



# Income and Corporation Taxes Act 1988

## CHAPTER 1

### INCOME AND CORPORATION TAXES ACT 1988

#### PART I

##### THE CHARGE TO TAX

###### *Income tax*

- 1 The charge to income tax.
- 1A Application of lower rate to income from savings and distributions.
- 1B Rates of tax applicable to Schedule F income etc.
- 2 Fractions of a pound, and yearly assessments.
- 3 Certain income charged at basic rate.
- 4 Construction of references in Income Tax Acts to deduction of tax.
- 5 Date for payment.

###### *Corporation tax*

- 6 The charge to corporation tax and exclusion of income tax and capital gains tax.
- 7 Treatment of certain payments and repayment of income tax.
- 8 General scheme of corporation tax.
- 8A Resolutions to reduce corporation tax.
- 9 Computation of income: application of income tax principles.
- 10 Time for payment of tax.
- 11 Companies not resident in United Kingdom.
- 11AA Determination of profits attributable to permanent establishment
- 12 Basis of, and periods for, assessment.

###### *Small companies' rate*

- 13 Small companies' relief.

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- 13ZA Interpretation of section 13(7)
- 13AA Corporation tax starting rate.
- 13AB The non-corporate distribution rate
- 13A Close investment-holding companies.

*Advance corporation tax*

- 14 Advance corporation tax and qualifying distributions.

*The six Schedules*

- 15 Schedule A.
- 16 Schedule B.
- 17 Schedule C.
- 18 Schedule D.
- 19 Schedule E.
- 20 Schedule F.

**PART II**

PROVISIONS RELATING TO THE SCHEDULE A CHARGE

*General*

- 21 Persons chargeable and basis of assessment.
- 21A Computation of amount chargeable.
- 21B Application of other rules applicable to Case I of Schedule D.
- 21C The Schedule A charge and mutual business.
- 22 Assessments.
- 23 Collection from lessees and agents.
- 24 Construction of Part II.

*Deductions and other allowances*

- 25 Deductions from rent: general rules.
- 26 Deductions from rent: land managed as one estate.
- 27 Deductions from rent: maintenance funds for historic buildings.
- 28 Deductions from receipts other than rent.
- 29 Sporting rights.
- 30 Expenditure on making sea walls.
- 31 Provisions supplementary to sections 25 to 30.
- 31ZA Deduction for expenditure on energy-saving items
- 31ZB Restrictions on relief
- 31ZC Regulations
- 31A Deductions for expenditure by landlords on energy-saving items
- 31B Provisions supplementary to section 31A
- 32 Capital allowances for machinery and plant used in estate management.
- 33 Agricultural land: allowance for excess expenditure on maintenance.

*Connected persons*

- 33A Rents or receipts payable by a connected person.
- 33B Rents or receipts relating to land in respect of which a connected person makes payments to a third party.

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*Premiums, leases at undervalue etc*

- 34 Treatment of premiums, etc. as rent.
- 35 Charge on assignment of lease granted at an undervalue.
- 36 Charge on sale of land with right to reconveyance.
- 37 Premiums paid etc: deductions from premiums and rent received.
- 37A Section 37(4) and reductions in receipts under ITTOIA 2005
- 38 Rules for ascertaining duration of leases.
- 39 Saving for pre-1963 leases, and special relief for individuals.

*Supplementary provisions*

- 40 Tax treatment of receipts and outgoings on sale of land.
- 41 Relief for rent etc. not paid.
- 42 Appeals against determinations under sections 34 to 36.
- 42A Non-residents and their representatives.
- 43 Non-residents.

*Rent factoring*

- 43A Finance agreement: interpretation.
- 43B Transfer of rent.
- 43C Transfer of rent: exceptions, &c.
- 43D Interposed lease.
- 43E Interposed lease: exceptions, &c.
- 43F Insurance business.
- 43G Interpretation.

**PART III**

**GOVERNMENT SECURITIES**

*General*

- 44 Income tax: mode of charge.
- 45 Interpretation of Part III.

*Government securities: exemptions from tax*

- 46 Savings certificates and tax reserve certificates.
- 47 United Kingdom government securities held by non-residents.
- 48 Securities of foreign states.
- 49 Stock and dividends in name of Treasury etc.

*Government securities: interest payable without deduction of tax*

- 50 United Kingdom securities: Treasury directions for payment without deduction of tax.
- 51 Treasury directions as respects Northern Ireland securities.
- 51AA Commencement of direction under section 50 or 51.
- 51A Gilt-edged securities held under authorised arrangements.
- 51B Periodic accounting for tax on interest on gilt-edged securities.
- 52 Taxation of interest on converted government securities and interest which becomes subject to deduction.

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## **PART IV**

### **PROVISIONS RELATING TO THE SCHEDULE D CHARGE**

#### **CHAPTER I**

##### **SUPPLEMENTARY CHARGING PROVISIONS**

- 53 Farming and other commercial occupation of land (except woodlands).
- 54 Woodlands managed on a commercial basis.
- 55 Mines, quarries and other concerns.
- 56 Transactions in deposits with and without certificates or in debts.
- 56A Disposal or exercise of rights in pursuance of deposits.
- 57 Deep discount securities.
- 58 Foreign pensions.
- 59 Persons chargeable.

#### **CHAPTER II**

##### **INCOME TAX: BASIS OF ASSESSMENT ETC.**

###### *Cases I and II*

- 60 Assessment on current year basis.
- 61 Basis of assessment at commencement.
- 62 Change of basis period.
- 62A Conditions for such a change.
- 63 Basis of assessment on discontinuance.
- 63A Overlap profits and overlap losses.

###### *Cases III, IV and V*

- 64 Case III assessments.
- 65 Cases IV and V assessments: general.
- 65A Case V income from land outside UK: income tax.
- 66 Special rules for fresh income.
- 67 Special rules where source of income disposed of or yield ceases.
- 68 Special rules where property etc. situated in Republic of Ireland.
- 68A Share incentive plans: application of section 68B
- 68B Share incentive plans: cash dividends and dividend shares
- 68C Share incentive plans: interpretation

###### *Case VI*

- 69 Case VI assessments.

#### **CHAPTER III**

##### **CORPORATION TAX: BASIS OF ASSESSMENT ETC**

- 70 Basis of assessment etc.
- 70A Case V income from land outside UK: corporation tax.

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## CHAPTER IV

### PROVISIONS SUPPLEMENTARY TO CHAPTERS II AND III

- 71 Computation of income tax where no profits in year of assessment.
- 72 Apportionments etc. for purposes of Cases I, II and VI.
- 73 Single assessments for purposes of Cases III, IV and V.

## CHAPTER V

### COMPUTATIONAL PROVISIONS

#### *Deductions*

- 74 General rules as to deductions not allowable.
- 75 Expenses of management: investment companies.
- 75A Accounting period to which expenses of management are referable
- 75B Amounts reversing expenses of management deducted: charge to tax
- 76 Expenses of management: insurance companies.
- 76A Levies and repayments under the Financial Services and Markets Act 2000.
- 76B Levies and repayments under the Financial Services and Markets Act 2000: investment companies.
- 77 Incidental costs of obtaining loan finance.
- 78 Discounted bills of exchange.
- 79 Contributions to local enterprise agencies.
- 79A Contributions to training and enterprise councils and local enterprise companies.
- 79B Contributions to urban regeneration companies
- 80 Expenses connected with foreign trades etc.
- 81 Travel between trades etc.
- 82 Interest paid to non-residents.
- 82A Expenditure on research and development.
- 82B Payments to research associations, universities etc.
- 83 Patent fees etc. and expenses.
- 83A Gifts in kind to charities etc.
- 84 Gifts to educational establishments.
- 84A Costs of establishing share option or profit sharing schemes: relief.
- 85 Payments to trustees of approved profit sharing schemes.
- 85A Costs of establishing employee share ownership trusts: relief.
- 85B Approved share incentive plans
- 86 Employees seconded to charities and educational establishments.
- 86A Charitable donations: contributions to agent's expenses.
- 87 Taxable premiums etc.
- 87A Section 87(2) and (3) and reductions in receipts under ITTOIA 2005
- 88 Payments to Export Credit Guarantee Department.
- 88A Debts of overseas governments etc.
- 88B Section 88A debts: restriction on deductions under section 74(j).
- 88C Section 88A debts: restriction on other deductions.
- 88D Restriction of deductions in respect of certain debts
- 89 Debts proving irrecoverable after event treated as discontinuance.
- 90 Additional payments to redundant employees.
- 91 Cemeteries.

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- 91A Waste disposal: restoration payments.
- 91B Waste disposal: preparation expenditure.
- 91BA Waste disposal: entitlement of successor to allowances.
- 91C Mineral exploration and access.

*Payments for restrictive undertakings*

- 76ZA Payments for restrictive undertakings

*Seconded employees*

- 76ZB Employees seconded to charities and educational establishments

*Counselling and retraining expenses*

- 76ZC Counselling and other outplacement services
- 76ZD Retraining courses
- 76ZE Retraining courses: recovery of tax

*Redundancy payments etc*

- 76ZF Redundancy payments and approved contractual payments
- 76ZG Payments in respect of employment wholly in employer's business
- 76ZH Payments in respect of employment in more than one capacity
- 76ZI Additional payments
- 76ZJ Payments by the Government

*Contributions to local enterprise organisations or urban regeneration companies*

- 76ZK Contributions to local enterprise organisations or urban regeneration companies

*Unpaid remuneration*

- 76ZL Unpaid remuneration
- 76ZM Unpaid remuneration: supplementary

*Car or motor cycle hire*

- 76ZN Car or motor cycle hire
- 76ZO Hiring cars (but not motor cycles) with low CO<sub>2</sub> emissions before 1 April 2013

*Treatment of regional development and other grants and debts released etc.*

- 92 Regional development grants.
- 93 Other grants under Industrial Development Act 1982 etc.
- 94 Debts deducted and subsequently released.
- 95 Taxation of dealers in respect of distributions etc.
- 95ZA Taxation of UK distributions received by insurance companies

*Special provisions*

- 95A Creative artists: relief for fluctuating profits
- 96 Farming and market gardening: relief for fluctuating profits.
- 97 Treatment of farm animals etc.
- 98 Tied premises: receipts and expenses treated as those of trade.

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99 Dealers in land.

## CHAPTER VI

### DISCONTINUANCE . . .

#### *Valuation of trading stock etc.*

- 100 Valuation of trading stock at discontinuance of trade.
- 101 Valuation of work in progress at discontinuance of profession or vocation.
- 102 Provisions supplementary to sections 100 and 101.

#### *Case VI charges on receipts*

- 103 Receipts after discontinuance: earnings basis charge and related charge affecting conventional basis.
- 104 Conventional basis: general charge on receipts after discontinuance . . . .
- 105 Allowable deductions.
- 106 Application of charges where rights to payments transferred.

#### *Reliefs*

- 107 Treatment of receipts as earned income.
- 108 Election for carry-back.
- 109 Charge under section 104: relief for individuals born before 6th April 1917.

#### *Relief for post-cessation expenditure*

- 109A Relief for post-cessation expenditure.

#### *Supplemental*

- 110 Interpretation etc.

#### *Change of residence*

- 110A Change of residence.

## CHAPTER VII

### PARTNERSHIPS AND SUCCESSIONS

#### *General*

- 111 Treatment of partnerships.
- 112 Partnerships controlled abroad.
- 113 Effect, for income tax, of change in ownership of trade, profession or vocation.

#### *Partnerships involving companies*

- 114 Special rules for computing profits and losses.
- 115 Provisions supplementary to section 114.
- 116 Arrangements for transferring relief.

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### *Limited partners*

- 117 Restriction on relief: individuals.
- 118 Restriction on relief: companies.

### *Limited liability partnerships*

- 118ZA Treatment of limited liability partnerships.
- 118ZB Restriction on relief.
- 118ZC Member's contribution to trade.
- 118ZD Carry forward of unrelieved losses.

### *Non-active general partners and non-active members of limited liability partnerships*

- 118ZE Restriction on relief for non-active partners
- 118ZF Meaning of "the aggregate amount"
- 118ZG "The individual's contribution to the trade"
- 118ZH "A significant amount of time"
- 118ZI Carry forward of unrelieved losses of non-active partners
- 18ZJ Commencement: the first restricted year
- 118ZK Transitional provision for years after the first restricted year

### *Partnerships exploiting films*

- 118ZL Partnerships exploiting films
- 118ZM Partnerships exploiting films: supplementary

### *Partners: meaning of "contribution to the trade"*

- 118ZN Partners: meaning of "contribution to the trade"
- 118ZO Meaning of "relevant loss" in section 118ZN

## **CHAPTER VIIA**

### *PAYING AND COLLECTING AGENTS*

- 118A Definitions.
- 118B Paying agents.
- 118C Collecting agents.
- 118D Chargeable payments and chargeable receipts.
- 118E Deduction of tax from chargeable payments and chargeable receipts.
- 118F Accounting for tax on chargeable payments and chargeable receipts.
- 118G Relevant securities of eligible persons.
- 118H Relevant securities of eligible persons: administration.
- 118I Deduction of tax at reduced rate.
- 118J Prevention of double accounting.
- 118K Regulations.

## **CHAPTER VIII**

### MISCELLANEOUS AND SUPPLEMENTAL

- 119 Rent etc. payable in connection with mines, quarries and similar concerns.
- 120 Rent etc. payable in respect of electric line wayleaves.



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- 121 Management expenses of owner of mineral rights.
- 122 Relief in respect of mineral royalties.
- 123 Foreign dividends.
- 124 Interest on quoted Eurobonds.
- 125 Annual payments for non-taxable consideration.
- 126 Treasury securities issued at a discount.
- 126A Charge to tax on appropriation of securities and bonds.
- 127 Enterprise allowance.
- 127A Futures and options: transactions with guaranteed returns.
- 128 Commodity and financial futures etc.: losses and gains.
- 129 Stock lending.
- 129A Stock lending: interest on cash collateral.
- 129B Stock lending fees.
- 130 Meaning of “investment company” for purposes of Part IV.

## **PART V**

### **PROVISIONS RELATING TO THE SCHEDULE E CHARGE**

#### **CHAPTER I**

#### **SUPPLEMENTARY CHARGING PROVISIONS OF GENERAL APPLICATION**

##### *Miscellaneous provisions*

- 131 Chargeable emoluments.
- 132 Place of performance, and meaning of emoluments received in the U.K.
- 133 Voluntary pensions.
- 134 Workers supplied by agencies.

##### *Shareholdings, loans etc.*

- 135 Gains by directors and employees from share options.
- 136 Provisions supplementary to section 135.
- 137 Payment of tax under section 135 by instalments.
- 138 Share acquisitions by directors and employees.
- 139 Provisions supplementary to section 138.
- 140 Further interpretation of sections 135 to 139.
- 140A Conditional acquisition of shares.
- 140B Consideration for shares conditionally acquired.
- 140C Cases where interest to be treated as only conditional.
- 140D Convertible shares.
- 140E Consideration for convertible shares.
- 140F Supplemental provision with respect to convertible shares.
- 140G Information for the purposes of sections 140A to 140F.
- 140H Construction of sections 140A to 140G.

##### *Vouchers etc.*

- 141 Non-cash vouchers.
- 142 Credit-tokens.
- 143 Cash vouchers taxable under P.A.Y.E.
- 144 Supplementary provisions.
- 144A Payments etc. received free of tax.

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### *Living accommodation*

- 145 Living accommodation provided for employee.
- 146 Additional charge in respect of certain living accommodation.
- 146A Priority of rules applying to living accommodation.
- 147 Occupation of Chevening House.

### *Payments on retirement, sick pay etc.*

- 148 Payments and other benefits in connection with termination of employment, etc.
- 149 Sick pay.
- 150 Job release scheme allowances, maternity pay and statutory sick pay.
- 151 Income support etc.
- 151A Jobseeker's allowance.
- 152 Notification of amount taxable under section 151.

## **CHAPTER II**

### **EMPLOYEES EARNING £8,500 OR MORE AND DIRECTORS**

#### *Expenses*

- 153 Payments in respect of expenses.

#### *Benefits in kind*

- 154 General charging provision.
- 155 Exceptions from the general charge.
- 155ZA Accommodation, supplies or services used in performing duties of employment.
- 155ZB Power to provide for exemption of minor benefits.
- 155AA Mobile telephones.
  - 155A Care for children.
  - 156 Cash equivalent of benefits charged under section 154.
  - 156A Limited exemption for computer equipment.
  - 157 Cars available for private use.
  - 157A Cars available for private use: cash alternative, etc.
  - 158 Car fuel.
  - 159 Pooled cars.
  - 159AA Vans available for private use.
  - 159AB Pooled vans.
  - 159AC Heavier commercial vehicles available for private use.
    - 159A Mobile telephones.
    - 160 Beneficial loan arrangements.
    - 161 Exceptions from section 160.
    - 161A Treatment of qualifying loans.
    - 161B Beneficial loans: loans on ordinary commercial terms.
    - 162 Employee shareholdings.
    - 163 Expenses connected with living accommodation.
    - 164 Director's tax paid by employer.
    - 165 Scholarships.

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### *General supplementary provisions*

- 166 Notice of nil liability under this Chapter.
- 167 Employment to which this Chapter applies.
- 168 Other interpretative provisions.
- 168A Price of a car as regards a year.
- 168AA Equipment to enable disabled person to use car.
- 168AB Equipment etc. to enable car to run on road fuel gas.
- 168B Price of a car: accessories not included in list price.
- 168C Price of a car: accessories available after car first made available.
- 168D Price of a car: capital contributions.
- 168E Price of a car: replacement accessories.
- 168F Price of a car: classic cars.
- 168G Price of a car: cap for expensive car.

## **CHAPTER III**

### **PROFIT-RELATED PAY**

#### *Preliminary*

- 169 Interpretation.
- 170 Taxation of profit-related pay.

#### *The relief*

- 171 Relief from tax.
- 172 Exceptions from tax.

#### *Registration*

- 173 Persons who may apply for registration.
- 174 Excluded employments.
- 175 Applications for registration.
- 176 Registration.
- 177 Change of scheme employer.
- 177A Death of scheme employer.
- 177B Alteration of scheme's terms.
- 178 Cancellation of registration.

#### *Administration*

- 179 Recovery of tax from scheme employer.
- 180 Annual returns etc.
- 181 Other information.
- 182 Appeals.

#### *Supplementary*

- 183 Partnerships.
- 184 Independent accountants.

## **CHAPTER IV**

### **OTHER EXEMPTIONS AND RELIEFS**

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*Share option and profit sharing schemes*

- 185 Approved share option schemes.
- 186 Approved profit sharing schemes.
- 187 Interpretation of sections 185 and 186 and Schedules 9 and 10.

*Contributions in respect of share option gains*

- 187A Relief for contributions in respect of share option gains.

*Retirement benefits etc.*

- 188 Exemptions from section 148.
- 189 Lump sum benefits on retirement.
- 190 Payments to MPs and others.
- 191 Job release scheme allowances not to be treated as income.

*Removal expenses and benefits*

- 191A Removal expenses and benefits.
- 191B Removal benefits: beneficial loan arrangements.

*Foreign emoluments and earnings, pensions and certain travel facilities*

- 192 Relief from tax for foreign emoluments.
- 192A Foreign earnings deduction for seafarers.
- 193 Foreign earnings and travel expenses.
- 194 Other foreign travel expenses.
- 195 Travel expenses of employees not domiciled in the United Kingdom.
- 196 Foreign pensions.
- 197 Leave travel facilities for the armed forces.
- 197A Car parking facilities
- 197AA Works bus services.
- 197AB Support for public transport road services.
- 197AC Provision of cycle or cyclist's safety equipment.

*Mileage allowances*

- 197AD Mileage allowance payments
- 197AE Passenger payments
- 197AF Mileage allowance relief
- 197AG Giving effect to mileage allowance relief
- 197AH Interpretation of sections 197AD to 197AG

*Mileage allowances*

- 197B Limit on chargeable mileage profit.
- 197C Definition of mileage profit.
- 197D Definition of taxed mileage profit.
- 197E Exception from section 197B.
- 197F Other interpretative provisions.

*Sporting and recreational facilities*

- 197G Sporting and recreational facilities.

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*Other expenses, subscriptions etc.*

- 198 Relief for necessary expenses.
- 198A Interpretation of section 198.
- 199 Expenses necessarily incurred and defrayed from official emoluments.
- 200 Expenses of Members of Parliament.
- 200ZA Expenses of members of Scottish Parliament, National Assembly for Wales or Northern Ireland Assembly.
- 200AA Incidental benefits for holders of certain offices etc.
- 200A Incidental overnight expenses.
- 200B Work-related training provided by employers.
- 200C Expenditure excluded from section 200B.
- 200D Other work-related training.
- 200E Education and training funded by employers.
- 200F Section 200E: exclusion of expenditure not directly related to training.
- 200G Section 200E: exclusion of expenditure if contributions not generally available to staff.
- 200H Section 200E: exclusion of expenditure otherwise relieved.
- 200J Education or training funded by third parties.
- 201 Fees and subscriptions to professional bodies, learned societies etc.
- 201AA Employee liabilities and indemnity insurance.
- 201A Expense of entertainers.
- 202 Donations to charity: payroll deduction scheme.

**CHAPTER V**

**ASSESSMENT, COLLECTION, RECOVERY AND APPEALS**

- 202A Assessment on receipts basis.
- 202B Receipts basis: meaning of receipt.
- 203 Pay as you earn.
- 203A P.A.Y.E.: meaning of payment.
- 203B PAYE: payment by intermediary.
- 203C PAYE: employee of non-UK employer.
- 203D PAYE: employee non-resident, etc.
- 203E PAYE: mobile UK workforce.
- 203F PAYE: tradeable assets.
- 203FA PAYE: enhancing the value of an asset.
- 203FB PAYE: gains from share options etc.
- 203G PAYE: non-cash vouchers.
- 203H PAYE: credit-tokens.
- 203I PAYE: cash vouchers.
- 203J S.203B to s.203I: accounting for tax.
- 203K Trading arrangements.
- 203L S.203B to s.203K: interpretation, etc.
- 204 P.A.Y.E repayments.
- 205 Assessments unnecessary in certain circumstances.
- 206 Additional provision for certain assessments.
- 206A PAYE settlement agreements.
- 207 Disputes as to domicile or ordinary residence.

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## PART VI

### COMPANY DISTRIBUTIONS, TAX CREDITS ETC

#### CHAPTER I

##### TAXATION OF COMPANY DISTRIBUTIONS

- 207A Application of lower rate to company distributions.
- 208 U.K. company distributions not generally chargeable to corporation tax.

