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Income and Corporation Taxes Act 1988

1988 CHAPTER 1

PART IV

PROVISIONS RELATING TO THE SCHEDULE D CHARGE

CHAPTER V

COMPUTATIONAL PROVISIONS

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

92 Regional development grants.

- (1) ^{M1}A regional development grant which, apart from this subsection, would be taken into account as a receipt in computing the profits of a trade, profession or vocation which are chargeable under Case I or II of Schedule D, shall not be taken into account as a receipt in computing those profits.
- (2) ^{M2}A regional development grant which is made to an investment company—
 - (a) shall not be taken into account as a receipt in computing its profits under Case VI of Schedule D; and
 - (b) shall not be deducted, by virtue of section 75(2), from the amount treated as expenses of management.
- (3) In this section “regional development grant” means a payment by way of grant under Part II of the ^{M3}Industrial Development Act 1982.

Marginal Citations

- M1** SOURCE-1984 s. 54(1), (4)
M2 SOURCE-1984 s. 54(2), (3)
M3 1982 c. 52.

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93 **Other grants under Industrial Development Act 1982 etc.**

- (1)^{M4} A payment to which this section applies which is made to a person carrying on a trade the profits of which are chargeable under Case I of Schedule D shall be taken into account as a receipt in computing those profits; and any such payment which is made to an investment company shall be taken into account as a receipt in computing its profits under Case VI of Schedule D.
- (2)^{M5} This section applies to any payment which would not, apart from this section, be taken into account as mentioned in subsection (1) above, being a payment by way of a grant under—
- (a) section 7 or 8 of the Industrial Development Act 1982 or section 7 or 8 of the ^{M6}Industry Act 1972; or
 - (b) section 1 of the ^{M7}Industries Development Act (Northern Ireland) 1966 or section 4 of the ^{M8}Industries Development Act (Northern Ireland) 1971; or
 - (c) ^{M9}any of Articles 7, 9 and 30 of the ^{M10}Industrial Development (Northern Ireland) Order 1982;
- other than a grant designated as made towards the cost of specified capital expenditure or as made by way of compensation for the loss of capital assets and other than a grant falling within subsection (3) below.
- (3)^{M11} A payment by way of grant which is made—
- (a) under Article 7 of the Order referred to in subsection (2)(c) above, and
 - (b) in respect of a liability for corporation tax (including a liability which has already been met),
- shall not be taken into account as mentioned in subsection (1) above, whether by virtue of this section or otherwise.

Marginal Citations

- M4** SOURCE-1980 s. 42(1)
M5 SOURCE-1980 s. 42(2)
M6 1972 c. 63.
M7 1966 c. 36 (N.I.).
M8 1971 c. 22 (N.I.).
M9 SOURCE-1980 s. 42(2); 1984 s. 55(1)
M10 S.I. 1982/1083 (N.I. 15).
M11 SOURCE-1980 s. 42(3); 1984 s. 55(2)

94 **Debts deducted and subsequently released.**

[^{F1}(1)] ^{M12}Where, in computing for tax purposes the profits or gains of a trade, profession or vocation, a deduction has been allowed for any debt incurred for the purposes of the trade, profession or vocation, then, if the whole or any part of the debt is thereafter released [^{F2}otherwise than as part of a relevant arrangement or compromise], the amount released shall be treated as a receipt of the trade, profession or vocation arising in the period in which the release is effected.

[^{F3}(2)] In subsection (1) above “relevant arrangement or compromise” has the same meaning as in section 74.]

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Textual Amendments

- F1** S. 94 renumbered as s. 94(1) (3.5.1994) by virtue of [Finance Act 1994 \(c. 9\), s. 144\(4\)](#)
F2 Words in s. 94(1) inserted (with effect in accordance with s. 144(7) of the amending Act) by [Finance Act 1994 \(c. 9\), s. 144\(3\)\(a\)](#)
F3 S. 94(2) inserted (3.5.1994) by [Finance Act 1994 \(c. 9\), s. 144\(4\)](#)

Marginal Citations

- M12** SOURCE-1970 s. 136

95 Taxation of dealer's receipts on purchase by company of own shares.

[^{F4}(1) Each of the following, that is to say—

- (a) any qualifying distribution to which Schedule 7 to the Finance Act 1997 (special treatment for certain distributions) applies which is received by a dealer, and
- (b) any payment by a dealer which is representative of a qualifying distribution to which that Schedule applies,

shall be taken into account in computing the profits of the dealer which are chargeable to tax in accordance with the provisions of this Act applicable to Case I or II of Schedule D.

