transactions
- 8 Transactions relating to land in the UK and to other property
- 9 Person claiming relief to establish entitlement
- 10 Construction as one

SCHEDULE 37 — Stamp duty: abolition of duty on instruments relating to goodwill: supplementary provisions

- 1 Reduction of stamp duty where instrument partly relating to goodwill
- 2 Apportionment of consideration for stamp duty purposes
- 3 Certification of instruments for stamp duty purposes
- 4 Acquisition under statute
- 5 Interpretation

SCHEDULE 38 — Aggregates levy amendments

- 1 Introduction
- 2 The charge
- 3 Meaning of “aggregate” etc
- 4 Exempt processes
- 5 Commercial exploitation
- 6 Responsibility for commercial exploitation
- 7 The register
- 8 Insolvency etc
- 9 Notification of registrability etc
- 10 Restriction on powers to provide for set-off

SCHEDULE 39 — Recovery of taxes etc due in other member States

- 1 Introduction
- 2 Enforcement of claims in the United Kingdom
- 3 Power to make supplementary provision by regulations
- 4 Proceedings on contested claims

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

Changes to legislation: Finance Act 2002 is up to date with all changes known to be in force on or before 14 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- 5 Claims determined in taxpayer's favour
- 6 Other supplementary provisions

SCHEDULE 40 — Repeals

- Part 1 — EXCISE DUTIES
- Part 2 — VALUE ADDED TAX
- Part 3 — INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX
- Part 4 — OTHER TAXES
- Part 5 — MISCELLANEOUS

Status:

Point in time view as at 21/07/2008.

Changes to legislation:

Finance Act 2002 is up to date with all changes known to be in force on or before 14 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.