#### CHAPTER II

##### MATTERS WHICH ARE DISTRIBUTIONS FOR THE PURPOSES OF THE CORPORATION TAX ACTS

- 209 Meaning of “distribution”.
- 209A Section 209(3AA): link to shares of company or associated company
- 209B Section 209(3AA): hedging arrangements
- 210 Bonus issue following repayment of share capital.
- 211 Matters to be treated or not to be treated as repayments of share capital.

#### CHAPTER III

##### MATTERS WHICH ARE NOT DISTRIBUTIONS FOR THE PURPOSES OF THE CORPORATION TAX ACTS

###### *Payments of interest*

- 212 Interest etc. paid in respect of certain securities.

###### *Demergers*

- 213 Exempt distributions.
- 213A Exempt distributions: division of business
- 214 Chargeable payments connected with exempt distributions.
- 215 Advance clearance by Board of distributions and payments.
- 216 Returns.
- 217 Information.
- 218 Interpretation of sections 213 to 217.

###### *Purchase of own shares*

- 219 Purchase by unquoted trading company of own shares.
- 220 Conditions as to residence and period of ownership.
- 221 Reduction of vendor’s interest as shareholder.
- 222 Conditions applicable where purchasing company is member of group.
- 223 Other conditions.
- 224 Relaxation of conditions in certain cases.
- 225 Advance clearance of payments by Board.
- 226 Returns and information.
- 227 Associated persons.
- 228 Connected persons.
- 229 Other interpretative provisions.

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### *Stock dividends*

230 Stock dividends: distributions.

### *Industrial and provident society dividends etc*

230A Dividend or bonus granted by industrial and provident society

## **CHAPTER IV**

### **TAX CREDITS**

- 231 Tax credits for certain recipients of qualifying distributions.
- 231A Restrictions on the use of tax credits by pension funds.
- 231AA No tax credit for borrower under stock lending arrangement or interim holder under repurchase agreement.
- 231AB No tax credit for original owner under repurchase agreement in respect of certain manufactured dividends.
- 231B Consequences of certain arrangements to pass on the value of a tax credit.
- 232 Tax credits for non-U.K. residents.
- 233 Taxation of certain recipients of distributions and in respect of non-qualifying distributions.
- 234 Information relating to distributions.
- 234A Information relating to distributions: further provisions.
- 235 Distributions of exempt funds etc.
- 236 Provisions supplementary to section 235.
- 237 Disallowance of reliefs in respect of bonus issues.

## **CHAPTER V**

### **ADVANCE CORPORATION TAX AND FRANKED INVESTMENT INCOME**

- 238 Interpretation of terms and collection of ACT.
- 239 Set-off of ACT against liability to corporation tax.
- 240 Set-off of company's surplus ACT against subsidiary's liability to corporation tax.
- 241 Calculation of ACT where company receives franked investment income.
- 242 Set-off of losses etc. against surplus of franked investment income.
- 243 Set-off of loss brought forward, or terminal loss.
- 244 Further provisions relating to claims under section 242 or 243.
- 245 Calculation etc. of ACT on change of ownership of company.
- 245A Restriction on application of section 240 in certain circumstances.
- 245B Restriction on set-off where asset transferred after change in ownership of company.
- 246 Charge of ACT at previous rate until new rate fixed, and changes of rate.

## **CHAPTER VA**

### **FOREIGN INCOME DIVIDENDS**

*Status: Point in time view as at 27/07/1999.*

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*Election by company paying dividend*

- 246A Election by company paying dividend.
- 246B Procedure for making election.

*Recipient of foreign income dividend*

- 246C No tax credit for recipient.
- 246D Individuals etc.

*Companies: payments and receipts*

- 246E Foreign income dividend not franked payment.
- 246F Calculation of ACT where company receives foreign income dividend.
- 246G Information relating to foreign income dividends.
- 246H Power of inspector to require information.

*Foreign source profit and distributable foreign profit*

- 246I Foreign source profit and distributable foreign profit.

*Matching of dividend with distributable foreign profit*

- 246J Matching of dividend with distributable foreign profit.
- 246K Matching: subsidiaries.
- 246L Requirement as to subsidiaries.
- 246M Matching: further provisions.

*Repayment or set-off of advance corporation tax*

- 246N ACT to be repaid or set off against corporation tax liability.
- 246P Notional foreign source advance corporation tax.
- 246Q Repayment or set-off: supplementary.
- 246R Supplementary claims.

*International headquarters companies*

- 246S International headquarters companies.
- 246T Liability to pay ACT displaced.
- 246U Settlement of liability by IHC as to ACT.
- 246V Settlement of liability by non-IHC as to ACT.
- 246W Payments and repayments where further matching takes place.

*Adjustments*

- 246X Adjustments where profits or foreign tax altered.

*Application of this Chapter*

- 246Y Application of this Chapter.

**CHAPTER VI**

MISCELLANEOUS AND SUPPLEMENTAL

*Group income*

- 247 Dividends etc. paid by one member of a group to another.



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248 Provisions supplementary to section 247.

*Stock dividends*

249 Stock dividends treated as income.  
250 Returns.  
251 Interpretation of sections 249 and 250.

*Approved share incentive plans*

251A Application of sections 251B and 251C  
251B Treatment of cash dividend retained and then later paid out  
251C Charge on dividend shares ceasing to be subject to plan  
251D Interpretation of sections 251A to 251C

*Supplemental*

252.— Rectification of excessive set-off etc. of ACT or tax credit.  
253 Power to modify or replace section 234(5) to (9) and Schedule 13.  
254 Interpretation of Part VI.  
255 “Gross rate” and “gross amount” of distributions to include ACT.

**PART VII**

**GENERAL PROVISIONS RELATING TO TAXATION OF INCOME OF INDIVIDUALS**

**CHAPTER I**

**PERSONAL RELIEFS**

*The reliefs*

256 General.  
256A Meaning of “adjusted net income”  
256B Meaning of “the minimum amount”  
257 Personal allowance.  
257AA Children’s tax credit.  
257A Married couple’s allowance.  
257AB Married couple's allowance (post-5th December 2005 marriages and civil partnerships etc.)  
257BA Elections as to transfer of relief under section 257A.  
257BB Transfer of relief under section 257A where relief exceeds income.  
257B Transfer of relief under section 257A.  
257C Indexation of amounts in sections 257 and 257A.  
257D Transitional relief: husband with excess allowances.  
257E Transitional relief: the elderly.  
257F Transitional relief: separated couples.  
258 Widower’s or widow’s housekeeper.  
259 Additional relief in respect of children.  
260 Apportionment of relief under section 259.  
261 Claims under section 259 for year of marriage.  
261A Additional relief in respect of children for year of separation.  
262 Widow’s bereavement allowance.  
263 Dependent relatives.  
264 Claimant depending on services of a son or daughter.  
265 Blind person’s allowance.

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- 266 Life assurance premiums.
- 266A Life assurance premiums paid by employer
- 267 Qualifying policies.
- 268 Early conversion or surrender of life policies.
- 269 Surrender etc. of policies after four years.
- 270 Provisions supplementary to sections 268 and 269.
- 271 Deemed surrender in cases of certain loans.
- 272 Collection of sums payable under sections 268 and 269.
- 273 Payments securing annuities.
- 274 Limits on relief under sections 266 and 273.

#### *Supplemental*

- 275 Meaning of “relative”.
- 276 Effect on relief of charges on income.
- 277 Partners.
- 278 Non-residents.

## CHAPTER II

### TAXATION OF INCOME OF SPOUSES

#### *General rules*

- 279 Aggregation of wife’s income with husband’s.
- 280 Transfer of reliefs.
- 281 Tax repayments to wives.
- 282 Construction of references to husband and wife living together.
- 282A Jointly held property.
- 282B Jointly held property: declarations.

#### *Separate assessments*

- 283 Option for separate assessment.
- 284 Effect of separate assessment on personal reliefs.
- 285 Collection from wife of tax assessed on husband but attributable to her income.
- 286 Right of husband to disclaim liability for tax on deceased wife’s income.

#### *Separate taxation*

- 287 Separate taxation of wife’s earnings.
- 288 Elections under section 287.

## CHAPTER III

### ENTERPRISE INVESTMENT SCHEME

- 289 Eligibility for relief.
- 289A Form of relief.
- 289B Attribution of relief to shares.
- 290 Minimum and maximum subscriptions.
- 290A Restriction of relief where amounts raised exceed permitted maximum.
- 291 Individuals qualifying for relief.
- 291A Connected persons: directors.

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- 291B Connected persons: persons interested in capital etc. of company.
- 292 Parallel trades.
- 293 Qualifying companies.
- 294 Companies with interests in land.
- 295 Valuation of interests in land for purposes of section 294(1)(b).
- 296 Section 294 disappplied where amounts raised total £50,000 or less.
- 297 Qualifying trades.
- 298 Provisions supplementary to sections 293 and 297.
- 299 Disposal of shares.
- 299A Loan linked investments.
- 299B Pre-arranged exits.
- 300 Value received from company.
- 300A Receipt of replacement value
- 301 Provisions supplementary to section 300.
- 301A Receipts of insignificant value: supplementary provision
- 302 Replacement capital.
- 303 Value received by persons other than claimants.
- 303AA Insignificant repayments disregarded for purposes of s.303(1)
- 303A Restriction on withdrawal of relief under section 303.
- 304 Husband and wife.
- 304A Acquisition of share capital by new company.
- 305 Reorganisation of share capital.
- 305A Relief for loss on disposal of shares.
- 306 Claims.
- 307 Withdrawal of relief.
- 308 Application to subsidiaries.
- 309 Further provisions as to subsidiaries.
- 310 Information.
- 311 Nominees, bare trustees and approved investment funds.
- 312 Interpretation of Chapter III.

## CHAPTER IV

### SPECIAL PROVISIONS

- 313 Taxation of consideration for certain restrictive undertakings.
- 314 Divers and diving supervisors.
- 315 Wounds and disability pensions.
- 316 Allowances, bounties and gratuities.
- 317 Victoria Cross and other awards.
- 318 Other pensions in respect of death due to war service etc.
- 319 Crown servants: foreign service allowance.
- 320 Commonwealth Agents-General and official agents etc.
- 321 Consuls and other official agents.
- 322 Consular officers and employees.
- 323 Visiting forces.
- 324 Designated international organisations.
- 325 Interest on deposits with National Savings Bank.
- 326 Interest etc. under contractual savings schemes.
- 326A Tax-exempt special savings accounts.
- 326B Loss of exemption for special savings accounts.
- 326BB Follow-up TESSAs.
- 326C Tax-exempt special savings accounts: supplementary.

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- 326D Tax-exempt special savings accounts: tax representatives.
- 327 Disabled person's vehicle maintenance grant.
- 327A Payments to adopters
- 328 Funds in court.
- 329 Interest on damages for personal injuries.
- 329AA Personal injury damages in the form of periodical payments.
- 329AB Compensation for personal injury under statutory or other schemes.
- 329A Annuities purchased for certain persons.
- 329B Annuities assigned in favour of certain persons.
- 329C Annuities: criminal injuries.
- 330 Compensation for National-Socialist persecution.
- 331 Scholarship income.
- 331A Student loans: certain interest to be disregarded.
- 332 Expenditure and houses of ministers of religion.
- 332A Venture capital trusts: relief.
- 333 Personal equity plans.
- 333A Personal equity plans: tax representatives.
- 333B Involvement of insurance companies with plans and accounts.

## CHAPTER V

### RESIDENCE OF INDIVIDUALS

- 334 Commonwealth citizens and others temporarily abroad.
- 335 Residence of persons working abroad.
- 336 Temporary residents in the United Kingdom.

## PART VIII

### TAXATION OF INCOME AND CHARGEABLE GAINS OF COMPANIES

#### *Taxation of income*

- 338B Charges on income: annuities or other annual payments
- 337 Companies beginning or ceasing to carry on a trade.
- 337A Interest payable by companies.
- 338 Allowance of charges on income and capital.
- 338A Charges on income: loans to buy land.
- 339 Charges on income: donations to charity.
- 339A Maximum qualifying donations.
- 340 Charges on income: interest payable to non-residents.
- 341 Payments of interest etc. between related companies.
- 342 Tax on company in liquidation.
- 342A Tax on companies in administration
- 343 Company reconstructions without a change of ownership.
- 343ZA Transfers of trade to obtain balancing allowances
- 343A Company reconstructions involving business of leasing plant or machinery
- 344 Company reconstructions: supplemental.

#### *Chargeable gains*

- 345 Computation of chargeable gains.
- 346 Capital distribution of chargeable gains: recovery of tax from shareholder.

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347 Tax on one member of group recoverable from another member.

## PART IX

### ANNUAL PAYMENTS AND INTEREST

#### *Annual payments*

- 347A General rule.
- 347B Qualifying maintenance payments.
- 348 Payments out of profits or gains brought into charge to income tax: deduction of tax.
- 349 Payments not out of profits or gains brought into charge to income tax, and annual interest.
- 349ZA Extension of section 349: proceeds of sale of UK patent rights
- 349A Exceptions to section 349 for payments between companies etc
- 349B The conditions mentioned in section 349A(1)
- 349C Directions disapplying section 349A(1)
- 349D Section 349A(1): consequences of reasonable but incorrect belief
- 349E Deductions under section 349(1): payment of royalties overseas
- 350 Charge to tax where payments made under section 349.
- 350A UK public revenue dividends: deduction of tax.
- 351 Small maintenance payments.
- 352 Certificates of deduction of tax.

#### *Relief for payments of interest (excluding MIRAS)*

- 353 General provision.
- 354 Loans to buy land etc.
- 355 Matters excluded from section 354.
- 356 Job-related accommodation.
- 356A Limit on relief for home loans: residence basis.
- 356B Residence basis: married couples.
- 356C Payments to which sections 356A and 356B apply.
- 356D Provisions supplementary to sections 356A to 356C.
- 357 Limit on amount of loan eligible for relief by virtue of section 354.
- 357A Substitution of security.
- 357B Treatment of loans following security substitution.
- 357C Substitution of security: supplemental.
- 358 Relief where borrower deceased.
- 359 Loan to buy machinery or plant.
- 360 Loan to buy interest in close company.
- 360A Meaning of “material interest” in section 360.
- 361 Loan to buy interest in co-operative or employee-controlled company.
- 362 Loan to buy into partnership.
- 363 Provisions supplementary to sections 360 to 362.
- 364 Loan to pay inheritance tax.
- 365 Loan to buy life annuity.
- 366 Information.
- 367 Provisions supplementary to sections 354 to 366.
- 367A Alternative finance arrangements
- 368 Exclusion of double relief etc.

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### *Mortgage interest relief at source*

- 369 Mortgage interest payable under deduction of tax.
- 370 Relevant loan interest.
- 371 Second loans.
- 372 Home improvement loans.
- 373 Loans in excess of the qualifying maximum, and joint borrowers.
- 374 Conditions for application of section 369.
- 374A Interest which never has been relevant loan interest etc.
- 375 Interest ceasing to be relevant loan interest, etc.
- 375A Option to deduct interest for the purposes of Schedule A.
- 376 Qualifying borrowers and qualifying lenders.
- 376A The register of qualifying lenders.
- 377 Variation of terms of repayment of certain loans.
- 378 Supplementary regulations.
- 379 In sections 369 to 378— “prescribed”, . . . means...

## **PART X**

### **LOSS RELIEF AND GROUP RELIEF**

#### **CHAPTER I**

##### **LOSS RELIEF: INCOME TAX**

#### *Losses from Schedule A business or overseas property business*

- 379A Schedule A losses.
- 379B Losses from overseas property business.

#### *Trade etc. losses*

- 380 Set-off against general income.
- 381 Further relief for individuals for losses in early years of trade.
- 382 Provisions supplementary to sections 380 and 381.
- 383 Extension of right of set-off to capital allowances.
- 384 Restrictions on right of set-off.
- 384A Restriction of set-off of allowances against general income
- 385 Carry-forward against subsequent profits.
- 386 Carry-forward where business transferred to a company.
- 387 Carry-forward as losses of amounts taxed under section 350.
- 388 Carry-back of terminal losses.
- 389 Supplementary provisions relating to carry-back of terminal losses.
- 390 Treatment of interest as a loss for purposes of carry-forward and carry-back.
- 391 Losses from trade etc. carried on abroad.

#### *Case VI losses*

- 392 Case VI losses.

## **CHAPTER II**

### **LOSS RELIEF: CORPORATION TAX**

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*Losses from Schedule A business or overseas property business*

- 392A Schedule A losses.
- 392B Losses from overseas property business.

*Trade etc. losses*

- 393 Losses other than terminal losses.
- 393A Losses: set off against profits of the same, or an earlier, accounting period.
- 393B Losses of ring fence trade: set off against profits of an earlier accounting period
- 394 Terminal losses.
- 395 Leasing contracts and company reconstructions.

*Case VI losses*

- 396 Case VI losses.

**CHAPTER III**

**LOSS RELIEF: MISCELLANEOUS PROVISIONS**

- 397 Restriction of relief in case of farming and market gardening.
- 398 Transactions in deposits with and without certificates or in debts.
- 399 Dealings in commodity futures etc: withdrawal of loss relief.
- 400 Write-off of government investment.
- 401 Relief for pre-trading expenditure.

**CHAPTER IV**

**GROUP RELIEF**

- 402 Surrender of relief between members of groups and consortia.
- 403 Losses etc. which may be surrendered by way of group relief.
- 403ZA Amounts eligible for group relief: trading losses.
- 403ZB Amounts eligible for group relief: excess capital allowances.
- 403ZC Amounts eligible for group relief: non-trading deficit on loan relationships.
- 403ZD Other amounts available by way of group relief.
- 403ZE Computation of gross profits.
- 403A Limits on group relief.
- 403B Apportionments under section 403A.
- 403C Amount of relief in consortium cases.
- 403D Relief for or in respect of non-resident companies.
- 403E Relief for overseas losses of UK resident companies.
- 403F Relief in respect of overseas losses of non-resident companies
- 403G Unallowable overseas losses of non-resident companies
- 404 Limitation of group relief in relation to certain dual resident companies.
- 405 Claims relating to losses etc. of members of both group and consortium.
- 406 Claims relating to losses etc. of consortium company or group member.
- 407 Relationship between group relief and other relief.
- 408 Corresponding accounting periods.
- 409 Companies joining or leaving group or consortium.

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- 410 Arrangements for transfer of company to another group or consortium.
- 411 Exclusion of double allowances.
- 411ZA No relief where deduction of relevant return under alternative finance arrangements disallowed
- 411A Group relief by way of substitution for loss relief.
- 412 Claims and adjustments.
- 413 Interpretation of Chapter IV.

## **PART XI**

### **CLOSE COMPANIES**

#### **CHAPTER I**

##### **INTERPRETATIVE PROVISIONS**

- 414 Close companies.
- 415 Certain quoted companies not to be close companies.
- 416 Meaning of “associated company” and “control”.
- 417 Meaning of “participator”, “associate”, “director” and “loan creditor”.

##### *Additional matters to be treated as distributions*

- 418 “Distribution” to include certain expenses of close companies.

#### **CHAPTER II**

##### **CHARGES TO TAX IN CONNECTION WITH LOANS**

- 419 Loans to participators etc.
- 420 Exceptions from section 419.
- 421 Taxation of borrower when loan under section 419 released etc
- 422 Extension of section 419 to loans by companies controlled by close companies.

#### **CHAPTER III**

##### **APPORTIONMENT OF UNDISTRIBUTED INCOME ETC.**

- 423 Apportionment of certain income, deductions and interest.
- 424 Exclusions from section 423.
- 425 Manner of apportionment.
- 426 Charge to income tax where apportionment is to an individual.
- 427 Reduction of charge under section 426 in certain cases.
- 428 Increase of apportioned sum etc. by reference to ACT.
- 429 Payment and collection of income tax.
- 430 Consequences of apportionment: ACT.



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## PART XII SPECIAL CLASSES OF COMPANIES AND BUSINESSES

### CHAPTER I

#### INSURANCE COMPANIES, UNDERWRITERS AND CAPITAL REDEMPTION BUSINESS

##### *Insurance companies: general*

- 431 Interpretative provisions relating to insurance companies.
- 431ZA Election that assets not be foreign business assets
- 431A Amendment of Chapter etc.
- 431AA Relevant benefits for purposes of section 431(4)(d) and (e).

##### *Classes of life assurance business*

- 431B Meaning of “pension business”.
- 431BA Meaning of “child trust fund business”
- 431BB Meaning of “individual savings account business”
- 431C Meaning of “life reinsurance business”.
- 431D Meaning of “overseas life assurance business”.
- 431E Overseas life assurance business: regulations.
- 431EA Meaning of “gross roll-up business”
- 431F Meaning of “basic life assurance and general annuity business”.

##### *Separation of different categories of business*

- 431G Company carrying on life assurance business
- 431H Company carrying on life assurance business and other insurance business
- 432 Separation of different categories of business.
- 432YA Long-term business other than life assurance business — adjustment consequent on change in Insurance Prudential Sourcebook
- 432ZA Linked assets.
- 432A Apportionment of income and gains.
- 432AA Schedule A business or overseas property business.
- 432AB Losses from Schedule A business or overseas property business.
- 432B Apportionment of receipts brought into account.
- 432C [Section 432B apportionment: income of non-participating funds.
- 432CA Apportionment of asset value increase where line 51 amount decreases
- 432CB Transfers of business involving excess assets
- 432D [Section 432B apportionment: value of non-participating funds.
- 432E Section 432B apportionment: participating funds.
- 432F Section 432B apportionment: supplementary provisions.
- 432G Section 432B: apportionment of business transfer-in
- 433 Profits reserved for policy holders and annuitants.