(1A) Accordingly, where a dealer receives a qualifying distribution to which Schedule 7 to the Finance Act 1997 applies—

- (a) tax shall not be charged under Schedule F in respect of that distribution;
- (b) that distribution shall not be treated for the purposes of sections 246D and 246F as a foreign income dividend received by the dealer;
- (c) sections 208 and 234(1) shall not apply to that distribution; and
- (d) paragraph 2A(2) of Schedule 23A shall not apply to the payment by the dealer of an amount which is representative of that distribution and is paid by him on or after the date appointed under paragraph 16(1) of Schedule 10 to the Finance Act 1997.

(1B) Where the result of any transaction is that a qualifying distribution to which Schedule 7 to the Finance Act 1997 applies is receivable by a dealer, that distribution shall not, in relation to that transaction, be treated as interest for the purposes of determining whether section 732 applies by virtue of section 731.

(2) For the purposes of this section a person is a dealer in relation to any qualifying distribution if—

- (a) were there a sale by that person of the shares in respect of which the distribution is made, and
- (b) the circumstances of that sale were such that the price would not fall to be treated as a qualifying distribution,

the price would be taken into account in computing the profits of that person which are chargeable to tax in accordance with the provisions of this Act applicable to Case I or II of Schedule D.]

(4) Subsection (1) above shall not apply in relation to—

- (a) the redemption of fixed-rate preference shares, or

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(b) the redemption, on terms settled or substantially settled before 6th April 1982, of other preference shares issued before that date,

if in either case the shares were issued to and continuously held by the person from whom they are redeemed.

(5) In this section—

“fixed-rate preference shares” means shares which—

- (a) were issued wholly for new consideration, and
- (b) do not carry any right either to conversion into shares or securities of any other description or to the acquisition of any additional shares or securities, and
- (c) do not carry any right to dividends other than dividends which—
 - (i) are of a fixed amount or at a fixed rate per cent. of the nominal value of the shares, and
 - (ii) together with any sum paid on redemption, represent no more than a reasonable commercial return on the consideration for which the shares were issued;

“new consideration” has the meaning given by section 254; and

“shares” includes stock.

Textual Amendments

F4 S. 95(1)(1A)(1B)(2) substituted for s. 95(1)-(3) (with effect in accordance with Sch. 7 para. 8(3) of the amending Act) by Finance Act 1997 (c. 16), Sch. 7 para. 8(1)

VALID FROM 21/07/2008

[^{F5}95ZA Taxation of UK distributions received by insurance companies

- (1) If the total amount of relevant distributions received by a company in an accounting period exceeds £50,000, those distributions are to be taken into account in calculating for corporation tax purposes the profits of the company in that period (and accordingly section 208 does not apply in relation to those distributions).
- (2) A company (“company A”) receives a “relevant distribution” if—
 - (a) it receives a distribution made by a company resident in the United Kingdom (“company B”),
 - (b) the value of the shares or stock in respect of which the distribution is made (“the holding”) is materially reduced by reason of the distribution,
 - (c) a profit on the sale of the holding (to anyone other than company B) would be taken into account in calculating company A's profits in respect of relevant insurance business, and
 - (d) either—
 - (i) the holding amounts to, or is an ingredient in a holding amounting to, 10% of all holdings of the same class in company B, or
 - (ii) the period between the acquisition by company A of the holding and that company first taking steps to dispose of the holding does not exceed 30 days.

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- (3) In this section “relevant insurance business” means any kind of insurance business other than life assurance business.
- (4) Section 177(7) of TCGA 1992 (provision supplementing provision corresponding to subsection (2)(d)(i) above) applies for the purposes of subsection (2)(d)(i).
- (5) Section 731(4) below (interpretation of “taking steps to dispose of securities”) applies for the purposes of subsection (2)(d)(ii) as if the reference to the securities were to the holding.]

Textual Amendments

- F5** [S. 95ZA](#) inserted (with effect in accordance with [Sch. 17 para. 16\(2\)](#) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 17 para. 16\(1\)](#)

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