##### *Miscellaneous provisions relating to life assurance business*

- 434 Franked investment income etc.
- 434A Computation of losses and limitation on relief.
- 434AZA Reduced loss relief for additions to non-profit funds
- 434AZB Additions to non-profit funds: amount of loss reduction

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- 434AZC Sections 434AZA and 434AZB: supplementary
- 434B Treatment of interest and annuities.
- 434C Interest on repayment of advance corporation tax.
- 434D Capital allowances: management assets.
- 434E Capital allowances: investment assets.
- 435 Taxation of gains reserved for policy holders and annuitants.
- 436 Pension business: separate charge on profits.
- 436A Gross roll-up business: separate charge on profits
- 436B Gains referable to gross roll-up business not to be chargeable gains
- 437 General annuity business.
- 437A Meaning of “steep-reduction annuity” etc.
- 438 Pension business: exemption from tax.
- 438A Pension business: payments on account of tax credits and deducted tax.
- 438B Income or gains arising from property investment LLP
- 438C Determination of policy holders’ share for purposes of s.438B
- 439 Restricted government securities.
- 439A Taxation of pure reinsurance business.
- 439B Life reinsurance business: separate charge on profits.
- 440 Transfers of assets etc.
- 440A Securities.
- 440B Modifications where tax charged under Case I of Schedule D.
- 440C Modifications for change of tax basis
- 440D Modifications in relation to BLAGAB group reinsurers
- 441 Overseas life assurance business.
- 441A Section 441: distributions.
- 441B Treatment of UK land.
- 442 Overseas business of U.K. companies.
- 442A Taxation of investment return where risk reinsured.
- 443 Life policies carrying rights not in money.
- 444 Life policies issued before 5th August 1965.
- 444A Transfers of business.
- 444AZA Transfers of life assurance business: Case VI losses of the transferor
- 444AZB Transfers of life assurance business: Case I losses of the transferor
- 444AA Transfers of business: deemed periodical return
- 444AB Transfers of business: charge on transferor retaining assets
- 444ABA Subsequent charge in certain cases within s.444AB
- 444ABAA Non-profit fund transferred assets
- 444ABB Retained assets
- 444ABBA Transfers of business: election for transferee to pay tax of transferor
- 444ABC Transfer scheme transferring part of business: transferor
- 444ABD Transferor's period of account including transfer
- 444AC Transfers of business: modification of s.83(2) FA 1989
- 444ACZA Transfer schemes transferring part of business: reduction in income of transferee
- 444ACA Transfers of business: transferor shares are assets of transferee's long-term insurance fund etc
- 444AD Transfers of business: modification of s.83(2B) FA 1989
- 444AE Transfers of business: modification of s.83ZA FA 1989
- 444AEA Transfer schemes: anti-avoidance rule
- 444AEB Case I advantage: transferor
- 444AEC Case I advantage: transferee
- 444AECA Parts of transfer scheme arrangements: anti-avoidance rule
- 444AECB Parts of transfer scheme arrangements: Case I advantage transferor

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- 444AECC Parts of transfer scheme arrangements: Case I advantage transferee
- 444AED Clearance: no avoidance or group advantage

*Surpluses of mutual and former mutual businesses*

- 444AF Demutualisation surplus: life assurance business
- 444AG Section 444AF: “demutualisation transfer surplus”
- 444AH Modification of section 444AG etc for Case VI businesses
- 444AI Section 444AF: “reduction in company's unappropriated surplus”
- 444AJ Sections 444AF and 444AK: “relevant receipts reduction”
- 444AK Mutual surplus: Case VI categories of life assurance business
- 444AL Interpretation of sections 444AF to 444AK

*Provisions applying in relation to overseas life insurance companies*

- 444B Modification of Act in relation to overseas life insurance companies.

*Equalisation reserves*

- 444BA Equalisation reserves for general business.
- 444BB Modification of s. 444BA for mutual or overseas business and for non-resident companies.
- 444BC Modification of s. 444BA for non-annual accounting etc.
- 444BD Application of s. 444BA rules to other equalisation reserves.
- 444C Modification of section 440.
- 444D Qualifying distributions, tax credits, etc.
- 444E Income from investments attributable to BLAGAB, etc.

*Provisions applying only to overseas life insurance companies*

- 445 Charge to tax on investment income.
- 446 Annuity business.
- 447 Set-off of income tax and tax credits against corporation tax.
- 448 Qualifying distributions and tax credits.
- 449 Double taxation agreements.

*Underwriters*

- 450 Assessment, set-off of losses and reinsurance.
- 451 Regulations.
- 452 Special reserve funds.
- 453 Payments into premiums trust fund on account of losses.
- 454 Income tax consequences on payments into and out of special reserve fund.
- 455 Income tax consequences on death of underwriter.
- 456 Unearned income, variation of arrangements and cancellation of approval etc.
- 457 Interpretation of sections 450 to 456.

*Capital redemption business*

- 458 Capital redemption business.
- 458A Capital redemption business: power to apply life assurance provisions.

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## CHAPTER II

### FRIENDLY SOCIETIES, TRADE UNIONS AND EMPLOYERS' ASSOCIATIONS

#### *Unregistered friendly societies*

459 Exemption from tax.

#### *Registered friendly societies*

- 460 Exemption from tax in respect of life or endowment business.
- 461 Taxation in respect of other business.
- 461A Taxation in respect of other business: incorporated friendly societies qualifying for exemption.
- 461B Taxation in respect of other business: incorporated friendly societies etc.
- 461C Taxation in respect of other business: withdrawal of "qualifying" status from incorporated friendly society.
- 461D Transfers of other business
- 462 Conditions for tax exempt business.
- 462A Election as to tax exempt business.
- 463 Life or endowment business: application of the Corporation Tax Acts.
- 464 Maximum benefits payable to members.
- 465 Old societies.
- 465A Assets of branch of registered friendly society to be treated as assets of society after incorporation.
- 466 Interpretation of Chapter II.

#### *Trade unions and employers' associations*

467 Exemption for trade unions and employers' associations.

## CHAPTER III

### UNIT TRUST SCHEMES, DEALERS IN SECURITIES ETC.

#### *Unit trust schemes*

- 468 Authorised unit trusts.
- 468AA Authorised unit trusts: futures and options.
- 468A Certified unit trusts.
- 468B Certified unit trusts: corporation tax.
- 468C Certified unit trusts: distributions.
- 468D Funds of funds: distributions.
- 468E Authorised unit trusts: corporation tax.
- 468EE Corporation tax: cases where lower rate applies.
- 468F Authorised unit trusts: distributions.
- 468G [Dividends paid to investment trusts.

#### *Distributions of authorised unit trusts: general*

- 468H Interpretation.
- 468I Distribution accounts.

#### *Dividend and foreign income distributions*

468J Dividend distributions.

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468K Foreign income distributions.

*Interest distributions*

- 468L Interest distributions.
- 468M Deduction of tax (simple case).
- 468N Deduction of tax (mixed funds).
- 468O Residence condition.
- 468P Residence declarations.
- 468PA Section 468O(1A): consequences of reasonable but incorrect belief
- 468PB Regulations supplementing sections 468M to 468PA

*Distributions to corporate unit holder*

- 468Q Dividend distribution to corporate unit holder.
- 468R Foreign income distribution to corporate unit holder.
- 469 Other unit trusts.
- 469A Court common investment funds.
- 470 Transitional provisions relating to unit trusts.

*Dealers in securities, banks and insurance businesses*

- 471 Exchange of securities in connection with conversion operations, nationalisation etc.
- 472 Distribution of securities issued in connection with nationalisation etc.
- 472A Trading profits etc. from securities: taxation of amounts taken to reserves
- 473 Conversion etc. of securities held as circulating capital.
- 474 Treatment of tax-free income.
- 475 Tax-free Treasury securities: exclusion of interest on borrowed money.

**CHAPTER IV**

**BUILDING SOCIETIES, BANKS, SAVINGS BANKS,  
INDUSTRIAL AND PROVIDENT SOCIETIES AND OTHERS**

- 476 Building societies: regulations for payment of tax.
- 477 Investments becoming or ceasing to be relevant building society investments.
- 477A Building societies: regulations for deduction of tax.
- 477B Building societies: incidental costs of issuing qualifying shares.
- 478 Building societies: time for payment of tax.
- 479 Interest paid on deposits with banks etc.
- 480 Deposits becoming or ceasing to be composite rate deposits.
- 480A Relevant deposits: deduction of tax from interest payments.
- 480B Relevant deposits: exception from section 480A.
- 480C Relevant deposits: computation of tax on interest.
- 481 “Deposit-taker”, “deposit” and “relevant deposit”.
- 482 Supplementary provisions.
- 482A Audit powers in relation to non-residents.
- 483 Determination of reduced rate for building societies and composite rate for banks etc.
- 484 Savings banks: exemption from tax.
- 485 Savings banks: supplemental.

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- 486 Industrial and provident societies and co-operative associations.
- 487 Credit unions.
- 488 Co-operative housing associations.
- 489 Self-build societies.
- 490 Companies carrying on a mutual business or not carrying on a business.
- 491 Distribution of assets of body corporate carrying on mutual business.

## CHAPTER V

### *PETROLEUM EXTRACTION ACTIVITIES*

- 492 Treatment of oil extraction activities etc. for tax purposes.
- 493 Valuation of oil disposed of or appropriated in certain circumstances.
- 494 Charges on income.
- 494AA Sale and lease-back.
- 494A Computation of amount available for surrender by way of group relief.
- 495 Regional development grants.
- 496 Tariff receipts.
- 496A Exploration expenditure supplement
- 496B Ring fence expenditure supplement
- 497 Restriction on setting ACT against income from oil extraction activities etc.
- 498 Limited right to carry back surrendered ACT.
- 499 Surrender of ACT where oil extraction company etc. owned by a consortium.
- 500 Deduction of PRT in computing income for corporation tax purposes.
- 501 Interest on repayment of PRT.
- 501A Supplementary charge in respect of ring fence trades
- 501B Assessment, recovery and postponement of supplementary charge
- 502 Interpretation of Chapter V.

## CHAPTER 5A

### SPECIAL RULES FOR LONG FUNDING LEASES OF PLANT OR MACHINERY: CORPORATION TAX

#### *Introductory*

- 502A Scope of Chapter 5A

#### *Lessors under long funding finance leases*

- 502B Lessor under long funding finance lease: rental earnings
- 502C Lessor under long funding finance lease: exceptional items
- 502D Lessor under long funding finance lease making termination payment

#### *Lessors under long funding operating leases*

- 502E Lessor under long funding operating lease: periodic deduction
- 502F Long funding operating lease: lessor's additional expenditure
- 502G Lessor under long funding operating lease: termination of lease

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*Lessors under long funding finance or operating leases: avoidance etc*

- 502GA Cases where ss. 502B to 502G do not apply: plant or machinery held as trading stock
- 502GB Cases where ss. 502B to 502G do not apply: lessor also lessee under non-long funding lease
- 502GC Cases where ss. 502B to 502G do not apply: other avoidance
- 502GD Cases where ss 502B to 502G do not apply: films

*Insurance company as lessor*

- 502H Insurance company as lessor

*Lessees under long funding finance leases*

- 502I Lessee under long funding finance lease: limit on deductions
- 502J Lessee under long funding finance lease: termination

*Lessees under long funding operating leases*

- 502K Lessee under long funding operating lease

*Interpretation of Chapter*

- 502L Interpretation of this Chapter

## CHAPTER VI

### MISCELLANEOUS BUSINESSES AND BODIES

- 503 Letting of furnished holiday accommodation treated as a trade for certain purposes.
- 504 Supplementary provisions.
- 504A Letting of furnished holiday accommodation treated as trade for certain income tax purposes
- 505 Charities: general.
- 506 Qualifying expenditure and non-qualifying expenditure.
- 506A Transactions with substantial donors
- 506B Section 506A: exceptions
- 506C Sections 506A and 506B: supplemental
- 507 The National Heritage Memorial Fund, the Historic Buildings and Monuments Commission for England and the British Museum.
- 508 Scientific research organisations.
- 508A Investment trusts investing in housing.
- 508B Interpretation of section 508A.
- 509 Reserves of marketing boards and certain other statutory bodies.
- 510 Agricultural societies.
- 510A European economic interest groupings.
- 511 The Electricity Council and Boards, the Northern Ireland Electricity Service and the Gas Council.
- 512 Atomic Energy Authority and National Radiological Protection Board.
- 513 British Airways Board and National Freight Corporation.
- 514 Funds for reducing the National Debt.
- 515 Signatories to Operating Agreement for INMARSAT.
- 516 Government securities held by non-resident central banks.

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- 517 Issue departments of the Reserve Bank of India and the State Bank of Pakistan.
- 518 Harbour reorganisation schemes.
- 519 Local authorities.
- 519A Health service bodies.

### PART XIII

#### MISCELLANEOUS SPECIAL PROVISIONS

#### CHAPTER I

#### INTELLECTUAL PROPERTY

##### *Patents and know-how*

- 520 Allowances for expenditure on purchase of patent rights: post-31st March 1986 expenditure.
- 521 Provisions supplementary to section 520.
- 522 Allowances for expenditure on purchase of patent rights: pre-1st April 1986 expenditure.
- 523 Lapses of patent rights, sales etc.
- 524 Taxation of receipts from sale of patent rights.
- 525 Capital sums: death, winding up or partnership change.
- 526 Relief for expenses.
- 527 Spreading of royalties over several years.
- 528 Manner of making allowances and charges.
- 529 Patent income to be earned income in certain cases.
- 530 Disposal of know-how.
- 531 Provisions supplementary to section 530.
- 532 Application of the 1968 Act.
- 533 Interpretation of sections 520 to 532.

##### *Copyright and public lending right*

- 534 Relief for copyright payments etc.
- 535 Relief where copyright sold after ten years or more.
- 536 Taxation of royalties where owner abroad.
- 537 Public lending right.

##### *Designs*

- 537A Relief for payments in respect of designs.
- 537B Taxation of design royalties where owner abroad.

##### *Artists' receipts*

- 538 Relief for painters, sculptors and other artists.

#### CHAPTER II

#### LIFE POLICIES, LIFE ANNUITIES AND CAPITAL REDEMPTION POLICIES

- 539 Introductory.
- 539ZA Application of this Chapter etc. to policies and contracts in which persons other than companies are interested



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- 539A The conditions for being an excepted group life policy
- 540 Life policies: chargeable events.
- 541 Life policies: computation of gain.
- 542 Life annuity contracts: chargeable events.
- 543 Life annuity contracts: computation of gain.
- 544 Second and subsequent assignment of life policies and contracts.
- 545 Capital redemption policies.
- 546 Calculation of certain amounts for purposes of sections 540, 542 and 545.
- 546A Treatment of certain assignments etc involving co-ownership
- 546B Special provision in respect of certain section 546 excesses
- 546C Charging the section 546 excess to tax where section 546B applies
- 546D Modifications of s.546C for final year ending with terminal chargeable event
- 547 Method of charging gain to tax.
- 547A Method of charging gain to tax: multiple interests.
- 548 Deemed surrender of certain loans.
- 548A Effect of rebated or reinvested commission in certain cases
- 548B Section 548A: further definitions
- 549 Certain deficiencies allowable as deductions.
- 550 Relief where gain charged at a higher rate.
- 551 Right of individual to recover tax from trustees.
- 551A Right of company to recover tax from trustees.
- 552 Information: duty of insurers.
- 552ZA Information: supplementary provisions
- 552ZB Regulations in relation to qualifying policies
- 552A Tax representatives.
- 552B Duties of overseas insurers' tax representatives.
- 553 Non-resident policies and off-shore capital redemption policies.
- 553A Overseas life assurance business: life policies.
- 553B Overseas life assurance business: capital redemption policies.
- 553C Personal portfolio bonds.
- 554 Borrowings on life policies to be treated as income in certain cases.

### CHAPTER III

#### ENTERTAINERS AND SPORTSMEN

- 555 Payment of tax.
- 556 Activity treated as trade etc. and attribution of income.
- 557 Charge on profits.
- 558 Supplementary provisions.

### CHAPTER IV

#### SUB-CONTRACTORS IN THE CONSTRUCTION INDUSTRY

- 559 Deductions on account of tax etc. from payments to certain sub-contractors.
- 559A Treatment of sums deducted under s.559
- 560 Persons who are sub-contractors or contractors for purposes of Chapter IV.
- 561 Exceptions from section 559.

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- 562 Conditions to be satisfied by individuals.
- 563 Conditions to be satisfied by partners who are individuals.
- 564 Conditions to be satisfied by firms.
- 565 Conditions to be satisfied by companies.
- 566 General powers to make regulations under Chapter IV.
- 567 Meaning of “construction operations”.

## CHAPTER V

### SCHEMES FOR RATIONALIZING INDUSTRY

- 568 Deductions from profits of contributions paid under certified schemes.
- 569 Repayment of contributions.
- 570 Payments under certified schemes which are not repayments of contributions.
- 571 Cancellation of certificates.
- 572 Application to statutory redundancy schemes.

## CHAPTER 5A

### SHARE LOSS RELIEF

#### *Relief for losses on unquoted shares in trading companies*

- 573 Relief for companies.
- 575 Exclusion of relief under section 573 or 574 in certain cases.
- 576 Provisions supplementary to sections 573 to 575.
- 576A Qualifying trading companies

#### *Qualifying trading companies: the requirements*

- 576B The trading requirement
- 576C Ceasing to meet the trading requirement because of administration or receivership
- 576D The control and independence requirement
- 576E The qualifying subsidiaries requirement
- 576F The property managing subsidiaries requirement
- 576G The gross assets requirement
- 576H The unquoted status requirement
- 576I Power to amend requirements by Treasury order

#### *Qualifying trading companies: supplementary provisions*

- 576J Relief after an exchange of shares for shares in another company
- 576K Substitution of new shares for old shares

#### *Supplemental*

- 576L Interpretation of Chapter

## CHAPTER VI

### OTHER PROVISIONS

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*Relief for losses on unquoted shares in trading companies*

574 Relief for individuals.

*Miscellaneous*

- 577 Business entertaining expenses.
- 577A Expenditure involving crime.
- 578 Housing grants.
- 578A Expenditure on car hire
- 578B Expenditure on car hire: supplementary
- 579 Statutory redundancy payments.
- 580 Provisions supplementary to section 579.
- 580A Relief from tax on annual payments under certain insurance policies.
- 580B Meaning of “self-contained” for the purposes of s.580A.
- 580C Relief from tax on annual payments under immediate needs annuities
- 581 Borrowing in foreign currency by local authorities and statutory corporations.
- 581A Interest on foreign currency securities etc.
- 582 Funding bonds issued in respect of interest on certain debts.
- 582A Designated international organisations: miscellaneous exemptions.
- 583 Inter-American Development Bank.
- 584 Relief for unremittable overseas income
- 585 Relief from tax on delayed remittances.
- 586 Disallowance of deductions for war risk premiums.
- 587 Disallowance of certain payments in respect of war injuries to employees.
- 587A New issues of securities: extra return.
- 587B Gifts of shares and securities to charities etc.
- 587BA Qualifying interests in land held jointly
- 587C Supplementary provision for gifts of real property
- 588 Training courses for employees.
- 589 Qualifying courses of training etc.
- 589A Counselling services for employees.
- 589B Qualifying counselling services etc.

**PART XIV**

PENSION SCHEMES, SOCIAL SECURITY BENEFITS, LIFE ANNUITIES ETC.

**CHAPTER I**

RETIREMENT BENEFIT SCHEMES

*Approval of schemes*

- 590 Conditions for approval of retirement benefit schemes.
- 590A Section 590: supplementary provisions.
- 590B Section 590: further supplementary provisions.
- 590C Earnings cap.
- 591 Discretionary approval.
- 591A Effect on approved schemes of regulations under section 591.
- 591B Cessation of approval: general provisions.
- 591C Cessation of approval: tax on certain schemes.
- 591D Section 591C: supplementary.

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### *Tax reliefs*

- 592 Exempt approved schemes.
- 593 Relief by way of deductions from contributions.
- 594 Exempt statutory schemes.

### *Charge to tax in certain cases*

- 595 Charge to tax in respect of certain sums paid by employer etc.
- 596 Exceptions from section 595.
- 596A Charge to tax: benefits under non-approved schemes.
- 596B Section 596A: supplementary provisions.
- 596C Notional interest treated as paid if amount charged in respect of beneficial loan.
- 597 Charge to tax: pensions.
- 598 Charge to tax: repayment of employee's contributions.
- 599 Charge to tax: commutation of entire pension in special circumstances.
- 599A Charge to tax: payments out of surplus funds.
- 600 Charge to tax: unauthorised payments to or for employees.
- 601 Charge to tax: payments to employers.
- 602 Regulations relating to pension fund surpluses.
- 603 Reduction of surpluses.

### *Supplementary provisions*

- 604 Application for approval of a scheme.
- 605 Information.
- 605A False statements etc.
- 606 Default of administrator etc.
- 606A Recourse to scheme members.
- 607 Pilots' benefit fund.
- 608 Superannuation funds approved before 6th April 1980.
- 609 Schemes approved before 23rd July 1987.
- 610 Amendments of schemes.
- 611 Definition of "retirement benefits scheme".
- 611A Definition of relevant statutory scheme.
- 611AA Definition of the administrator.
- 611A Definition of relevant statutory scheme.
- 612 Other interpretative provisions, and regulations for purposes of this Chapter.

## **CHAPTER II**

### **OTHER PENSION FUNDS AND SOCIAL SECURITY BENEFITS AND CONTRIBUTIONS**

- 613 Parliamentary pension funds.
- 614 Exemptions and reliefs in respect of income from investments etc. of certain pension schemes.
- 615 Exemption from tax in respect of certain pensions.
- 616 Other overseas pensions.
- 617 Social security benefits and contributions.
- 617A Tax credits under Part 1 of Tax Credits Act 2002

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## CHAPTER III

### RETIREMENT ANNUITIES

- 618 Termination of relief under this Chapter, and transitional provisions.
- 619 Exemption from tax in respect of qualifying premiums.
- 620 Qualifying premiums.
- 621 Other approved contracts.
- 622 Substituted retirement annuity contracts.
- 623 Relevant earnings.
- 624 Sponsored superannuation schemes and controlling directors.
- 625 Carry-forward of unused relief under section 619.
- 626 Modification of section 619 in relation to persons over 50.
- 627 Lloyd's underwriters.
- 628 Partnership retirement annuities.
- 629 Annuity premiums of Ministers and other officers.

## CHAPTER IV

### PERSONAL PENSION SCHEMES

#### *Preliminary*

- 630 Interpretation.
- 631 Approval of schemes.
- 631A Conversion of certain approved retirement benefits schemes.

#### *Restrictions on approval*

- 632 Establishment of schemes.
- 632A Eligibility to make contributions.
- 632B Eligibility to make contributions: concurrent membership.
- 633 Scope of benefits.
- 634 Annuity to member.
- 634A Income withdrawals by member.
- 635 Lump sum to member.
- 636 Annuity after death of member.
- 636A Income withdrawals after death of member.
- 637 Death benefit.
- 637A Return of contributions on or after death of member.
- 638 Other restrictions on approval.
- 638ZA Personal pension arrangements with more than one pension date etc.
- 638A Power to prescribe restrictions on approval.

#### *Tax reliefs*

- 639 Member's contributions.
- 640 Maximum amount of deductions.
- 640A Earnings cap.
- 641 Carry-back of contributions.
- 641A Election for contributions to be treated as paid in previous year.
- 642 Carry-forward of relief.
- 643 Employer's contributions and personal pension income etc.
- 644 Meaning of "relevant earnings".

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- 645 Earnings from pensionable employment.
- 646 Meaning of “net relevant earnings”.
- 646A Earnings from associated employments.
- 646B Presumption of same level of relevant earnings etc for 5 years.
- 646C Provisions supplementary to section 646B.
- 646D Higher level contributions after cessation of actual relevant earnings: modification of section 646B.

#### *Charge to tax*

- 647 Unauthorised payments.
- 648 Contributions under unapproved arrangements.
- 648A Annuities: charge under Schedule E.
- 648B Return of contributions after pension date.

#### *Miscellaneous*

- 649 Minimum contributions under Social Security Act 1986.
- 650 Withdrawal of approval.
- 650A Charge on withdrawal of approval from arrangements.
- 651 Appeals.
- 651A Information powers.
- 652 Information about payments.
- 653 Information: penalties.
- 653A Notices to be given to scheme administrator.
- 654 Remuneration of Ministers and other officers.
- 655 Transitional provisions.

### **CHAPTER V**

#### **PURCHASED LIFE ANNUITIES**

- 656 Purchased life annuities other than retirement annuities.
- 657 Purchased life annuities to which section 656 applies.
- 658 Supplementary.

### **CHAPTER VI**

#### **MISCELLANEOUS**

- 658A Charges and assessments on administrators.
- 659 Financial futures and traded options.
- 659A Futures and options.
- 659B Definition of insurance company.
- 659C Effect of appointment or arrangements under section 659B.
- 659D Interpretation of provisions about pension sharing.
- 659E Treatment of income from property investment LLPs

### **PART XV**

#### **SETTLEMENTS**

### **CHAPTER IA**

#### **LIABILITY OF SETTLOR**

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### *Main provisions*

- 660A Income arising under settlement where settlor retains an interest.
- 660B Payments to unmarried minor children of settlor.
- 660C Nature of charge on settlor.
- 660D Adjustments between settlor and trustees, &c.

### *Supplementary provisions*

- 660E Application to settlements by two or more settlors.
- 660F Power to obtain information.
- 660G Meaning of “settlement” and related expressions.

## **CHAPTER I**

### **DISPOSITIONS FOR SHORT PERIODS**

- 660 Dispositions for period which cannot exceed six years.
- 661 Adjustments between disponent and trustees.
- 662 Application of Chapter I to dispositions by two or more disponents.

## **CHAPTER II**

### **SETTLEMENTS ON CHILDREN**

- 663 The general rule.
- 664 Accumulation settlements.
- 665 Meaning of “irrevocable”.
- 666 Interest paid by trustees.
- 667 Adjustments between disponent and trustees.
- 668 Application of Chapter II to settlements by two or more settlors.
- 669 Power to obtain information under Chapter II.
- 670 Interpretation of Chapter II.

## **CHAPTER 1B**

### **PROVISIONS AS TO CAPITAL SUMS PAID TO SETTLOR**

- 671 Revocable settlements allowing release of obligation.
- 672 Revocable settlements allowing reversion of property.
- 673 Settlements where settlor retains an interest.
- 674 Settlements: discretionary power for benefit of settlor etc.
- 674A Other settlements where settlor retains interest in settled property.
- 675 Provisions supplementary to sections 671 to 674.
- 676 Disallowance of deduction from total income of certain sums paid by settlor.
- 677 Sums paid to settlor otherwise than as income.
- 678 Capital sums paid by body connected with settlement.
- 679 Application of Chapter III to settlements by two or more settlors.
- 680 Power to obtain information for purposes of Chapter III.
- 681 Interpretation of Chapter III.
- 682 Ascertainment of undistributed income.
- 682A Supplementary provisions.

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## CHAPTER 1C

### LIABILITY OF TRUSTEES

#### *Liability of settlors*

- 683 Settlements made after 6th April 1965.
- 684 Settlements made before 7th April 1965 but after 9th April 1946.
- 685 Provisions supplementary to sections 683 and 684.

#### *Liability of trustees*

- 685A Meaning of “settled property”
- 685B Meaning of “settlor”
- 685C Transfer between settlements: identification of settlor
- 685D Variation of will or intestacy, etc: identification of settlor
- 685E Trustees of settlements
- 685F Application of section 739 and 740
- 685G Sub-funds
- 686 Accumulation and discretionary trusts: special rates of tax.
- 686A Certain distributions to be treated as income to which section 686 applies.
- 686B Share incentive plans: distributions in respect of unappropriated shares
- 686C Interpretation of section 686B
- 686D Special trust rates not to apply to first slice of trust income
- 686E Application of section 686D where settlor has made more than one settlement
- 687 Payments under discretionary trusts.
- 687A Payments to companies under section 687.
- 688 Schemes for employees and directors to acquire shares.
- 689 Recovery from trustees of discretionary trusts of higher rate tax due from beneficiaries.

## CHAPTER 1D

### TRUST MANAGEMENT EXPENSES

- 689A Disregard of expenses where beneficiary non-resident.
- 689B Order in which expenses to be set against income.

## CHAPTER V

### MAINTENANCE FUNDS FOR HISTORIC BUILDINGS

- 690 Schedule 4 directions.
- 691 Certain income not to be income of settlor etc.
- 692 Reimbursement of settlor.
- 693 Severance of settled property for certain purposes.
- 694 Trustees chargeable to income tax at 30 per cent. in certain cases.

## PART XVI

### ESTATES OF DECEASED PERSONS IN COURSE OF ADMINISTRATION

- 695 Limited interests in residue.



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- 696 Absolute interests in residue.
- 697 Supplementary provisions as to absolute interests in residue.
- 698 Special provisions as to certain interests in residue.
- 698A Taxation of income of beneficiaries at lower rate or at rates applicable to Schedule F income.
- 699 Relief from higher rate tax for inheritance tax on accrued income.
- 699A Untaxed sums comprised in the income of the estate.
- 700 Adjustments and information.
- 701 Interpretation.
- 702 Application to Scotland.

## **PART XVII**

### **TAX AVOIDANCE**

#### **CHAPTER I**

##### **CANCELLATION OF TAX ADVANTAGES FROM CERTAIN TRANSACTIONS IN SECURITIES**

- 703 Cancellation of tax advantage.
- 704 The prescribed circumstances.
- 705 Appeals against Board's notices under section 703.
- 705A Statement of case by tribunal for opinion of High Court.
- 705B Proceedings in Northern Ireland.
- 706 The tribunal.
- 707 Procedure for clearance in advance.
- 708 Power to obtain information.
- 709 Meaning of "tax advantage" and other expressions.

#### **CHAPTER II**

##### **TRANSFERS OF SECURITIES**

###### *Transfers with or without accrued interest: introductory*

- 710 Meaning of "securities", "transfer" etc. for purposes of sections 711 to 728.
- 711 Meaning of "interest", "transfers with or without accrued interest" etc.
- 712 Meaning of "settlement day" for purposes of sections 711 to 728.

###### *Transfers with or without accrued interest: charge to tax and reliefs*

- 713 Deemed sums and reliefs.
- 714 Treatment of deemed sums and reliefs.
- 715 Exceptions from sections 713 and 714
- 716 Transfer of unrealised interest.
- 717 Variable interest rate.
- 718 Interest in default.
- 719 Unrealised interest in default

###### *Transfers with or without accrued interest: supplemental*

- 720 Nominees, trustees etc.
- 721 Death.

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- 722 Trading stock.
- 722A Gilt strips: deemed transfer.
- 723 Foreign securities: delayed remittances
- 724 Insurance companies.
- 725 Lloyd's underwriters.
- 726 Building societies.
- 726A New issues of securities.
- 727 Stock lending.
- 727A Exception for sale and repurchase of securities.
- 728 Information.

#### *Other transfers of securities*

- 729 Sale and repurchase of securities.
- 730 Transfers of income arising from securities
- 730A Treatment of price differential on sale and repurchase of securities.
- 730B Interpretation of section 730A.
- 730BB Exchange gains and losses on sale and repurchase of securities
- 730C Exchanges of gilts: traders etc.

#### *Purchase and sale of securities*

- 731 Application and interpretation of sections 732 to 734.
- 732 Dealers in securities.
- 733 Persons entitled to exemptions.
- 734 Persons other than dealers in securities.
- 735 Meaning of "appropriate amount in respect of" interest.

#### *Miscellaneous provisions relating to securities*

- 736 Company dealing in securities: distribution materially reducing value of holding.
- 736A Manufactured dividends and interest.
- 736B Deemed manufactured payments in the case of stock lending arrangements.
- 736C Deemed interest: cash collateral under stock lending arrangements
- 736D Quasi-stock lending arrangements and quasi-cash collateral
- 737 Manufactured dividends: treatment of tax deducted.
- 737A Sale and repurchase of securities: deemed manufactured payments.
- 737B Interpretation of section 737A.
- 737C Deemed manufactured payments: further provisions.

#### *Supplemental*

- 737D Power to provide for manufactured payments to be eligible for relief.
- 737E Power to modify sections 727A, 730A and 737A to 737C.
- 738 Power to amend sections 732, 735 and 737.

### CHAPTER III

#### TRANSFER OF ASSETS ABROAD

- 739 Prevention of avoidance of income tax.
- 740 Liability of non-transferors.
- 741 Exemption from sections 739 and 740.

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- 741A Exemption from sections 739 and 740 (transactions on or after 5th December 2005)
- 741B Application of sections 741 and 741A
- 741C Cases where there are both old transactions and new transactions
- 741D Section 739: just and reasonable apportionment in certain cases
  - 742 Interpretation of sections 739 to 741.
  - 743 Supplemental provisions.
  - 744 No duplication of charge.
  - 745 Power to obtain information.
  - 746 Persons resident in the Republic of Ireland.

## CHAPTER IV

### CONTROLLED FOREIGN COMPANIES

- 747 Imputation of chargeable profits and creditable tax of controlled foreign companies
  - 747A Special rule for computing chargeable profits.
  - 748 Cases where section 747(3) does not apply.
- 748ZA Exclusion of small profits exemptions
  - 748A Territorial exclusions from exemption under section 748
  - 749 Residence.
  - 749A Elections and designations under section 749: supplementary provisions.
  - 749B Interests in companies.
- 750 Territories with a lower level of taxation.
- 750A Deemed lower level of taxation: designer rate tax provisions.
- 751 Accounting periods and creditable tax
- 751A Reduction in chargeable profits for certain activities of EEA business establishments
  - 751AA Reduction in chargeable profits for certain financing income
  - 751AB Reduction in chargeable profits: failure to qualify for exemptions
  - 751AC Reduction in chargeable profits following an exempt period
  - 751B Section 751A: supplementary
    - 752 Apportionment of chargeable profits and creditable tax
  - 752A Relevant interests.
  - 752B Section 752(3): the percentage of shares which a relevant interest represents.
  - 752C Interpretation of apportionment provisions.
- 753 Notices and appeals.
- 754 Assessment, recovery and postponement of tax.
- 754A Returns where it is not established whether acceptable distribution policy applies.
  - 754B Determinations requiring the sanction of the Board.
- 755 Information relating to controlled foreign companies
- 755A Treatment of chargeable profits and creditable tax apportioned to company carrying on life assurance business.
- 755B Amendment of return where general insurance business of foreign company accounted for on non-annual basis.
- 755C Application of Chapter where general insurance business of foreign company accounted for on non-annual basis.
- 755D "Control" and the two "40 per cent" tests.
- 756 Interpretation and construction of Chapter IV.

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## CHAPTER V

### OFFSHORE FUNDS

#### *Meaning of offshore fund*

756A General definition of offshore fund

#### *Treatment of umbrella funds*

756B Treatment of umbrella funds

#### *Treatment of funds comprising more than one class of interest*

756C Treatment of funds comprising more than one class of interest

#### *Material interests in non-qualifying offshore funds*

757 Disposal of material interests in non-qualifying offshore funds

758 Offshore funds operating equalisation arrangements

759 Material interests in offshore funds

760 Non-qualifying offshore funds

#### *Charge to tax of offshore income gains*

761 Charge to income tax or corporation tax of offshore income gain.

762 Offshore income gains accruing to persons resident or domiciled abroad.

762ZA Offshore income gains: application of transfer of assets abroad provisions

762ZB Income treated as arising under section 761(1): remittance basis

762A Exchange of interests of different classes

763 Deduction of offshore income gain in determining capital gain.

764 Offshore income gains of trustees.

## CHAPTER VI

### MISCELLANEOUS

#### *Migration etc. of company*

765 Migration etc. of companies.

765A Movements of capital between residents of member States.

766 Offences under section 765.

767 Interpretation and commencement of sections 765 and 766.

#### *Change in ownership of company*

767A Change in company ownership: corporation tax.

767AA Change in company ownership: postponed corporation tax.

767B Change of company ownership: supplementary.

767C Change in company ownership: information.

768 Change in ownership of company: disallowance of trading losses.

768A Change in ownership: disallowance of carry back of trading losses.

768B Change in ownership of investment company: deductions generally.

768C Deductions: asset transferred within group.

768D Change in ownership of company carrying on property business.

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- 768E Change in ownership of company with unused non-trading loss on intangible fixed assets
- 769 Rules for ascertaining change in ownership of company.

*Transactions between associated persons*

- 770A Provision not at arm's length.
- 770 Sales etc. at an undervalue or overvalue.
- 771 Transactions by petroleum companies.
- 772 Information for purposes of section 770, and appeals.
- 773 Interpretation of sections 770 and 771.
- 774 Transactions between dealing company and associated company.

*Factoring of income receipts etc*

- 774A Meaning of "structured finance arrangement" for purposes of s.774B
- 774B Disregard of intended effects of arrangement involving disposals of assets
- 774C Meaning of "structured finance arrangement" for purposes of s.774D
- 774D Disregard of intended effects of arrangement involving change in relation to a partnership
- 774E Sections 774B and 774D: exceptions
- 774F Sections 774B and 774D: power to provide further exceptions
- 774G Sections 774A to 774D: minor definitions etc

*Other provisions*

- 775 Sale by individual of income derived from his personal activities.
- 775A Transfers of rights to receive annual payments
- 776 Transactions in land: taxation of capital gains.
- 777 Provisions supplementary to sections 775 and 776.
- 778 Power to obtain information.
- 779 Sale and leaseback: limitation on tax reliefs.
- 780 Sale and leaseback: taxation of consideration received.
- 781 Assets leased to traders and others.
- 782 Leased assets: special cases.
- 783 Leased assets: supplemental.
- 784 Leased assets subject to hire-purchase agreements.
- 785 Meaning of "asset", "capital sum" and "lease" for purposes of sections 781 to 784.
- 785ZA Restrictions on use of losses: leasing partnerships
- 785ZB Section 785ZA: definitions
- 785A Rent factoring of leases of plant or machinery
- 785B Plant and machinery leases: capital receipts to be treated as income
- 785C Section 785B: interpretation
- 785D Section 785B: lease of plant and machinery and other property
- 785E Section 785B: expectation that relevant capital payment will not be paid
- 786 Transactions associated with loans or credit.
- 787 Restriction of relief for payments of interest.

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## PART XVIII

### DOUBLE TAXATION RELIEF

#### CHAPTER I

##### THE PRINCIPAL RELIEFS

- 788 Relief by agreement with other countries.
- 789 Arrangements made under old law.
- 790 Unilateral relief.
- 791 Power to make regulations for carrying out section 788.

#### CHAPTER II

##### RULES GOVERNING RELIEF BY WAY OF CREDIT

###### *General*

- 792 Interpretation of credit code.
- 793 Reduction of United Kingdom taxes by amount of credit due.
- 793A No double relief etc.
- 794 Requirement as to residence.
- 795 Computation of income subject to foreign tax.
- 795A Limits on credit: minimisation of the foreign tax.
- 796 Limits on credit: income tax.
- 797 Limits on credit: corporation tax.
- 797A Foreign tax on interest brought into account as a non-trading credit.
- 797B Foreign tax on items giving rise to a non-trading credit: intangible fixed assets
- 798 Restriction of relief on certain interest and dividends.
- 798A Adjustments of interest and dividends for spared tax etc.
- 798B Meaning of "financial expenditure".
- 798C Disallowed credit: use as deduction

###### *Tax underlying dividends*

- 799 Computation of underlying tax.
- 800 Dividends paid between related companies but not covered by arrangements.
- 801 Dividends paid between related companies: relief for U.K. and third country taxes.
- 801A Restriction of relief for underlying tax.
- 801B Dividends paid out of transferred profits.
- 801C Separate streaming of dividend so far as representing an ADP dividend of a CFC.
- 802 U.K. insurance companies trading overseas.
- 803 Underlying tax reflecting interest on loans.
- 803A Foreign taxation of group as a single entity.

###### *Miscellaneous rules*

- 804 Relief against income tax in respect of income arising in years of commencement.
- 804ZA Schemes and arrangements designed to increase relief

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- 804ZB Effect of notice under section 804ZA
- 804ZC Notices under section 804ZA: further provision
- 804A Overseas life assurance business: restriction of credit.
- 804B Insurance companies carrying on more than one category of business: restriction of credit.
- 804C Insurance companies: allocation of expenses etc in computations under Case I of Schedule D.
- 804D Interpretation of section 804C in relation to life assurance business etc.
- 804E Interpretation of section 804C in relation to other insurance business.
- 804F Interpretation of sections 804A to 804E.
- 804G Reduction in credit: payment by reference to foreign tax
- 805 Elections against credit.
- 806 Time limit for claims etc.

*Foreign dividends: onshore pooling and utilisation of eligible unrelieved foreign tax*

- 806A Eligible unrelieved foreign tax on dividends: introductory.
- 806B The amounts that are eligible unrelieved foreign tax.
- 806C Onshore pooling.
- 806D Utilisation of eligible unrelieved foreign tax.
- 806E Rules for carry back of relievable tax under section 806D.
- 806F Credit to be given for underlying tax before other foreign tax etc.
- 806G Claims for the purposes of section 806D(4) or (5).
- 806H Surrender of relievable tax by one company in a group to another.
- 806J Interpretation of foreign dividend provisions of this Chapter.

*Application of foreign dividend provisions to branches or agencies in the UK of persons resident elsewhere*

- 806K Application of foreign dividend provisions to branches or agencies in the UK of persons resident elsewhere.

*Unrelieved foreign tax: profits of overseas branch or agency*

- 806L Carry forward or carry back of unrelieved foreign tax.
- 806M Provisions supplemental to section 806L.

### CHAPTER III

#### MISCELLANEOUS PROVISIONS

- 807 Sale of securities with or without accrued interest.
- 807A Disposals and acquisitions of company loan relationships with or without interest.
- 808 Restriction on deduction of interest or dividends from trading income.
- 808A Interest: special relationship.
- 808B Royalties: special relationship.
- 809 Relief in respect of discretionary trusts.
- 810 Postponement of capital allowances to secure double taxation relief.
- 811 Deduction for foreign tax where no credit allowable.
- 812 Withdrawal of right to tax credit of certain non-resident companies connected with unitary states.
- 813 Recovery of tax credits incorrectly paid.
- 814 Arrangements to avoid section 812.

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- 815 Power to inspect documents.
- 815A Transfer of a non-UK trade.
- 815AZA UK residents and foreign enterprises
- 815AA Mutual agreement procedure and presentation of cases under arrangements.
- 815B The Arbitration Convention.
- 815C Exchange of information with other countries.
- 816 Disclosure of information.

## PART XIX SUPPLEMENTAL

### *Miscellaneous*

- 817 Deductions not to be allowed in computing profits or gains.
- 818 Arrangements for payments of interest less tax or of fixed net amount.
- 819 Old references to standard rate tax.
- 820 Application of Income Tax Acts from year to year.
- 821 Under-deductions from payments made before passing of annual Act.
- 822 Over-deductions from interest on loan capital etc. made before passing of annual Act.
- 823 Adjustments of reliefs where given at different times.
- 824 Repayment supplements: individuals and others.
- 825 Repayment supplements: companies.
- 826 Interest on tax overpaid.
- 826A Interest on payments in respect of corporation tax and meaning of “the material date”.
- 827 VAT penalties etc.
- 827A Territorial scope of charges under certain provisions to which section 836B applies
- 828 Orders and regulations made by the Treasury or the Board.
- 829 Application of Income Tax Acts to public departments and avoidance of exempting provisions.
- 830 Territorial sea and designated areas.

### *Interpretation*

- 831 Interpretation of this Act.
- 832 Interpretation of the Tax Acts.
- 833 Interpretation of Income Tax Acts.
- 834 Interpretation of the Corporation Tax Acts.
- 834A Miscellaneous charges (list for the purposes of certain provisions that formerly referred to Case VI of Schedule D)
- 834B Meaning of “UK property business” and “overseas property business”
- 834C Total profits
- 835 “Total income” in the Income Tax Acts.
- 836 Returns of total income.
- 836A Generally accepted accounting practice
- 836B Table of provisions to which this section applies
- 837 “Annual value” of land.
- 837A Meaning of “research and development”.
- 837B Meaning of “oil and gas exploration and appraisal”.
- 837C Meaning of “offshore installation”
- 838 Subsidiaries.



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- 839 Connected persons.
- 840 Meaning of “control” in certain contexts.
- 840ZA Meaning of “tax advantage”
- 840A Banks.
- 841 Recognised stock exchange and recognised investment exchanges.
- 841A Recognised clearing systems.
- 842 Investment trusts.
- 842AA Venture capital trusts.
- 842A Local authorities.
- 842B Meaning of “investment LLP” and “property investment LLP”

*Commencement, savings, repeals etc.*

- 843 Commencement.
- 844 Savings, transitional provisions, consequential amendments and repeals.
- 845 Short title.

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SCHEDULES

SCHEDULE A1 — Determination of profits attributable to permanent establishment:  
supplementary provisions

Part 1 — INTRODUCTION

*Introduction*

- 1 (1) The provisions of this Schedule have effect for supplementing...  
Part 2 — GENERAL PROVISIONS

*Transactions treated as taking place at arm’s length*

- 2 In accordance with the separate enterprise principle, transactions between the...

*Application of general provision as to allowable deductions*

- 3 (1) Section 11AA(4) (general provision as to allowable deductions) applies...

*Prohibition of deductions for payments in respect of intangible assets*

- 4 (1) No deduction is allowed in respect of royalties paid,...

*Prohibition of deductions for interest or other financing costs*

- 5 (1) No deduction is allowed in respect of payments of...

*Provision of goods or services for permanent establishment*

- 6 (1) This paragraph applies where the non-resident company provides the...

Part 3 — PROVISIONS APPLICABLE TO NON-RESIDENT BANKS

*Application of this Part*

- 7 (1) The provisions of this Part of this Schedule have...

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*Non-resident banks: transfer of financial assets*

8 (1) In accordance with the separate enterprise principle, transfers of...

*Loans by non-resident banks: attribution of financial assets and profits arising*

9 (1) In accordance with the separate enterprise principle, loans and...

*Borrowing by non-resident banks: permanent establishment acting as agent or intermediary*

10 (1) This paragraph applies where a permanent establishment—

SCHEDULE A2 — Corporation tax: the non-corporate distribution rate:  
supplementary provisions  
Part 1 — GENERAL PROVISIONS

*Introduction*

1 The provisions of this Schedule supplement section 13AB (corporation tax:...

*Meaning of “non-corporate distribution”*

2 (1) A “non-corporate distribution” means a distribution made by a...

*Calculation of company’s “underlying rate of corporation tax”*

3 (1) A company’s underlying rate of corporation tax for an...

*Matching: distributions not exceeding basic profits*

4 Where in an accounting period the total amount of the...

*Matching: distributions exceeding basic profits*

5 Where in an accounting period the total amount of the...

Part 2 — ALLOCATION OF EXCESS NCDs TO OTHER COMPANIES

*Allocation of excess NCDs to other companies*

6 (1) This Part of this Schedule provides for the allocation...

*Allocation of excess NCDs to other group companies*

7 (1) If at the end of the distribution period the...

*Allocation of excess NCDs: period or periods to which amount to be allocated*

8 (1) Excess NCDs falling to be allocated to another company...

*Allocation of excess NCDs: degrouping*

9 (1) This paragraph applies where a company (“company A”) ceases...

*Allocation of excess NCDs: procedure*

10 (1) The basic rule is that the allocation of excess...

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*Allocation of excess NCDs: amounts proving to be excessive*

- 11 (1) This paragraph applies where an amount of excess NCDs...

*Allocation of excess NCDs to companies not resident in the United Kingdom*

- 12 (1) The provisions of this Part of this Schedule as...

Part 3 — OTHER SUPPLEMENTARY PROVISIONS

*Carry forward of excess NCDs*

- 13 (1) Any excess NCDs not allocated to another company under...

*Definition of a group*

- 14 (1) For the purposes of section 13AB and this Schedule...

*Accounting period treated as ending if company ceases to be a member of a group*

- 15 (1) Section 13AB and this Schedule apply in relation to...

*Treatment of distributions made otherwise than in an accounting period*

- 16 For the purposes of section 13AB and this Schedule, a...

*Holding companies treated as carrying on a business*

- 17 (1) For the purposes of section 13AB and this Schedule...

*Interpretation*

- 18 In section 13AB and this Schedule— “basic profits” means the...

SCHEDULE 1 —

*Expenditure before 1964-65: deductions from rents*

- 1 (1) Except as provided by sub-paragraphs (2) and (3) below,...

*Expenditure before 1964-65: deductions from other receipts*

- 2 (1) Subject to sub-paragraph (2) below, no payment shall be...

*Expenditure on sea walls before 1964-65*

- 3 (1) Section 30 shall not apply in relation to expenditure...

SCHEDULE 2 —

SCHEDULE 3 —

PART I — PUBLIC REVENUE DIVIDENDS ETC. PAYABLE TO  
THE BANK OF ENGLAND OR THE BANK OF IRELAND  
OR ENTRUSTED FOR PAYMENT TO THE BANK OF  
ENGLAND, THE BANK OF IRELAND OR THE NATIONAL  
DEBT COMMISSIONERS

- 1 The Bank of England and the Bank of Ireland as...  
2 (1) In the case of dividends and profits attached thereto...  
3 Money set apart or retained under paragraph 2 above, and...

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- 4 No deduction of income tax under this Part of this...  
     PART II — PUBLIC REVENUE DIVIDENDS PAYABLE BY PUBLIC OFFICES AND DEPARTMENTS
- 5 Where any payment is made of public revenue dividends payable...  
     PART III — OTHER PUBLIC REVENUE DIVIDENDS, FOREIGN DIVIDENDS AND PROCEEDS OF COUPONS
- 6 (1) The following persons are chargeable persons for the purposes...
- 6A (1) On the fourteenth day following the month in which...
- 6B Any tax due under paragraph 6A above shall carry interest,...
- 6C (1) For each quarter in which a person effects a...
- 6D (1) Any income tax which has become due under paragraph...
- 6E (1) None of the provisions of section 29 of the...
- 6F If a person has made a payment purporting to be...
- 7 .....
- 8 .....
- 9 .....
- 10 .....
- 11 Nothing in paragraphs 6 to 6F above shall impose on...
- 12 Where income tax in respect of the proceeds of the...
- 13 (1) . . . ,the Board may, by notice served...
- 14 In this Part of this Schedule— “dividends” includes foreign dividends,...
- PART IV — INTEREST PAYABLE OUT OF THE PUBLIC REVENUE OF THE REPUBLIC OF IRELAND ETC.
- 15 (1) Any person who is entrusted with the payment of...

SCHEDULE 4 —

*Interpretation*

- 1 (1) For the purposes of this Schedule—  
     *Charge to tax after acquisition of certain securities*
- 2 (1) This sub-paragraph applies to deep discount securities issued by...
- 3 (1) Where a person acquires a chargeable security, the chargeable...

*Charge to tax on disposal of securities*

- 4 (1) On the disposal by any person of any deep...

*Deduction of income element from total profits of company and allowance as charge on income*

- 5 (1) In computing the corporation tax chargeable for any accounting...
- 6 (1) Section 494 shall apply in relation to income elements...

*Disposals*

- 7 (1) Subject to sub-paragraphs (2) and (3) below, there is...
- 8 (1) Where any deep discount security is disposed of and...

*Securities issued and owned by associated companies or group companies*

- 9 (1) Where a deep discount security issued by a company...

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*Close companies*

10 (1) Where a deep discount security issued by a close...

*Early redemption*

11 (1) Where any deep discount security issued by a company...  
11A Where any deep discount security issued by a public body...

*Issue price*

11B (1) This paragraph applies where— (a) securities (old securities) of...

*Identification of securities disposed of*

12 The rules contained in section 108 of the 1992 Act...

*Information*

13 (1) Every company which issues deep discount securities shall cause...

*Charities*

14 A charity shall be exempt from income tax in respect...

*Retirement benefit schemes*

15 (1) In a case where— (a) paragraph 4 above would...

*Stock lending*

16 (1) In a case where— (a) a security is the...

*Trustees*

17 (1) Where on the disposal by trustees of a deep...

*Underwriters*

18 .....

*Gilts: special rules*

19 (1) In a case where— (a) securities have been issued...

*Non-gilts: special rules*

20 (1) In a case where— (a) all the securities issued...

*Convertible securities: special rules*

21 In a case where— (a) a security is a qualifying...

SCHEDULE 4AA — Share incentive plans: corporation tax deductions

*Introductory*

1 (1) This Schedule forms part of the SIP code (see...

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*Deduction for providing free or matching shares*

- 2 (1) Where, under an approved share incentive plan, shares are...

*Deduction for additional expenses in providing partnership shares*

- 3 (1) Where under an approved share incentive plan—

*Cases in which no deduction is allowed*

- 4 (1) No deduction is allowed under paragraph 2 or 3...

*No deduction for expenses in providing dividend shares*

- 5 (1) No deduction is allowed for expenses in providing shares...

*Treatment of forfeited shares*

- 6 (1) This paragraph applies if any of a participant's plan...

*Deduction for costs of setting up the plan*

- 7 (1) A deduction is allowed under this paragraph for expenses...

*Deductions for contributions to running expenses of plan*

- 8 (1) Nothing in this Schedule affects any deduction for expenses...

*Deduction for contribution to plan trust*

- 9 (1) A deduction is allowed to a company under this...

*Withdrawal of deduction under paragraph 9*

- 10 (1) The Inland Revenue may by notice direct that the...

*Withdrawal of deductions on withdrawal of approval*

- 11 (1) If approval of a share incentive plan is withdrawn...

*Termination of plan: shares acquired as mentioned in paragraph 9 but not yet awarded*

- 12 (1) This paragraph applies where the company has issued a...

*Application of provisions to expenses of management of investment companies etc.*

- 13 (1) The provisions of this Schedule apply in relation to—...

**SCHEDULE 4A — CREATIVE ARTISTS: RELIEF FOR FLUCTUATING PROFITS**

- 1 *Introduction*  
 2 *Qualifying trade, profession or vocation*  
 3 *Circumstances in which claim may be made*  
 4 *Years in respect of which claim may be made*  
 5 *Time limit for claim*  
 6 *Adjustment of profits on averaging claim*  
 7 *How averaging claim is given effect*  
 8 *Extension of time for making other claims*  
 9 *Giving effect to late claim for other relief*

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- 10 *Effect of later adjustment of profits*
- 11 *Interpretation of references to profits*
- 12 *Interpretation of references to amount chargeable to tax*
- 13 *Meaning of “claim” and “associated claim”*
- 14 *Meaning of “tax year”*

#### SCHEDULE 5 — TREATMENT OF FARM ANIMALS ETC. FOR PURPOSES OF CASE I OF SCHEDULE D

##### *Farming: the general rule*

- 1 (1) Subject to the provisions of this Schedule, in computing...

##### *Farming: election for the herd basis*

- 2 (1) An election for the herd basis shall apply to...
- 3 (1) Where an election for the herd basis has effect,...

##### *Farming: provisions applicable to special cases*

- 4 A farmer who, having kept a production herd of a...
- 5 (1) Where a farmer transfers to another person all or...
- 6 (1) Where the whole or a substantial part of a...

##### *Exclusion of working animals, and interpretation of preceding provisions*

- 7 Nothing in this Schedule applies to any animals kept wholly...
- 8 (1) In this Schedule “herd” includes a flock, and any...

##### *Application of preceding provisions to trades other than farming, creatures other than animals, and animals and creatures kept singly*

- 9 (1) The preceding provisions of this Schedule shall, with the...

##### *Supplemental and saving*

- 10 Where an election for the herd basis is made, every...
- 11 Where an election for the herd basis has effect for...
- 12 The validity of an election for the herd basis in...

#### SCHEDULE 5AA — Guaranteed returns on transactions in futures and options

##### *Charge to tax etc.*

- 1 (1) Subject to sub-paragraph (2) below, profits and gains arising...

##### *Transactions to which Schedule applies*

- 2 (1) This Schedule applies to a transaction if—

##### *Production of guaranteed return*

- 3 (1) For the purposes of this Schedule a guaranteed return...

##### *Disposals of futures or options*

- 4 (1) For the purposes of this Schedule a disposal is...

*Status: Point in time view as at 27/07/1999.*

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*Futures running to delivery and options exercised*

4A (1) This paragraph applies where for the purposes of this...

*The return from one or more disposals*

5 (1) In this Schedule references to the return from one...

*Related transactions*

6 (1) For the purposes of this Schedule two or more...

*Special rule for trusts*

7 (1) Where any profits or gains are treated, in accordance...

*Transfer of assets abroad*

8 For the purpose of determining whether an individual ordinarily resident...

*Apportionment in the case of insurance companies*

9 (1) This paragraph applies where— (a) any determination falls to...

SCHEDULE 5A — Stock lending: interest on cash collateral

*Introductory*

1 (1) In this Schedule— (a) “approved stock lending arrangement” means...

*Treatment of interest earned on cash collateral*

2 (1) This paragraph applies where in connection with an approved...

*Application of paragraph 2 in case of chain of arrangements*

3 (1) Where the lender under one or more approved stock...

*Interpretation*

4 In this Schedule— “relief” means relief by way of— deduction...

SCHEDULE 6 — Taxation of Directors and Others in Respect of Cars

Part I — TABLES OF FLAT RATE CASH EQUIVALENTS

PART II — SUPPLEMENTARY PROVISIONS

*Cash equivalent*

1 Subject to paragraphs 2 to 7 below, the cash equivalent...

*Reduction for business travel*

2 (1) Subject to paragraphs 3 to 7 below, where the...

3 In relation to a car which for part of the...

4 Where in any year an employee is taxable under section...



*Status: Point in time view as at 27/07/1999.*

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*Reduction for age of car*

5 Subject to paragraphs 6 and 7 below, where at the...

*Automatic cars made available to disabled drivers*

5A (1) Sub-paragraph (2) below applies where— (a) paragraph 3 above...

*“EC certificate of conformity”, “EC type-approval certificate” and “UK approval certificate”*

5B In this Schedule— “EC certificate of conformity” means a certificate...

*Car with no CO<sub>2</sub> emissions figure*

5C (1) This paragraph applies where— (a) the car is first...

*Diesel car supplement*

5D (1) This paragraph applies where the car—

*Discounts*

5E The Treasury may by regulations provide for the value of...

*Car registered before 1st January 1998*

5F (1) This paragraph applies where the car was first registered...

*Electrically propelled vehicle*

5G For the purposes of this Schedule, a vehicle is not...

*Reduction for periods when car unavailable*

6 Subject to paragraph 7 below, where for any part of...

*Reduction for payments for use of car*

7 (1) Where in the year concerned the employee is required,...

*Replacement cars*

8 The Treasury may by regulations provide that where—

*Meaning of “unavailable”*

9 For the purposes of this Schedule a car is to...

*General*

10 For the purposes of this Schedule a car is available...

Schedule 6A — Taxation of Directors and Others in Respect of Vans  
Part I — BASIC CASE

*Cash equivalent*

1 (1) This paragraph applies where the van mentioned in section...

*Status: Point in time view as at 27/07/1999.*

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*Reductions for periods where van unavailable*

- 2 (1) Subject to paragraph 3 below, where paragraph 1 above...

*Reduction for payments for use of van*

- 3 (1) Where paragraph 1 above applies and in the year...  
Part II — SHARED VANS

*Introduction*

- 4 (1) This Part of this Schedule applies to a van...

*Benefit to employee*

- 5 (1) This paragraph applies where for any year this Part...

*Basic value*

- 6 (1) Subject to sub-paragraph (2) below, the basic value of...

*Limit of benefit*

- 7 Where (apart from this paragraph) the figure found under paragraph...

*Alternative calculation*

- 8 (1) In a case where— (a) a figure is found...

*Reduction for payments for use*

- 9 (1) Where this Part of this Schedule applies and in...  
Part III — GENERAL

*Interaction of Parts I and II*

- 10 (1) This paragraph applies where— (a) a cash equivalent of...

*Limit of cash equivalent*

- 11 In a case where— (a) the cash equivalent of the...

*Interpretation*

- 12 For the purposes of this Schedule a van is available...

SCHEDULE 7 — TAXATION OF BENEFIT FROM LOANS OBTAINED BY  
REASON OF EMPLOYMENT

PART I — MEANING OF “OBTAINED BY REASON OF  
EMPLOYMENT”

- 1 (1) Subject to sub-paragraph (5) below, the benefit of a...  
2 In paragraph 1 above— (a) references to a loan being...

PART II — CALCULATION OF CASH EQUIVALENT OF LOAN  
BENEFIT

*General*

- 3 (1) The cash equivalent for any year of the benefit...

*Status: Point in time view as at 27/07/1999.*

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*Normal method of calculation (averaging)*

- 4 (1) In the absence of a requirement or election that...

*Election for alternative method of calculation*

- 5 (1) For any year of assessment (“the relevant year”) the...

*Apportionment of cash equivalent in case of joint loan etc.*

- 5A (1) Where in any year there are two or more...

**PART III — EXCEPTIONS WHERE INTEREST ELIGIBLE FOR RELIEF**

- 6 .....  
7 Section 160(1) does not apply to a loan in any...

- 8 Where for any year interest is paid on a loan...

- 9 (1) Where for any year— (a) no interest is paid...

- 10 (1) If— (a) a person has a loan on which...

- 11 (1) Where in any year a person has, alone or...

- 12 References in paragraphs 10 and 11 above to a husband...

- 13 This Part of this Schedule is subject to the provisions...

**PART IV — INTEREST ELIGIBLE FOR TAX RELIEF:  
CONSEQUENCES OF RESTRICTION OF RELIEF TO  
TAX AT THE BASIC RATE ONLY**

- 14 This Part of this Schedule applies in relation to the...

- 15 Where this Part of this Schedule applies in relation to...

- 16 (1) Where, by virtue only of paragraph 15 above, paragraph...

- 17 Paragraph 15 above shall not prevent paragraph 7, 8 or...

- 18 If, in the case of the employee, there is a...

**PART V — INTERPRETATION**

- 19 (1) In this Schedule— “eligible for relief” shall be construed...

**SCHEDULE 7A — Beneficial loans: loans on ordinary commercial terms**

*Introduction*

- 1 For the purposes of section 161B(1) a loan “on ordinary...

*Requirements relating to original loan*

- 2 (1) This paragraph applies to any loan and the relevant...

*Requirements relating to loan varied before 6th April 2000*

- 3 (1) This paragraph applies to a loan that has been...

*Requirements relating to loan varied on or after 6th April 2000*

- 4 (1) The requirements of this paragraph apply to a loan...

*Disregard of certain penalties, fees, etc.*

- 5 Amounts incurred by the person to whom a loan is...

*Meaning of ‘member of the public’*

- 6 For the purposes of this Schedule a “member of the...

*Status: Point in time view as at 27/07/1999.*

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## SCHEDULE 8 — PROFIT-RELATED PAY SCHEMES: CONDITIONS FOR REGISTRATION

### *Form*

- 1 The terms of the scheme must be set out in...

### *Employer and employment unit*

- 2 The scheme must identify the scheme employer.  
3 If the scheme employer does not pay the emoluments of...  
4 (1) The scheme must identify the undertaking to which the...

### *Employees*

- 5 The scheme must contain provisions by reference to which the...  
6 The scheme must contain provisions ensuring that no payments are...  
7 (1) The scheme must contain provisions ensuring that no payments...  
8 The persons within this paragraph are any of the following...

### *Profit periods*

- 9 The scheme must identify the accounting period or periods by...  
10 (1) Subject to sub-paragraphs (2) and (3) below, any such...

### *Distributable pool*

- 11 The scheme must contain provisions by reference to which the...  
12 Except where the scheme is a replacement scheme (within the...  
13 (1) Method A is that the distributable pool is equal...  
13A (1) Where a scheme includes provision by virtue of paragraph...  
14 (1) Method B is that the distributable pool is—  
14A (1) Where a scheme includes provision to give effect to...  
15 If the scheme is a replacement scheme (within the meaning...

### *Payment from distributable pool etc.*

- 16 The scheme must provide for the whole of the distributable...  
17 The scheme must make provision as to when payments will...  
18 (1) The provisions of the scheme must be such that...

### *Ascertainment of profits*

- 19 (1) The scheme must provide for the preparation of a...  
19A (1) The Treasury may by order amend paragraph 19 above...  
20 (1) The scheme must provide that, in preparing a profit...

### *Parts of undertakings*

- 21 (1) This paragraph shall apply to a scheme if the...  
22 (1) Where paragraph 21 above applies to a scheme, the...  
23 (1) In a case where— (a) paragraph 21 above applies...  
24 (1) In a case where— (a) paragraph 21 above applies...

## SCHEDULE 9 — APPROVED SHARE OPTION SCHEMES AND PROFIT SHARING SCHEMES

### PART I — GENERAL

*Status: Point in time view as at 27/07/1999.*

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- 1 (1) Subject to the provisions of this Schedule, on the...  
2 (1) The Board shall not approve a scheme under this...  
3 (1) If, at any time after the Board have approved...  
4 If an alteration is made in the scheme at any...  
5 If aggrieved— (a) in any case, by the failure of...  
6 The Board may by notice require any person to furnish...  
PART II — REQUIREMENTS GENERALLY APPLICABLE  
7 The provisions of this Part apply in relation to all...  
8 The scheme must not provide for any person to be...  
8A (1) In the case of a savings-related share option scheme...  
9 (1) A share option scheme must provide for directors and...  
10 Scheme shares must form part of the ordinary share capital...  
11 Scheme shares must be— (a) shares of a class listed...  
11A (1) In the case of a profit sharing scheme, scheme...  
12 (1) Scheme shares must be— (a) fully paid up;  
13 (1) In determining, in the case of a share option...  
14 (1) Except where scheme shares are shares in a company...  
15 (1) Except in the case of a profit sharing scheme, ...  
PART III — REQUIREMENTS APPLICABLE TO SAVINGS-RELATED  
SHARE OPTION SCHEMES  
16 (1) The scheme must provide for the scheme shares to...  
17 Subject to paragraphs 18 to 21 below, the rights obtained...  
18 The scheme must provide that if a person who has...  
19 The scheme must provide that if a person who has...  
20 The scheme must provide that where a person who has...  
21 (1) The scheme may provide that— (a) if any person...  
22 Except as provided in paragraph 18 above, rights obtained by...  
23 No person shall be treated for the purposes of paragraph...  
24 (1) The scheme must provide for a person's contributions under...  
25 The price at which scheme shares may be acquired by...  
26 (1) Subject to paragraph 8 above, every person who—  
PART IV — REQUIREMENTS APPLICABLE TO OTHER SHARE  
OPTION SCHEMES  
27 (1) A person must not be eligible to obtain rights...  
28 (1) The scheme must provide that no person shall obtain...  
29 (1) The price at which scheme shares may be acquired...  
PART V — REQUIREMENTS APPLICABLE TO PROFIT SHARING  
SCHEMES  
30 (1) The scheme must provide for the establishment of a...  
31 The trust instrument shall provide that, as soon as practicable...  
32 (1) The trust instrument must contain a provision prohibiting the...  
33 The trust instrument must contain a provision requiring the trustees—...  
34 The trust instrument must impose an obligation on the trustees—...  
35 (1) An individual shall not be eligible to have shares...  
36 (1) Subject to paragraphs 8 and 35 above, every person...  
PART VI — MATERIAL INTEREST TEST

*Interests under trusts*

- 37 (1) This paragraph applies in a case where—

*Options etc.*

- 38 (1) For the purposes of section 187(3)(a) a right to...

*Status: Point in time view as at 27/07/1999.*

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*Shares held by trustees of approved profit sharing schemes*

39 In applying section 187(3), as respects any time before or...

*Shares subject to an employee benefit trust*

40 (1) Where an individual has an interest in shares or...

SCHEDULE 10 — FURTHER PROVISIONS RELATING TO PROFIT SHARING SCHEMES

*Limitations on contractual obligations of participants*

1 (1) Any obligation placed on the participant by virtue of...

*The period of retention*

2 For the purposes of any of the relevant provisions, “the...

*The appropriate percentage*

3 (1) For the purposes of any of the relevant provisions...

3A (1) In paragraph 3 above the reference to the relevant...

*Capital receipts*

4 (1) Money or money’s worth is not a capital receipt...

*Company reconstructions*

5 (1) This paragraph applies where there occurs in relation to...

5A (1) Paragraph 5(2) to (6) above apply where there occurs...

*Excess or unauthorised shares*

6 (1) This paragraph applies in any case where—

*P.A.Y.E. deduction of tax*

7 (1) Subject to sub-paragraphs (4) and (5) below, where the...

Schedule 11 — Payments and other benefits in connection with termination of employment, etc.

*Introductory*

1 The provisions of this Schedule supplement the provisions of section...

*Payments and other benefits to which section 148 applies*

2 (1) Section 148 applies to all payments and other benefits...

*Payments and other benefits excluded from charge under section 148*

3 Tax is not charged under section 148 on a payment...

4 (1) Tax is not charged under section 148 on a...

5 Tax is not charged under section 148 on a payment...

6 (1) Tax is not charged under section 148 on—

*Status: Point in time view as at 27/07/1999.*

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*Application of £30,000 threshold*

- 7 (1) This paragraph specifies how the £30,000 threshold in section...  
8 (1) For the purposes of paragraph 7(2)(b) employers are associated...

*Exclusion or reduction of charge in case of foreign service*

- 9 (1) If the employee's service in the employment in respect...  
10 Tax is not charged under section 148 if foreign service...  
11 (1) Where there is foreign service and paragraph 10 does...

*Valuation of benefits*

- 12 (1) For the purposes of section 148, the amount of...

*Notional interest treated as paid if amount charged in respect of beneficial loan*

- 13 (1) This paragraph applies where a person is chargeable to...

*Giving effect to the charge to tax*

- 14 (1) Tax under section 148 is charged on the employee...

*Reporting requirements*

- 15 Provision may be made by regulations under section 203(2) requiring...

*Interpretation*

- 16 In this Schedule— “the relevant date” means the date of...

SCHEDULE 11A — Removal Expenses and Benefits

Part I — TAX RELIEF

- 1 (1) Where by reason of a person's employment—  
2 (1) This paragraph applies where— (a) any payment or benefit...

Part II — QUALIFYING EXPENSES AND QUALIFYING BENEFITS

*Qualifying removal expenses*

- 3 (1) Expenses are not qualifying removal expenses unless they are...

*Qualifying removal benefits*

- 4 (1) A benefit is not a qualifying removal benefit unless...

*Connection with employment*

- 5 (1) The change of residence mentioned in paragraphs 3(2) and...

*The relevant day*

- 6 (1) Subject to sub-paragraph (2) below, the relevant day, in...

Part III — ELIGIBLE REMOVAL EXPENSES

*Introduction*

- 7 Expenses are eligible removal expenses if they fall into one...

*Status: Point in time view as at 27/07/1999.*

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*Expenses of disposal*

- 8 (1) Expenses fall within paragraph 7(a) above if (and only...

*Expenses of acquisition*

- 9 (1) Expenses fall within paragraph 7(b) above if (and only...

*Expenses of abortive acquisition*

- 10 Expenses fall within paragraph 7(c) above if (and only if)—...

*Expenses of transporting belongings*

- 11 (1) Expenses fall within paragraph 7(d) above if (and only...

*Travelling and subsistence expenses*

- 12 (1) Expenses fall within paragraph 7(e) above if (and only...

*Bridging loan expenses*

- 13 (1) Expenses fall within paragraph 7(f) above if (and only...

*Duplicate expenses*

- 14 (1) Expenses fall within paragraph 7(g) above if (and only...

*Power to amend*

- 15 (1) The Treasury may make regulations amending the preceding provisions...

Part IV — ELIGIBLE REMOVAL BENEFITS

*Introduction*

- 16 Benefits are eligible removal benefits if they fall into one...

*Benefits in respect of disposal*

- 17 (1) A benefit falls within paragraph 16(a) above if (and...

*Benefits in respect of acquisition*

- 18 (1) A benefit falls within paragraph 16(b) above if (and...

*Benefits in respect of abortive acquisition*

- 19 A benefit falls within paragraph 16(c) above if (and only...

*Benefits in respect of the transporting of belongings*

- 20 (1) A benefit falls within paragraph 16(d) above if (and...

*Travelling and subsistence benefits*

- 21 (1) A benefit falls within paragraph 16(e) above if (and...



*Status: Point in time view as at 27/07/1999.*

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*Benefits in respect of new residence*

- 22 (1) A benefit falls within paragraph 16(f) above if (and...

*Power to amend*

- 23 (1) The Treasury may make regulations amending the preceding provisions...

Part V — THE QUALIFYING LIMIT

- 24 (1) In a case where, by reason of the employee's...

Part VI — GENERAL

*Interpretation*

- 25 In this Schedule— (a) references to the residence of the...  
26 For the purposes of this Schedule a person is not...  
27 In this Schedule references to employment include references to any...  
28 References in this Schedule to subsistence are to food, drink...

*Commencement*

- 29 This Schedule applies to any payment made, or any benefit...

SCHEDULE 12 — FOREIGN EARNINGS

- 1 This Schedule shall have effect for the purpose of supplementing...

*Amount of emoluments*

- 1A For the purposes of section 192A and this Schedule the...

*Emoluments eligible for relief*

- 2 (1) This paragraph has effect where a deduction falls to...

*Qualifying periods*

- 3 (1) For the purposes of section 192A a qualifying period...

*Supplementary*

- 4 For the purposes of this Schedule a person shall not...  
5 Notwithstanding section 132(4)(b), there shall be treated for the purposes...  
6 Where an employment is in substance one the duties of...  
7 In this Schedule references to an employment include references to...

SCHEDULE 12AA — MILEAGE ALLOWANCES: INTERPRETATION

- 1 *Introduction*  
2 *Business travel*  
3 *Qualifying vehicles*  
4 *The approved amount: mileage allowance payments*  
One employment is associated with another if— the employer is...  
5 *The approved amount: passenger payments*  
6 *Company vehicles*  
7 *Employment*  
8 *Tax year*

*Status: Point in time view as at 27/07/1999.*

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## Schedule 12A — Ordinary commuting and private travel

### *Introduction*

- 1 (1) The provisions of this Schedule apply for the purposes...

### *Ordinary commuting and private travel*

- 2 (1) “Ordinary commuting” means travel between— (a) the employee’s home,...
- 3 Travel between any two places that is for practical purposes...

### *Permanent and temporary workplaces*

- 4 For the purposes of paragraph 2, subject to the following...

### *The 24 month rule and fixed term appointments*

- 5 (1) A place is not regarded as a temporary workplace...

### *Depots and bases*

- 6 A place which the employee regularly attends in the performance...

### *Area-based employees*

- 7 (1) An employee is treated as having a permanent workplace...

## SCHEDULE 13 —

### *Duty to make returns*

- 1 (1) A company shall for each of its accounting periods...

### *Contents of return*

- 2 (1) Subject to paragraph 7(2) below, the return made by...

### *Payment of tax*

- 3 (1) Subject to paragraph 7(2) below, advance corporation tax in...

### *International headquarters companies*

- 3A (1) This paragraph and paragraph 3B below apply where—
- 3B (1) Without prejudice to paragraph 3 above, if at any...

### *Receipt of franked investment income after payment of advance corporation tax*

- 4 (1) This paragraph shall have effect where—

### *Receipt of foreign income dividends after payment of advance corporation tax*

- 4A (1) This paragraph shall have effect where—

### *Claims for set-off in respect of franked investment income received by a company*

- 5 Where under paragraph 2 or 4 above franked investment income...
- 6 (1) Where a claim has been made under paragraph 5...

*Status: Point in time view as at 27/07/1999.*

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*Claims for set-off in respect of foreign income dividends received by a company*

6A (1) Where under paragraph 2 or 4A above foreign income...

*Qualifying distributions which are not payments and payments of uncertain nature*

7 (1) This paragraph applies to— (a) any qualifying distribution which...

*Amended return where company becomes aware of an error*

7A (1) If a company becomes aware— (a) that anything which...

*Items included in error*

8 Where any item has been included in a return under...

*Qualifying distribution made otherwise than in an accounting period*

9 Where a company makes a qualifying distribution on a date...

*Manufactured foreign income dividends*

9A (1) This paragraph applies in any case where, by virtue...

*Assessments and due date of tax*

10 (1) All the provisions of the Corporation Tax Acts as...

SCHEDULE 13A — Surrenders of advance corporation tax

*General*

1 (1) In this Schedule any reference to a claim is...

*Multiple claims*

2 (1) Surrenders to different subsidiaries or to the same subsidiary...

*Content of claims etc.*

3 (1) A claim must specify— (a) the amount the benefit...

*Time limit for claims*

4 A claim by the surrendering company must be made within...

*Claim to be included in return where possible*

5 (1) Where a claim could be made by being included...

6 (1) A claim not included in a return or an...

*Contents of notices of withdrawal, etc.*

7 (1) A claim shall not be withdrawn except by a...

*Simultaneous claims and withdrawals of claims*

8 Where— (a) a claim (“claim A”) is withdrawn, and

*Status: Point in time view as at 27/07/1999.*

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*Time limit for withdrawing claims*

- 9 (1) Subject to sub-paragraph (3) below, a claim shall not...

*No amendment of claims*

- 10 Nothing in the Management Act shall be read as allowing...

*Further self-assessments by the surrendering company*

- 11 (1) Where— (a) a claim is made after an assessment...  
12 (1) Where— (a) by virtue of section 239(4), advance corporation...

*Further self-assessments by subsidiary*

- 13 (1) Sub-paragraph (3) below applies where— (a) under section 239(1),...

*Standard provisions about enquiries into self-assessments*

- 14 (1) The standard provisions about enquiries into self-assessments . ....

*Repayments*

- 15 (1) Where— (a) a claim is withdrawn after an assessment...

Schedule 13B — Children's Tax Credit

*Child living with more than one adult: married and unmarried couples*

- 1 (1) Paragraphs 2 to 5 below apply where at any...  
2 Subject to paragraph 3 below, the lower-earning partner shall not...  
3 (1) This paragraph applies if no part of either partner's...  
4 (1) This paragraph applies where— (a) a partner is entitled...  
5 (1) This paragraph applies to elections under paragraph 3 above....

*Child living with more than one adult: other cases*

- 6 (1) This paragraph applies to a child for a year...

*Combined cases*

- 7 (1) This paragraph applies where a child is a relevant...

*Change of circumstances*

- 8 (1) For the purposes of this paragraph a change of...

SCHEDULE 14 — PROVISIONS ANCILLARY TO SECTION 266  
PART I — MODIFICATION OF SECTION 266 IN CERTAIN CASES

*Husband and wife*

- 1 (1) The references in section 266 to an individual's spouse...

*Premiums payable to friendly societies and industrial assurance companies*

- 2 (1) This paragraph applies to— (a) a policy issued in...  
3 (1) Where a policy is issued or a contract is...

*Status: Point in time view as at 27/07/1999.*

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## PART II — SUPPLEMENTARY PROVISIONS AS TO RELIEF UNDER SECTION 266

- 4 (1) Where it appears to the Board that the relief...
- 5 Where a person is entitled to relief under section 266...
- 6 (1) Where in any year of assessment the relief to...
- 7 (1) The Board may make regulations for carrying into effect...
- 8 (1) A policy of life insurance issued in respect of...

## SCHEDULE 15 — QUALIFYING POLICIES

### PART A1 — PREMIUM LIMIT FOR QUALIFYING POLICIES

*Premium limit for qualifying policies to apply from 6 April 2013*

- A1 (1) Sub-paragraph (2) applies if— (a) an event falling within...

*Restricted relief qualifying policies*

- A2 (1) Sub-paragraph (2) applies if— (a) an event falling within...

*The premium limit for qualifying policies*

- A3 (1) For the purposes of paragraphs A1(1)(c) and A2(1)(c) above...

*Protected policies*

- A4 (1) This paragraph applies for the purposes of this Part...

*How to determine if an individual is a beneficiary under a policy*

- A5 (1) This paragraph applies for the purposes of this Part...

*Further definitions*

- A6 (1) In this Part of this Schedule—

### PART I — QUALIFYING CONDITIONS

## RULES FOR QUALIFYING POLICIES

*Rights to be beneficially owned by individuals only*

- B1 (1) Sub-paragraph (2) applies in relation to a policy issued...

*Assignments*

- B2 (1) Sub-paragraph (2) applies if any rights under a qualifying...

*Required statements*

- B3 (1) Sub-paragraph (2) applies if any of the following events...

## GENERAL RULES APPLICABLE TO WHOLE LIFE AND TERM ASSURANCES

- 1 (1) Subject to the following provisions of this Part of...

*Status: Point in time view as at 27/07/1999.*

*Changes to legislation: Income and Corporation Taxes Act 1988 is up to date with all changes known to be in force on or before 15 June 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)*

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## GENERAL RULES APPLICABLE TO ENDOWMENT ASSURANCES

- 2 (1) Subject to the following provisions of this Part of...

### SPECIAL TYPES OF POLICY

#### *(i) Friendly Society policies*

- 3 (1) Paragraphs 1 and 2 above do not apply to...  
 4 (1) The provisions of this paragraph have effect notwithstanding anything...  
 5 Section 466 shall apply for the interpretation of paragraphs 3...  
 6 (1) A policy which was issued by any registered friendly...  
 6A Any expression— (a) which is used in any provision made...

#### *(ii) Industrial assurance policies*

- 7 (1) A policy issued in the course of an industrial...  
 8 Where a policy issued in respect of an insurance made...  
 8A (1) Paragraphs 7 and 8 above shall have effect in...

#### *(iii) Family income policies and mortgage protection*

- 9 (1) The following provisions apply to any policy which is...

### OTHER SPECIAL PROVISIONS

#### *(i) Short-term assurances*

- 10 A policy which secures a capital sum payable only on...

#### *(ii) Personal accident insurance*

- 11 (1) A policy which evidences a contract of insurance to...

#### *(iii) Exceptional risk of death or disability*

- 12 For the purpose of determining whether any policy is a...

#### *(iv) Connected policies*

- 13 Subject to paragraph 14 below, where the terms of any...  
 14 (1) A policy shall not be a qualifying policy if...

#### *(v) Premiums paid out of sums due under previous policies*

- 15 (1) Where, in the case of a policy under which...

#### *(vi) Additional premiums under section 72(9) of the Finance Act 1984*

- 16 In determining whether a policy is a qualifying policy, no...

#### *(viii) Substitutions and variations*

- 17 (1) Subject to paragraph 19 below, where one policy (“the...

*Status: Point in time view as at 27/07/1999.*

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- 18 (1) Subject to paragraph 19 below and to the provisions...
- 19 (1) The following provisions of this paragraph shall have effect...
- 20 (1) Where, as a result of a variation in the...

*(viii) Policy reinstated after non-payment of premium*

- 20ZA (1) This paragraph applies to a qualifying policy (“the original...  
PART II — CERTIFICATION OF QUALIFYING POLICIES

*Policies issued in respect of insurances made on or  
after 1st April 1976 or varied on or after that date*

- 21 (1) A policy of life insurance issued in respect of...
- 22 (1) A body which issues or which, after 5th April...  
PART III — POLICIES ISSUED BY NON-RESIDENT COMPANIES
- 23 In this Part— (a) any reference to a paragraph is...
- 24 (1) This paragraph applies to a policy of life insurance—...
- 25 (1) In the application of paragraph 17 in any case...
- 26 If, in the case of a substitution of policies falling...
- 27 (1) For the purposes of Part I and paragraphs 21...

SCHEDULE 15A — CONTRACTUAL SAVINGS SCHEMES

*Introduction*

- 1 This Schedule shall have effect for the purposes of section...

*Share option linked schemes*

- 2 (1) A share option linked scheme is a scheme under...

*Relevant European institutions*

- 3 A relevant European institution is an institution which—

*Treasury specifications*

- 4 (1) The requirements which may be specified under section 326(3)(b),...
- 5 (1) Where a specification has been made under section 326(3)(b),...
- 6 (1) Where a specification has been made under section 326(3)(b),...

*Treasury authorisation*

- 7 (1) The Treasury may authorise a society or institution under...
- 8 (1) Where an authorisation has been given under section 326(7)...
- 9 (1) Where an authorisation has been given under section 326(7)...
- 10 (1) Where an authorisation has been given under section 326(8)...
- 11 (1) Where an authorisation has been given under section 326(8)...
- 12 (1) If the Treasury act as regards an authorisation under...

SCHEDULE 15B — Venture Capital Trusts: Relief from Income Tax  
Part I — RELIEF ON INVESTMENT

*Entitlement to claim relief*

- 1 (1) Subject to the following provisions of this Schedule, an...

*Status: Point in time view as at 27/07/1999.*

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*Loan-linked investments*

- 2 (1) An individual shall not be entitled to relief under...

*Loss of investment relief*

- 3 (1) This paragraph applies, subject to sub-paragraph (5) below, where  
—...

*Assessment on withdrawal or reduction of relief*

- 4 (1) Any relief given under this Part of this Schedule...

*Provision of information*

- 5 (1) Where an event occurs by reason of which any...

*Interpretation of Part I*

- 6 (1) In this Part of this Schedule “eligible shares”, in...

Part II — RELIEF ON DISTRIBUTIONS

- 7 (1) A relevant distribution of a venture capital trust shall...

*Meaning of “permitted maximum”*

- 8 (1) For the purposes of this Part of this Schedule...

*Interpretation of Part II*

- 9 (1) In this Part of this Schedule “ordinary shares”, in...

SCHEDULE 16 — COLLECTION OF INCOME TAX ON COMPANY  
PAYMENTS WHICH ARE NOT DISTRIBUTIONS

*Interpretation*

- 1 In this Schedule “relevant payment” means any payment to which...

*Duty to make returns*

- 2 (1) A company shall for each of its accounting periods...

*Contents of returns*

- 3 The return made by a company for any period shall...

*Payment of tax*

- 4 (1) . . . Income tax in respect of any...

*Set-off of income tax borne on company income against tax payable*

- 5 (1) Where in any accounting period a company receives any...

- 6 (1) Where a claim has been made under paragraph 5...

- 7 Income tax set against other tax under paragraph 5 above...

*Amended return where company becomes aware of an error*

- 7A (1) If a company becomes aware— (a) that anything which...



*Status: Point in time view as at 27/07/1999.*

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*Items included in error*

8 Where any item has been included in a return or...

*Relevant payment made otherwise than in accounting period*

9 Where a company makes a relevant payment on a date...

*Assessments and due date of tax*

10 (1) All the provisions of the Income Tax Acts as...

*Saving*

11 Nothing in paragraphs 1 to 10 above shall be taken...

SCHEDULE 17 — DUAL RESIDENT INVESTING COMPANIES

PART I — DIVISION OF ACCOUNTING PERIODS COVERING 1ST  
APRIL 1987

1 (1) This Part of this Schedule has effect in the...

2 Subject to paragraph 5 below, for the purposes referred to...

3 If, in the straddling period of a dual resident investing...

PART II — EARLY PAYMENTS OF INTEREST ETC. AND CHARGES  
ON INCOME

*Interpretation*

4 In this Part of this Schedule— (a) a “1986 accounting...

*Early payment of interest etc.*

5 (1) If the conditions in sub-paragraph (2) or (3) below...

*Early payment of charges on income*

6 (1) If, in the case of a dual resident investing...

*Appeals*

7 Notice of the giving of a direction under paragraph 5...

PART III — GENERAL

8 (1) Parts I and II of this Schedule have effect...

Schedule 17A —

*Introductory*

1 (1) This Schedule has effect as respects claims for group...

*Time limits*

2 (1) No claim for an accounting period of a company...

3 (1) No claim for an accounting period of a company...

4 Where under paragraph 2 or 3 above a claim may...

5 (1) A claim for an accounting period of a company...

*Status: Point in time view as at 27/07/1999.*

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### *Method of making claim*

- 6 (1) A claim shall be made by being included in...

### *Nature of claim*

- 7 A claim may be made for less than the full...  
8 A claim, other than one under paragraph 5 above, shall...  
9 (1) A claim under paragraph 5 above shall be expressed...

### *Consent to surrender*

- 10 (1) A claim shall require the consent of the surrendering...  
11 (1) This paragraph applies in relation to claims under paragraph...

### *Adjustments*

- 12 (1) All such assessments or adjustments of assessments shall be...

## SCHEDULE 18 — GROUP RELIEF: EQUITY HOLDERS AND PROFITS OR ASSETS AVAILABLE FOR DISTRIBUTION

- 1 (1) For the purposes of sections 403C and 413(7) and...  
1A (1) This paragraph applies to a right to dividends carried...  
2 (1) Subject to the following provisions of this Schedule, for...  
3 (1) Subject to the following provisions of this Schedule, for...  
4 (1) This paragraph applies if any of the equity holders—...  
5 (1) This paragraph applies if, at any time in the...  
5A (1) In a case where paragraphs 4 and 5 above...  
5B (1) This paragraph applies if, at any time in the...  
5C (1) In a case where paragraphs 4 and 5B above...  
5D (1) In a case where paragraphs 5 and 5B above...  
5E (1) In a case where paragraphs 4 and 5 and...  
5F (1) This paragraph has effect, in the cases specified in...  
6 For the purposes of sections 403C and 413(7) and paragraphs...  
7 (1) In this Schedule “the relevant accounting period” means—

## SCHEDULE 18A — Group relief: overseas losses of non-resident companies Part 1 — MEANING OF CONDITIONS FOR THE PURPOSES OF SECTION 403F

### *Introduction*

- 1 This Part of this Schedule applies, in the case of...

### *The equivalence condition*

- 2 An amount meets the equivalence condition if it corresponds (in...

#### *The EEA tax loss condition: companies resident in EEA territory*

- 3 (1) In the case of a non-resident company which is...

#### *The EEA tax loss condition: companies not resident in EEA territory*

- 4 (1) In the case of a non-resident company which is...

*Status: Point in time view as at 27/07/1999.*

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*The qualifying loss condition*

5 (1) This paragraph applies in the case of a non-resident...

*Qualifying relief for current period and previous periods*

6 (1) For the purposes of paragraph 5, an amount cannot...

*Qualifying relief for future periods*

7 (1) For the purposes of paragraph 5, an amount cannot...

*Amount not given other qualifying relief under law of territory outside UK*

8 (1) For the purposes of paragraph 5, an amount has...

*Precedence condition*

9 (1) This paragraph applies in the case of a non-resident...

Part 2 — APPLICATION OF UK RULES TO NON-RESIDENT COMPANY

*Introduction*

10 (1) This Part of this Schedule applies in the case...

*Basic rules*

11 (1) The EEA amount must, on the relevant assumptions (see...

*Assumptions as to UK residence*

12 (1) It is to be assumed that the EEA company...

*Assumptions as to places in which activities carried out*

13 (1) In the case of any trade carried on by...

*Deemed accounting period*

14 (1) It is to be assumed that an accounting period...

*Capital allowances*

15 (1) This paragraph applies if, before the beginning of the...

*Applicable UK tax rules*

16 (1) For the purposes of this Part of this Schedule...

Part 3 — DEFINITIONS FOR THE PURPOSES OF THIS SCHEDULE

*Charge to tax under the law of any territory outside the United Kingdom*

17 (1) This paragraph applies for the purposes of this Schedule....

SCHEDULE 19 —

PART I — DETERMINATION OF RELEVANT INCOME AND DISTRIBUTIONS

*Status: Point in time view as at 27/07/1999.*

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### *Relevant income*

- 1 (1) Subject to the provisions of this Part of this...

### *Maximum amount of relevant income*

- 2 (1) Subject to paragraphs 10 and 12 below, the relevant income of...

### *Distributions*

- 3 (1) For the purposes of this Chapter the distributions of...

### *Distributable income and estate or trading income*

- 4 (1) For the purposes of this Chapter, the distributable income...  
5 (1) For the purposes of this Chapter, “estate or trading...  
6 (1) The amount for part of an accounting period of...

### *Meaning of “trading company” and “member of a trading group”*

- 7 (1) For the purposes of this Chapter, a “trading company”...

### *Requirements of a company’s business*

- 8 (1) For the purposes of paragraph 1(2) above there shall be...  
9 (1) Paragraph 1(3) above shall not apply to—

### *Cessations and liquidations*

- 10 (1) Where a close company ceases to carry on the...

### *Legal restrictions on distributions*

- 11 (1) Subject to paragraph 12 below, where a company is subject...

### *Stock dividends*

- 12 (1) Where a company issues to a close company any...  
PART II — *PROCEDURE*

### *Notice of amount to be apportioned*

- 13 (1) Where in the case of any company the inspector...

### *Notice of manner of apportionment*

- 14 (1) Where notice has been served on a company under...

### *Revision of apportionment*

- 15 (1) If the inspector discovers that the amount apportioned in...

### *Protection by transmission of accounts*

- 16 (1) A close company may, at any time after the...

### *Information*

- 17 (1) The inspector may, by notice, require any company which...

*Status: Point in time view as at 27/07/1999.*

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*Exercise of functions by the Board*

- 18 (1) Any functions conferred by this Chapter on the inspector...

SCHEDULE 19AA — OVERSEAS LIFE ASSURANCE FUND

- 1 (1) This Schedule shall have effect for determining for the...  
2 (1) Assets of a company at the end of a...  
3 (1) Where the value of the assets mentioned in paragraph...  
4 (1) The amount referred to in paragraph 3 above shall...  
5 (1) Any designation of assets required for the purposes of...

Schedule 19AB — PENSION BUSINESS: PAYMENTS ON ACCOUNT OF TAX  
CREDITS AND DEDUCTED TAX

*Entitlement to certain payments on account*

- 1 (1) An insurance company carrying on pension business shall for...

*Changes in the provisional fraction*

- 2 (1) This paragraph applies in any case where—

*Repayment, with interest, of excessive provisional repayments*

- 3 (1) In any case where— (a) an insurance company's self-assessment...

*Reduced entitlement during transitional period*

- 4 (1) The Board may by regulations make provision for the...

*Transitional application of pay and file provisions*

- 5 (1) This paragraph applies in relation to an accounting period...

**Interpretation**

- 6 (1) In this Schedule— “ provisional fraction ” shall be...

SCHEDULE 19ABA — MODIFICATION OF LIFE ASSURANCE PROVISIONS  
OF THE CORPORATION TAX ACTS IN RELATION TO  
BLAGAB GROUP REINSURERS

Part 1 — INTRODUCTORY

- 1 (1) In their application to a BLAGAB group reinsurer the...

Part 2 — MODIFICATIONS OF THIS ACT

- 2 This Act shall have effect with the following modifications.

*Modification of section 76 (expenses of insurance companies)*

- 3 (1) Modify section 76 (expenses of insurance companies) as follows....

*Modification of section 431 (interpretative provisions relating to insurance companies)*

- 4 (1) Modify section 431(2) (interpretative provisions relating to insurance companies)...

*Status: Point in time view as at 27/07/1999.*

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*Modification of section 432B (apportionment of receipts brought into account)*

- 5 (1) Modify section 432B (apportionment of receipts brought into account)...

*Modification of section 432E (section 432B apportionment: participating funds)*

- 6 Omit section 432E (section 432B apportionment: participating funds).

*Modification of section 432F (section 432B apportionment: supplementary provisions)*

- 7 Omit section 432F (section 432B apportionment: supplementary provisions).

*Modification of section 444AA (transfers of business: deemed periodic return)*

- 8 Omit section 444AA (transfers of business: deemed periodic return).

*Modification of section 444ABA (relevant non-transferred assets)*

- 8A In section 444ABA (relevant non-transferred assets) in subsection (1) for...

*Modification of section 444ABB (retained assets)*

- 8B (1) Modify section 444ABB (retained assets) as follows.

*Modification of section 444ABD (transferor's period of account including transfer)*

- 8C (1) Modify section 444ABD (transferor's period of account including transfer)...

*Modification of section 444AC (transfer schemes: reduction of income of transferee)*

- 8D (1) Modify section 444AC (transfer schemes: reduction of income of...

*Modification of section 444AE (transfers of business: FAFTS)*

- 8E (1) In a case where the transferor or the transferee...

*Modification of section 444AEA (transfer schemes: anti-avoidance rule)*

- 8F In section 444AEA (transfer schemes: anti-avoidance rule), in subsection (6),...

*Modification of section 804C (insurance companies: allocation of expenses etc in computations under Case 1 of Schedule D)*

- 9 In section 804C (insurance companies: allocation of expenses etc in...

*Modification of section 804D (interpretation of section 804C in relation to life insurance business)*

- 10 Omit section 804D (interpretation of section 804C in relation to...

*Modification of section 804E (interpretation of section 804C in relation to other insurance business)*

- 11 In section 804E (interpretation of section 804C in relation to...

*Status: Point in time view as at 27/07/1999.*

*Changes to legislation: Income and Corporation Taxes Act 1988 is up to date with all changes known to be in force on or before 15 June 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)*

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### Part 3 — MODIFICATION OF THE FINANCE ACT 1989

#### *Modification of the Finance Act 1989*

- 12 The Finance Act 1989 shall have effect with the following...
- Modification of section 82B (unappropriated surplus on valuation)*
- 13 Omit section 82B (unappropriated surplus on valuation).
- Modification of section 82D (treatment of profits: life assurance—adjustment consequent on change in Insurance Prudential Sourcebook)*
- 14 Omit section 82D (treatment of profits: life assurance—adjustment consequent on...
- Modification of section 82E (section 82D: treatment of transferors under insurance business transfer schemes)*
- 15 Omit section 82E (section 82D: treatment of transferors under insurance...
- Modification of section 82 (section 82D: treatment of transferees under insurance business transfer schemes)*
- 16 Omit section 82F (section 82D: treatment of transferees under insurance...
- Modification of section 83 (receipts to be taken into account)*
- 17 In section 83 (receipts to be taken into account)—
- Modification of section 83XA (structural assets)*
- 18 In section 83XA (structural assets) in subsection (3)) for the...
- Modification of section 83YA (changes in value of assets brought into account: non-profit companies)*
- 19 Omit section 83YA (changes in value of assets brought into...
- Modification of section 83YB (meaning of “appropriate line 51” amount for purposes of section 83YA)*
- 20 Omit section 83YB (meaning of “appropriate line 51” amount for...
- Modification of section 83YC to 83YF (financing-arrangement-funded transfers)*
- 20A Omit sections 83YC to 83YF (financing-arrangement-funded transfers).
- Modification of section 83A (meaning of brought into account)*
- 21 (1) Modify section 83A (meaning of “brought into account”) as...
- Modification of section 83B (changes in recognised accounts: attribution of amounts carried forward under section 432F of Taxes Act 1988)*
- 22 Omit section 83B (changes in recognised accounts: attribution of amounts...

*Status: Point in time view as at 27/07/1999.*

*Changes to legislation: Income and Corporation Taxes Act 1988 is up to date with all changes known to be in force on or before 15 June 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)*

*Modification of section 85A (excess adjusted Case 1 profits)*

- 23 In section 85A (excess adjusted Case 1 profits) in subsection...

*Modification of section 86 (spreading of relief for acquisition expenses)*

- 24 Omit section 86 (spreading of relief for acquisition expenses).

*Modification of section 89 (policy holders' share of profits)*

- 25 In section 89 (policy holders' share of profits) omit subsection...  
Part 4 — MODIFICATION OF PART 2 OF TIOPA 2010 (DOUBLE TAXATION RELIEF)  
26 TIOPA 2010 shall have effect with the following modifications.

*Modification of section 102 (interpreting sections 99 to 101 for life assurance or gross roll-up business)*

- 27 Omit section 102.

*Modification of section 103 (interpreting sections 99 to 101 for other insurance business)*

- 28 In section 103(1) omit the words from “if” to the...

SCHEDULE 19AC — Modification of Act in relation to overseas life insurance companies

- 1 In its application to an overseas life insurance company this...  
2 (1) In section 6(4), the words “ and paragraph 5B...  
3 (1) In subsection (2) of section 11, the following paragraphs...  
4 (1) The following sections shall be treated as inserted after...  
4A (1) In section 12(7A), the reference to a transfer of...  
5 (1) In section 76, the following subsections shall be treated...  
5ZA After subsection (11) there shall be treated as inserted the...  
5A (1) Where an overseas life insurance company receives a qualifying...  
5B (1) An overseas life insurance company may, on making a...  
5C (1) This paragraph applies to income from the investments of...  
6 (1) In subsection (2) of section 431, the following definition...  
6A In section 431D(1), the words “carried on through a branch...  
7 (1) Section 432A has effect as if the references in...  
8 (1) In subsection (1) of section 432B, the words “or...  
9 (1) In section 434, the following subsections shall be treated...  
9A In section 434A(1)— (a) the words “UK distribution income” shall...  
9B The following section shall be treated as inserted after section...  
9C In its application to an overseas life insurance company section...  
10 (1) In section 438, the following subsection shall be treated...  
10A In section 439B the following subsection shall be treated as...  
10AA In section 440(2)(a), the reference to a transfer of the...  
10B (1) Where the company mentioned in section 440(1) is an...  
10C (1) In section 440B the following subsection shall be treated...  
11 (1) In section 440A(2), in paragraph (a) the words “UK...  
11A (1) In section 441A, the following subsection shall be treated...  
11B In section 442A the following subsection shall be treated as...  
11C In sections 444A(1) and 460(10A), the references to a transfer...  
12 (1) In paragraph A of section 704, in sub-paragraph (e)...  
13 (1) In subsection (2) of section 794, the following shall...



*Status: Point in time view as at 27/07/1999.*

*Changes to legislation: Income and Corporation Taxes Act 1988 is up to date with all changes known to be in force on or before 15 June 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)*

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- 14 (1) In subsection (1) of section 811, the words “subsections...  
14A (1) In Schedule 19AA, paragraph 5(5)(c) (and the reference to...  
15 (1) In paragraph 1(8) of Schedule 19AB, the words “UK...”

## SCHEDULE 19A — UNDERWRITERS: ASSESSMENT AND COLLECTION OF TAX

### *Preliminary*

- 1 (1) In this Schedule— “agent”, in relation to a syndicate...

### *Returns by managing agent*

- 2 (1) An inspector may, at any time after the end...

### *Repayment claims by managing agent*

- 2A (1) In relation to an underwriting year a managing agent...

### *Returns by members’ agent*

- 2B (1) An inspector may, at any time after the end...

### *Payments on account of tax*

- 3 (1) In the case of a member’s profit for a...

### *Assessments on members’ agent*

- 3A (1) If the members’ agent delivers a return in accordance...

### *Determinations by inspector*

- 4 (1) If the inspector is satisfied that a return under...

### *Appeals*

- 5 (1) The [managing ] agent may appeal against a determination...

### *Modification of determinations pending appeal*

- 6 (1) Where the [managing ] agent appeals against a determination...

### *Apportionments of syndicate profit or loss*

- 7 (1) Where a determination of a syndicate profit or loss...

### *Individual members: effect of determinations*

- 8 (1) A determination of a syndicate profit or loss for...

### *Assessment of individual members: time limits*

- 9 For the purposes of sections 36, of the Taxes Management...

### *Supplemental: penalties*

- 10 (1) If it appears to an inspector or the Board...

*Status: Point in time view as at 27/07/1999.*

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*Supplemental: interest*

11 (1) Interest charged under paragraph 3(4)above shall be treated for...

SCHEDULE 19B — Petroleum extraction activities: exploration expenditure supplement

Part 1 — INTRODUCTORY

1 About this Schedule

Part 2 — APPLICATION AND INTERPRETATION

2 Qualifying companies

3 Accounting periods

4 The relevant percentage

5 Limit on number of accounting periods for which supplement may be claimed

6 Qualifying E&A expenditure

7 Unrelieved group ring fence profits for accounting periods

8 Taxable ring fence profits of an accounting period

Part 3 — PRE-COMMENCEMENT SUPPLEMENT

9 Supplement in respect of a pre-commencement accounting period

10 The mixed pool of qualifying E&A expenditure and supplement previously allowed

11 Treatment of disposal value on disposal of oil licence with exploitation value

12 Reduction in respect of unrelieved group ring fence profits

13 The reference amount for a pre-commencement period

14 Claims for pre-commencement supplement

Part 4 — POST-COMMENCEMENT SUPPLEMENT

15 Supplement in respect of a post-commencement period

16 Amount of post-commencement supplement for a post-commencement period

17 Ring fence losses and qualifying E&A losses

18 Ring fence losses and non-qualifying losses

18A Special rule for straddling periods

19 The pool of qualifying E&A losses and the pool of non-qualifying losses

20 The non-qualifying pool

21 The qualifying pool

22 Reductions in respect of utilised ring fence losses

23 Reductions in respect of unrelieved group ring fence profits

24 The reference amount for a post-commencement period

SCHEDULE 19C — Petroleum extraction activities: ring fence expenditure supplement

Part 1 — INTRODUCTORY

*About this Schedule*

1 (1) This Schedule entitles a company carrying on a ring...

Part 2 — APPLICATION AND INTERPRETATION

*Qualifying companies*

2 This Schedule applies in relation to any company which—

*Status: Point in time view as at 27/07/1999.*

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*Accounting periods*

- 3 (1) In this Schedule, in the case of any qualifying...

*The relevant percentage*

- 4 (1) For the purposes of this Schedule, the relevant percentage...

*Limit on number of accounting periods for which supplement may be claimed*

- 5 (1) A company may claim supplement under this Schedule in...

*Qualifying pre-commencement expenditure*

- 6 (1) For the purposes of this Schedule, expenditure is “qualifying...

*Unrelieved group ring fence profits for accounting periods*

- 7 (1) There is an amount of unrelieved group ring fence...

*Taxable ring fence profits of an accounting period*

- 8 For the purposes of this Schedule, a company has taxable...

Part 3 — PRE-COMMENCEMENT SUPPLEMENT

*Supplement in respect of a pre-commencement accounting period*

- 9 (1) If— (a) a qualifying company incurs qualifying pre-commencement expenditure...

*The mixed pool of qualifying pre-commencement expenditure and supplement previously allowed*

- 10 (1) For the purpose of determining the amount of any...

*Reduction in respect of disposal receipts under the Capital Allowances Act*

- 11 (1) This paragraph applies in the case of the qualifying...

*Reduction in respect of unrelieved group ring fence profits*

- 12 (1) This paragraph applies if there is an amount of...

*The reference amount for a pre-commencement period*

- 13 For the purposes of this Part of this Schedule, the...

*Claims for pre-commencement supplement*

- 14 (1) Any claim for pre-commencement supplement in respect of a...  
Part 4 — POST-COMMENCEMENT SUPPLEMENT

*Supplement in respect of a post-commencement period*

- 15 (1) A qualifying company which incurs a ring fence loss...

*Amount of post-commencement supplement for a post-commencement period*

- 16 (1) The amount of the post-commencement supplement for any post-commencement...

*Status: Point in time view as at 27/07/1999.*

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*Ring fence losses*

17 (1) If— (a) in any post-commencement period (“the period of...

*Special rule for straddling periods*

18 (1) This paragraph applies if the period of the loss...

*The pool of ring fence losses and the pool of non-qualifying Schedule 19B losses*

19 (1) For the purpose of determining the amount of any...

*The ring fence pool*

20 (1) The ring fence pool consists of—

*Reductions in respect of utilised ring fence losses*

21 (1) If one or more ring fence losses are set...

*Reductions in respect of unrelieved group ring fence profits*

22 (1) If there is an amount of unrelieved group ring...

*The reference amount for a post-commencement period*

23 For the purposes of this Part of this Schedule the...

**SCHEDULE 20 — CHARITIES: QUALIFYING INVESTMENTS AND LOANS**

**PART I — QUALIFYING INVESTMENTS**

- 1 Investments specified in any of the following paragraphs of this...  
 2 Any investment falling within Part I, Part II, apart from...  
 3 Any investment in a common investment fund established under section...  
 3A Any investment in a common deposit fund established under section...  
 4 Any interest in land, other than an interest held as...  
 5 Shares in, or securities of, a company which are listed...  
 6 Units, or other shares of the investments subject to the...  
 6A Shares in an open-ended investment company.  
 7 (1) Deposits with a bank in respect of which interest...  
 7A Uncertificated eligible debt security units as defined in section 552(2)...  
 8 Certificates of deposit as defined in section 56(5).  
 9 (1) Any loan or other investment as to which the...

**PART II — QUALIFYING LOANS**

10 (1) For the purposes of section 506, a loan which...

**PART III — ATTRIBUTION OF EXCESS NON-QUALIFYING EXPENDITURE TO EARLIER CHARGEABLE PERIODS**

- 11 This Part of this Schedule applies in the circumstances specified...  
 12 (1) So much of the unapplied non-qualifying expenditure as is...  
 13 (1) Where, in accordance with paragraph 12 above, an amount...  
 14 All such adjustments shall be made, whether by way of...

**SCHEDULE 21 — TAX RELIEF IN CONNECTION WITH SCHEMES FOR RATIONALIZING INDUSTRY AND OTHER REDUNDANCY SCHEMES**

**PART I — PRELIMINARY**

*Status: Point in time view as at 27/07/1999.*

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1 (1) In this Schedule— “scheme” means a scheme which is...  
PART II — RELIEF IN RESPECT OF CERTAIN PAYMENTS

2 The question whether any, and if so, what, relief is...

3 No relief shall be given in respect of the payment...

4 No relief shall be given in respect of the payment...

5 The amount of the reduction to be made in respect...

6 (1) For the purposes of this Schedule, and subject to...

PART III — EXCLUSION OF RELIEF IN RESPECT OF  
CONTRIBUTIONS PAID AFTER RELIEF HAS BEEN GIVEN  
UNDER PART II

7 The provisions of this Part of this Schedule shall have...

8 There shall be ascertained— (a) the total amount of those...

9 For the purpose of determining what deduction is to be...

10 When two or more contributions are paid at the same...

#### SCHEDULE 22 — REDUCTION OF PENSION FUND SURPLUSES

1 (1) The Board may make regulations providing for this Schedule...

2 (1) The administrator of a scheme in relation to which...

3 (1) Subject to paragraph 4(4) below, where a valuation produced...

4 (1) Where a valuation has been produced under paragraph 2...

5 (1) Where particulars have been furnished under paragraph 4 above,...

6 (1) Where proposals are submitted to the Board under paragraph...

7 (1) Where this paragraph applies the Board may specify a...

7A (1) This paragraph applies if a calculation falls to be...

8 (1) The Board may make regulations providing that an appeal...

#### SCHEDULE 23 — OCCUPATIONAL PENSION SCHEMES: SCHEMES APPROVED BEFORE 23rd JULY 1987

##### *Preliminary*

1 (1) This Schedule shall be deemed to have come into...

##### *Accelerated accrual*

2 (1) This paragraph applies where an employee becomes a member...

3 (1) This paragraph applies where an employee becomes a member...

4 (1) This paragraph applies where an employee becomes a member...

##### *Final remuneration*

5 (1) his paragraph applies where an employee who is a...

##### *Lump sums*

6 (1) This paragraph applies where an employee becomes a member...

##### *Additional voluntary contributions*

7 (1) This paragraph applies where— (a) the rules of the...

8 (1) This paragraph applies where an employee who is a...

##### *Supplementary*

9 In this Schedule “relevant annual remuneration” means final  
remuneration or,...

*Status: Point in time view as at 27/07/1999.*

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## SCHEDULE 23ZA — Conversion of certain approved retirement benefits schemes

### *Interpretation*

- 1 (1) In this Schedule— “the date of the change” shall...

### *Eligible schemes*

- 2 (1) This Schedule applies to any retirement benefits scheme which...

### *Approval of eligible schemes as approved personal pension schemes*

- 3 (1) The trustees of an eligible scheme may at any...

### *Excessive funding of certain individual members*

- 4 (1) The Board may refuse or withhold approval under paragraph...

### *Directions as to contributions between valuation and date of change etc.*

- 5 (1) The Board may give directions for or in connection...

### *Scheme rules to allow changes for purpose of conversion*

- 6 An approved retirement benefits scheme shall be taken to include...

## Schedule 23A — MANUFACTURED DIVIDENDS AND INTEREST

### *Interpretation*

- 1 (1) In this Schedule— . . . . .

### *Manufactured dividends on UK equities: general*

- 2 (1) This paragraph applies in any case where, under a...

### *Deductibility of manufactured payment in the case of the manufacturer*

- 2A (1) Where, in the case of a manufactured dividend, the...

### *Manufactured dividends representative of foreign income dividends*

- 2B (1) Where a manufactured dividend to which paragraph 2(2) above...

### *Manufactured interest on UK securities: general*

- 3 (1) This paragraph applies (subject to paragraph 3A below) in...

### *Manufactured interest on gilt-edged securities etc.*

- 3A (1) Where any manufactured interest is representative of interest on...

### *Manufactured overseas dividends*

- 4 (1) This paragraph applies in any case where, under a...

- 4A (1) A reference in paragraph 4(4)(a) or (b) to the...

### *Dividends and interest passing through the market*

- 5 (1) Sub-paragraph (2) below applies in any case where, under...

*Status: Point in time view as at 27/07/1999.*

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*Unapproved manufactured payments*

6 (1) This paragraph applies where a person makes an unapproved...

*Irregular manufactured payments*

7 (1) . . . In any case where (apart from...

*Manufactured payments under arrangements having an unallowable purpose*

7A (1) This paragraph applies in any case where—

*Dividend manufacturing regulations: general*

8 (1) Dividend manufacturing regulations may make provision for—

SCHEDULE 24 — ASSUMPTIONS FOR CALCULATING CHARGEABLE PROFITS, CREDITABLE TAX AND CORRESPONDING UNITED KINGDOM TAX OF FOREIGN COMPANIES

*General*

1 (1) The company shall be assumed to be resident in...  
2 (1) The company shall be assumed to have become resident...  
3 The company shall be assumed not to be a close...  
4 (1) Subject to sub-paragraph (2) below, where any relief under...  
4A . . . . .

*Group relief etc.*

5 The company shall be assumed to be neither a member...  
6 (1) In relation to section 247 it shall be assumed—...  
7 The company shall be assumed not to be a subsidiary...

*Company reconstructions*

8 Without prejudice to the operation of section 343 in a...

*Losses in pre-direction accounting periods*

9 (1) . . . This paragraph applies in any case...

*Capital allowances*

10 (1) Subject to paragraph 12 below, if, in an accounting...  
11 (1) This paragraph applies in any case where it appears...  
11A (1) This paragraph applies where by virtue of section 747A...

*Unremittable overseas income*

12 For the purposes of the application of section 584 to...

*Exchange gains and losses*

13 Paragraphs 14 to 19 below apply for the purposes of...  
14 (1) This paragraph applies where— (a) by virtue of section...  
15 Where the accounting period mentioned in section 139(1) of the...  
16 (1) This paragraph applies where the last relevant accounting period...

*Status: Point in time view as at 27/07/1999.*

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- 17 Where by virtue of section 747A the company's chargeable profits...  
 18 (1) This paragraph applies where the accounting period mentioned in...  
 19 (1) This paragraph applies where— (a) Chapter II of Part...

*Transfer pricing*

- 20 (1) Sub-paragraph (2) of paragraph 5 of Schedule 28AA (no...

SCHEDULE 25 — Cases where section 747(3) does not apply

PART I — ACCEPTABLE DISTRIBUTION POLICY

- 1 The provisions of this Part of this Schedule have effect...  
 2 (1) Subject to paragraph 2A below, a controlled foreign company...  
 2A (1) Paragraph 2 above shall have effect in accordance with...  
 2B (1) This paragraph has effect for the purposes of paragraph...  
 3 (1) Subject to sub-paragraphs (2) and (5) below, for the...  
 4 (1) For the purposes of this Part of this Schedule,...  
 4A (1) This paragraph has effect for the purposes of paragraph...  
 PART II — EXEMPT ACTIVITIES  
 5 (1) The provisions of this Part of this Schedule have...  
 6 (1) Throughout an accounting period a controlled foreign company is...  
 7 (1) For the purposes of paragraph 6(1)(a) above, a “business...  
 8 (1) Subject to sub-paragraph (4) below, the condition in paragraph...  
 9 (1) Subject to sub-paragraph (3) below, for the purposes of...  
 10 Goods which are actually delivered into the territory in which...  
 11 (1) For the purposes of paragraph 6(2)(b) above, each of...  
 11A (1) This paragraph has effect for the interpretation of paragraph...  
 11B (1) In paragraph 11A above “large risks” means—  
 12 (1) Subject to sub-paragraph (2) below, in paragraphs 6 and...  
 12A (1) In paragraphs 6, 8(3) and 12(5) above and this...

Part 2A — TRADING COMPANIES WITH LIMITED UK CONNECTION

*Introductory*

- 12B (1) For the purposes of section 748(1)(ba), a controlled foreign...

*Business establishment*

- 12C (1) The requirement of this paragraph is that throughout the...

*Business activities*

- 12D (1) The requirement of this paragraph is that—

*UK connection*

- 12E (1) The requirement of this paragraph is that C does...

*Finance income and relevant IP income*

- 12F (1) The requirement of this paragraph is that not more...

*Gross income*

- 12G (1) References in this Part of this Schedule to C's...  
 Part 2B — COMPANIES EXPLOITING INTELLECTUAL PROPERTY WITH  
 LIMITED UK CONNECTION



*Status: Point in time view as at 27/07/1999.*

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*Introductory*

12H (1) For the purposes of section 748(1)(bb), a company (“C”)...

*Business establishment*

12I (1) The requirement of this paragraph is that throughout the...

*Intellectual property business*

12J (1) The requirement of this paragraph is that C's main...

*Other business activities*

12K (1) The requirement of this paragraph is that—

*UK connection*

12L (1) The requirement of this paragraph is that C does...

*Finance income*

12M The requirement of this paragraph is that not more than...

*Interpretation of Part 2B*

12N (1) For the purpose of this Part of this Schedule—...

**PART III — THE PUBLIC QUOTATION CONDITION**

13 (1) The provisions of this Part of this Schedule have...

14 (1) The condition in paragraph 13(2) above is not fulfilled...

15 (1) References in this Part of this Schedule to shares...

**Part 3A — EXEMPT PERIODS**

*Introductory*

15A The provisions of this Part of this Schedule have effect...

*Beginning of exempt period*

15B (1) An exempt period begins in relation to a company...

15C (1) The requirements of this paragraph are that—

15D (1) The requirements of this paragraph are that—

*Disqualifying relevant transactions*

15E (1) This paragraph applies for the purposes of paragraph 15C...

*Ending of exempt period*

15F (1) An exempt period ends on the expiry of the...

*Interpretation of Part 3A*

15G (1) In this Part of this Schedule— “group”...

**PART IV — REDUCTIONS IN UNITED KINGDOM TAX AND  
DIVERSION OF PROFITS**

16 (1) The provisions of this Part of this Schedule have...

17 (1) A transaction achieves a reduction in United Kingdom tax...

18 It is the main purpose or one of the main...

*Status: Point in time view as at 27/07/1999.*

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19 (1) The existence of a controlled foreign company achieves a...

## SCHEDULE 26 — RELIEFS AGAINST LIABILITY FOR TAX IN RESPECT OF CHARGEABLE PROFITS

### *Trading losses and group relief etc.*

1 (1) In any case where— (a) an amount of chargeable...

### *Advance corporation tax*

2 (1) In any case where— (a) an amount of chargeable...

### *Gains on disposal of shares in controlled foreign companies*

3 (1) This paragraph applies in any case where—

### *Dividends from the controlled foreign company*

4 (1) This paragraph applies in any case where—

5 (1) In so far as any provision of—

6 (1) In any case where— (a) on a claim for...

## SCHEDULE 27 — DISTRIBUTING FUNDS

### PART I — THE DISTRIBUTION TEST

### *Requirements as to distributions*

1 (1) For the purposes of this Chapter, an offshore fund...

### *Funds operating equalisation arrangements*

2 (1) In the case of an offshore fund which throughout...

### *Income taxable under Case IV or Case V of Schedule D*

3 (1) Sub-paragraph (2) below applies if any sums which form...

### *Commodity income*

4 (1) To the extent that the income of an offshore...

### *United Kingdom equivalent profits*

5 (1) Any reference in this Schedule to the United Kingdom...

### PART II — MODIFICATIONS OF CONDITIONS FOR CERTIFICATION IN CERTAIN CASES

### *Exclusion of investments in distributing offshore funds*

6 (1) In any case where— (a) in an account period...

7 The modification referred to in paragraph 6(3)(a) above is that,...

8 (1) The modification referred to in paragraph 6(3)(b) above is...

9 (1) The references in paragraphs 7 and 8(1) above to...

### *Offshore funds investing in trading companies*

10 (1) In any case where the assets of an offshore...

*Status: Point in time view as at 27/07/1999.*

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*Offshore funds with wholly-owned subsidiaries*

11 (1) In relation to an offshore fund which has a...

*Offshore funds with interests in dealing and management companies*

12 (1) Section 760(3)(c) shall not apply to so much of...

*Disregard of certain investments forming less than 5 per cent. of a fund*

13 (1) In any case where— (a) in any account period...

*Power of Board to disregard certain breaches of conditions*

14 If, in the case of any account period of an...

PART III — CERTIFICATION PROCEDURE

*Application for certification*

15 (1) The Board shall, in such manner as they think...

*Appeals*

16 (1) An appeal to the Special Commissioners—

PART IV — SUPPLEMENTARY

*Assessment: effect of non-certification*

17 No appeal may be brought against an assessment to tax...

18 (1) Without prejudice to paragraph 17 above, in any case...

*Postponement of tax pending determination of question as to certification*

19 (1) In any case where— (a) an application has been...

*Information as to decisions on certification etc.*

20 No obligation as to secrecy imposed by statute or otherwise...

*Application of this Schedule in relation to umbrella funds  
and funds comprising more than one class of interest*

21 (1) The Treasury may make provision by regulations as to...

SCHEDULE 28 — COMPUTATION OF OFFSHORE INCOME GAINS  
PART I — DISPOSALS OF INTERESTS IN NON-QUALIFYING FUNDS

*Interpretation*

1 In this Part of this Schedule “material disposal” means a...

*Calculation of unindexed gain*

2 (1) Where there is a material disposal, there shall first...

3 (1) If the amount of any chargeable gain or allowable...

*Gains since 1st January 1984*

4 (1) This paragraph applies where— (a) the interest in the...

*Status: Point in time view as at 27/07/1999.*

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*The offshore income gain*

- 5 (1) Subject to sub-paragraph (2) below, a material disposal gives...  
PART II — DISPOSALS INVOLVING AN EQUALISATION ELEMENT  
6 (1) Subject to paragraph 7 below, a disposal to which...  
7 (1) For the purposes of this Part of this Schedule, ...  
8 (1) On a disposal involving an equalisation element, the Part...  
Part 3 — SUPPLEMENTARY

*Application of this Schedule in relation to umbrella funds  
and funds comprising more than one class of interest*

- 9 (1) The Treasury may make provision by regulations as to...

Schedule 28A — Change in ownership of investment company: deductions  
Part I — SIGNIFICANT INCREASE IN COMPANY CAPITAL

*General*

- 1 The provisions referred to in section 768B(2) for determining whether...

*The basic rule*

- 2 There is a significant increase in the amount of a...

*Amount A*

- 3 (1) Amount A is the lower of—

*Amount B*

- 4 (1) Amount B is the highest 60 day minimum amount...

*Capital and amounts of capital*

- 5 (1) The capital of a company consists of the aggregate...  
PART II — AMOUNTS IN ISSUE FOR PURPOSES OF SECTION 768B  
6 The amounts in issue referred to in section 768B(4)(c) are—...  
6A For the purposes of paragraph 6(da) above, the amount for...  
PART III — APPORTIONMENT FOR PURPOSES OF SECTION 768B  
7 (1) Subject to paragraph 8 below, the apportionment required by...  
8 If it appears that any method of apportionment given by...  
PART IV — DISALLOWED DEBITS  
9 (1) This paragraph has effect in a case to which...  
9A (1) This paragraph has effect in any case to which...  
10 (1) This paragraph has effect in a case to which...  
10A (1) This paragraph has effect in any case to which...  
11 (1) A debit falls within this paragraph if it is...  
12 Expressions used both in this Part of this Schedule and...  
PART V — AMOUNTS IN ISSUE FOR PURPOSES OF SECTION 768C  
13 (1) The amounts in issue referred to in section 768C(3)(c)...  
13A Paragraph 6A above shall apply for the purposes of paragraph...  
PART VI — APPORTIONMENT FOR PURPOSES OF SECTION 768C  
14 The apportionment required by section 768C(3)(c) shall be made as...  
15 In the case of the amount mentioned in paragraph 13(1)(a)...  
16 (1) Subject to paragraph 17 below, the apportionment shall be...

*Status: Point in time view as at 27/07/1999.*

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17 If it appears that any method of apportionment given by...

#### SCHEDULE 28AA — Provision not at arm's length

##### *Basic rule on transfer pricing etc.*

1 (1) This Schedule applies where— (a) provision (“the actual provision”)...

##### *Provision in relation to securities: determination of arm's length provision*

1A (1) This paragraph applies where— (a) both of the affected...

##### *Guarantees etc*

1B (1) This paragraph applies where the actual provision is made...

##### *Principles for construing rules in accordance with OECD principles*

2 (1) This Schedule shall be construed (subject to paragraphs 8...

##### *Meaning of “transaction” and “series of transaction”s*

3 (1) In this Schedule “transaction” includes arrangements, understandings and mutual...

##### *Participation in the management, control or capital of a person*

4 (1) For the purposes of this Schedule a person is...

##### *Persons acting together in relation to financing arrangements*

4A (1) A person (“P”) shall be treated for the purposes...

##### *Financing arrangements: anticipatory provision*

4B (1) To the extent that it applies to provision relating...

##### *Advantage in relation to United Kingdom taxation*

5 (1) For the purposes of this Schedule (but subject to...

##### *Exemption for dormant companies*

5A (1) Paragraph 1(2) above does not apply in computing for...

##### *Exemption for small or medium-sized enterprises*

5B (1) Paragraph 1(2) above does not apply in computing for...

##### *Additional provisions for medium-sized enterprises*

5C (1) Paragraph 5B(1) above does not apply as respects any...

##### *Meaning of “small enterprise” and “medium-sized enterprise”*

5D (1) In this Schedule— (a) “small enterprise” means a small...

*Status: Point in time view as at 27/07/1999.*

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*Meaning of “qualifying territory” and “non-qualifying territory”*

- 5E (1) In this Schedule— “non-qualifying territory” means any territory which...

*Elimination of double counting*

- 6 (1) This paragraph applies where— (a) only one of the...

*Application of paragraph 6 in relation to transfers of trading stock etc*

- 6A (1) Paragraph 6(2)(a) above does not affect the credits to...

*Compensating adjustment where advantaged person is a controlled foreign company*

- 6B (1) This paragraph applies in any case where—

*Claims under paragraph 6 where paragraph 1A applies*

- 6C (1) Where paragraph 1A above applies in relation to any...

*Compensating adjustment for guarantor company etc where paragraph 1B applies*

- 6D (1) This paragraph applies in any case where—

*Certain interest not to be regarded as chargeable under Case III of Schedule D*

- 6E Where— (a) interest is paid by any person under the...

*Adjustment of disadvantaged person’s double taxation relief*

- 7 (1) Subject to sub-paragraph (4) below, where—

*Balancing payments between affected persons: no charge to, or relief from, tax*

- 7A (1) This paragraph applies where— (a) the circumstances are as...

*Securities: election to discharge tax liability instead of making balancing payments*

- 7B (1) This paragraph applies in any case where—

*Balancing payments by guarantor to issuer: no charge to, or relief from, tax*

- 7C (1) This paragraph applies in any case where—

*Guarantees: election to discharge tax liability instead of making balancing payments*

- 7D (1) This paragraph applies where the following conditions are satisfied  
—...

*Foreign exchange gains and losses and financial instruments*

- 8 (1) Subject to sub-paragraph (2) below, this Schedule shall not...

*Special rules for sales etc. of oil*

- 9 (1) Subject to paragraph 10 below, this paragraph applies to...

*Status: Point in time view as at 27/07/1999.*

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*Transactions and deemed transactions involving oil*

10 This Schedule does not apply in relation to provision made...

*Special provision for companies carrying on ring fence trades*

11 (1) This paragraph applies where any person (“the taxpayer”) carries...

*Appeals*

12 (1) In so far as the question in dispute on...

*Saving for the provisions relating to capital allowances and capital gains*

13 Nothing in this Schedule shall be construed as affecting—

*General interpretation etc.*

14 (1) In this Schedule— “the actual provision” and “the affected...

SCHEDULE 28AB — Section 804ZA: prescribed schemes and arrangements

*Introductory*

1 (1) A scheme or arrangement, other than a scheme or...

*Attribution of foreign tax*

2 This paragraph applies to a scheme or arrangement if the...

*Effect of paying foreign tax*

3 (1) This paragraph applies to a scheme or arrangement if,...

*Effect of claim, election or other arrangement*

4 (1) This paragraph applies to a scheme or arrangement if...

*Effect attributable to scheme or arrangement*

5 (1) This paragraph applies to a scheme or arrangement if,...

*Tax deductible payments*

6 (1) This paragraph applies to a scheme or arrangement if...

SCHEDULE 28B — Venture Capital Trusts: Meaning of “qualifying holdings”

*Introductory*

1 (1) This Schedule applies, where any shares in or securities...

*Requirement that company must be unquoted company*

2 (1) The requirement of this paragraph is that the relevant...

*Requirements as to company’s business*

3 (1) The requirements of this paragraph are as follows.

*Status: Point in time view as at 27/07/1999.*

*Changes to legislation: Income and Corporation Taxes Act 1988 is up to date with all changes known to be in force on or before 15 June 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)*

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*Meaning of “qualifying trade”*

- 4 (1) For the purposes of this Schedule—

*Provisions supplemental to paragraph 4*

- 5 (1) In paragraph 4 above— “film” means an original master...

*Meaning of “relevant qualifying subsidiary”*

- 5A (1) For the purposes of this Schedule, a company (“the...

*Requirements as to the money raised by the investment in question*

- 6 (1) The requirements of this paragraph are that the money...

*Requirement imposing a maximum on qualifying investments in the relevant company*

- 7 (1) The requirement of this paragraph is that the relevant...

*Requirement as to the assets of the relevant company*

- 8 (1) The requirement of this paragraph is that the value...

*Requirements as to the subsidiaries etc. of the relevant company*

- 9 (1) The requirements of this paragraph are that . ....

*Meaning of “qualifying subsidiary”*

- 10 (1) Subject to the following provisions of this paragraph, a...

*Requirement as to property managing subsidiaries*

- 10ZA (1) The requirement of this paragraph is that the relevant...

*Requirement that securities should not relate to a guaranteed loan*

- 10A (1) The requirement of this paragraph is that there are...

*Requirement that a proportion of the holding in each company must be eligible shares*

- 10B (1) The requirement of this paragraph is that eligible shares...

*Acquisitions for restructuring purposes*

- 10C (1) This paragraph applies where— (a) arrangements are made for...

*Conversion of convertible shares and securities*

- 10D (1) This paragraph applies where— (a) shares have been issued...

*Winding up of the relevant company*

- 11 None of the requirements of this Schedule shall be regarded,...

*Company in administration or receivership*

- 11A (1) A company which is in administration or receivership shall...



*Status: Point in time view as at 27/07/1999.*

*Changes to legislation: Income and Corporation Taxes Act 1988 is up to date with all changes known to be in force on or before 15 June 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)*

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*Company reorganisations etc. involving exchange of shares*

11B (1) The Treasury may by regulations make provision for cases...

*Power to amend Schedule*

12 The Treasury may by order amend this Schedule for any...

*General interpretation*

13 (1) Subject to paragraph 10C(15) above, in this Schedule—  
“debenture”...

SCHEDULE 29 — CONSEQUENTIAL AMENDMENTS  
— THE CAPITAL ALLOWANCES ACTS

- 1 and 2 .....  
— TAXES MANAGEMENT ACT 1970 c.9
- 3 The Taxes Management Act 1970 shall have effect subject to...  
4 .....  
5 .....  
6 The following section shall be inserted after section 16—[for text...  
7 (1) .....  
8 (1) In subsection (1) of section 55 (recovery of tax...  
9 The following Table shall be substituted for the Table in...  
10 (1) The Taxes Management Act 1970, as amended by the...  
— THE FRIENDLY SOCIETIES ACT (NORTHERN IRELAND)  
1970 c.31 (N.I.)  
11 .....  
— THE FINANCE ACT 1973 c.51  
12 .....  
— FRIENDLY SOCIETIES ACT 1974 c.46  
13 In section 7 of the Friendly Societies Act 1974 at...  
— THE SOCIAL SECURITY ACTS  
14 .....  
— CAPITAL GAINS TAX ACT 1979 c.14  
15 .....  
16 .....  
17 .....  
18 .....  
19 .....  
20 .....  
21 .....  
22 .....  
23 .....  
24 .....  
25 .....  
26 .....  
27 .....  
28 .....  
— ADMINISTRATION OF JUSTICE ACT 1985 c.61  
30 In paragraph 36(3) of Schedule 2 to the Administration of...  
— LAW REFORM (MISCELLANEOUS PROVISIONS)  
(SCOTLAND) ACT 1985 c.73

*Status: Point in time view as at 27/07/1999.*

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- 31 In Schedule 1 to the Law Reform (Miscellaneous Provisions)  
(Scotland)...

— TRANSLATION OF REFERENCES TO ENACTMENTS  
REPEALED AND RE-ENACTED

- 32 In the enactments specified in Column 1 of the following...

SCHEDULE 30 — TRANSITIONAL PROVISIONS AND SAVINGS

*Corporation tax payment dates*

- 1 (1) In this paragraph, an “old company” means a company...

*Duration of leases*

- 2 (1) Subject to sub-paragraph (2) and paragraph 3 below, section...  
3 (1) Sections 24 and 38 shall have effect subject to...  
4 (1) Where section 38 does not have effect, the following...

*Repeal of section 136 of the Income Tax Act 1952:  
allowance of annual value of land as a business expense*

- 5 (1) This paragraph has effect for allowing deductions by reference...

*Loss relief etc.*

- 6 (1) The substitution of this Act for the corresponding enactments...  
7 (1) This paragraph shall apply with respect to claims for...

*Capital allowances*

- 8 Without prejudice to paragraphs 6 and 7 above, where a...

*Social security benefits*

- 9 (1) In relation to any period before regulations containing the...

*Children's settlements: irrevocable dispositions made before 22nd April 1936*

- 10 (1) Sub-paragraph (2) below applies to any disposition which —...

*Pre-1959 settlements*

- 11 (1) Where, in the case of any settlement made before...  
12 Where, in the case of any settlement made before 9th...

*General powers of amendment in Acts relating to overseas countries*

- 13 Where under any Act passed before this Act and relating...

*Double taxation agreements*

- 14 The repeal by this Act of section 16 of the...

*Securities*

- 15 The repeal by this Act of Schedule 22 to the...

*Status:* Point in time view as at 27/07/1999.

*Changes to legislation:* Income and Corporation Taxes Act 1988 is up to date with all changes known to be in force on or before 15 June 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)

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*Building societies*

- 16 Any enactment relating to building societies contained in this Act...

*Pension business*

- 17 Any reference to pension business in any enactment (other than...

*Stock relief*

- 18 Schedule 9 to the Finance Act 1981 shall continue to...  
18A (1) This paragraph applies in any case where a person...

*Schedule E emoluments*

- 19 The repeal by this Act of section 21 of the...

*Unitary states*

- 20 The repeal by this Act of section 54 of and...

*Continuity and construction of references to old and new law*

- 21 (1) The continuity of the operation of the Tax Acts...

SCHEDULE 31 — REPEALS

**Status:**

Point in time view as at 27/07/1999.

**Changes to legislation:**

Income and Corporation Taxes Act 1988 is up to date with all changes known to be in force on or before 15 June 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.