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Income and Corporation Taxes Act 1988

1988 CHAPTER 1

PART XIII

MISCELLANEOUS SPECIAL PROVISIONS

CHAPTER VI

OTHER PROVISIONS

Modifications etc. (not altering text)

- C1** Pt 13 Ch. 6: ss. 573, 575 and 576 transposed to Pt. 13 Ch. 5A (6.4.2007 with effect in accordance with s. 1034(1) of the affecting Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 paras. 117\(3\), 119\(7\), 120\(7\)](#) (with [Sch. 2](#))

Relief for losses on unquoted shares in trading companies

574 Relief for individuals.

[^{F1}(1) Where an individual who has subscribed for shares in a qualifying trading company incurs an allowable loss (for capital gains tax purposes) on the disposal of the shares in any year of assessment, he may, by notice given within twelve months from the 31st January next following that year, make a claim for relief from income tax on—

- (a) so much of his income for that year as is equal to the amount of the loss or, where it is less than that amount, the whole of that income; or
- (b) so much of his income for the last preceding year as is equal to that amount or, where it is less than that amount, the whole of that income;

but relief shall not be given for the loss or the same part of the loss both under paragraph (a) and under paragraph (b) above.

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Where such relief is given in respect of the loss or any part of it, no deduction shall be made in respect of the loss or (as the case may be) that part under the 1992 Act.

- (2) Any relief claimed under paragraph (a) of subsection (1) above in respect of any income shall be given in priority to any relief claimed in respect of that income under paragraph (b) of that subsection; and any relief claimed under either paragraph in respect of any income shall be given in priority to any relief claimed in respect of that income under section 380 or 381.]
- (3) For the purposes of this section—
 - (a) an individual subscribes for shares if they are issued to him by the company in consideration of money or money’s worth; and
 - (b) an individual shall be treated as having subscribed for shares if his spouse did so and transferred them to him by a transaction inter vivos.

Textual Amendments

F1 S. 574(1)(2) substituted (with effect in accordance with s. 210(2) of the amending Act) by Finance Act 1994 (c. 9), s. 210 (as amended (retrospectively) by Finance Act 1995 (c. 4), s. 119) (with Sch. 20)

Modifications etc. (not altering text)

C2 Ss. 574-576 applied (with effect in accordance with s. 93(11) of the affecting Act) by Finance Act 1994 (c. 9), Sch. 12 para. 3(3)

C3 S. 574(1) modified (3.5.1994) by Finance Act 1994 (c. 9), Sch. 20 para. 8

C4 S. 574(1) modified (1991-92) by The Lloyd’s Underwriters (Tax) (1991-92) Regulations 1994 (S.I. 1994/728), regs. 1, 9, Sch. 2

C5 S. 574(1) modified (1992-93, 1993-94 and 1994-5) by The Lloyd’s Underwriters (Tax) (1992-93 to 1996-97) Regulations 1995 (S.I. 1995/352), regs. 1, 14, 15, Sch.

Miscellaneous

577 Business entertaining expenses.

- (1) ^{M1}Subject to the provisions of this section—
 - (a) no deduction shall be made in computing [^{F2}profits] chargeable to [^{F3}corporation tax] under ^{F4}. . . Schedule D for any expenses incurred in providing business entertainment, and such expenses—
 - [^{F5}(i)] shall not be included in computing any expenses of management in respect of which relief may be given under [^{F6}the Corporation Tax Acts]; [^{F7}and
 - (ii) shall not be brought into account under section 76 as expenses payable]. [^{F8F9}. . .]
 - (b) ^{F9}
 - (c) ^{F10}
- (2) ^{F11}
- (3) The expenses to which paragraph (a) of subsection (1) above applies include, in the case of [^{F12}any company], any sums paid [^{F13}by the company] to, or on behalf of, or placed [^{F13}by the company] at the disposal of [^{F14}an employee of the company]

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exclusively for the purpose of defraying expenses incurred or to be incurred by him in providing business entertainment^{F15}

- (4)^{F11}
- (5) For the purposes of this section “business entertainment” means entertainment (including hospitality of any kind) provided by [^{F16}a company], or by [^{F17}an employee of the company], in connection with a trade carried on by [^{F18}the company], but does not include anything provided by [^{F19}the company] for bona fide [^{F20}employees of the company] unless its provision for them is incidental to its provision also for others.
- (6)^{F11}
- (7) In this section—
- (a) any reference to expenses incurred in^{F21} . . . providing entertainment includes a reference to expenses incurred in^{F21} . . . providing anything incidental thereto;
 - (b) references to a trade include references to any business [^{F22}or profession]; and
 - (c) references to [^{F23}a company's employees] are references to persons employed by [^{F24}the company], directors of [^{F25}the company] or persons engaged in the management of [^{F25}the company] being for this purpose deemed to be persons employed by it.
- (8) This section shall apply in relation to the provision of a gift as it applies in relation to the provision of entertainment, except that it shall not by virtue of this subsection apply in relation to the provision for any person of a gift consisting of an article incorporating a conspicuous advertisement for the donor, being an article—
- (a) which is not food, drink, tobacco or a token or voucher exchangeable for goods; and
 - (b) the cost of which to the donor, taken together with the cost to [^{F26}the donor] of any other such articles given by [^{F26}the donor] to that person in the same [^{F27}accounting period], does not exceed [^{F28}£50].

[^{F29}(8A)^{F30}]

- (9)^{M2}Subsection (8) above shall not preclude the deduction, in computing [^{F2}profits] under^{F4} . . . Case I or II of Schedule D, of expenditure incurred in making a gift to a body of persons or trust established for charitable purposes only; and for the purposes of this subsection the Historic Buildings and Monuments Commission for England and the Trustees of the National Heritage Memorial Fund shall each be treated as such a body of persons.
- (10)^{M3}Nothing in this section shall be taken as precluding the deduction of expenses incurred in^{F31} . . . the provision by [^{F32}any company] of anything which it is [^{F33}its trade] to provide, and which is provided [^{F34}by the company] in the ordinary course of that trade for payment or, with the object of advertising to the public generally, gratuitously.

Textual Amendments

- F2** Words in s. 577(1)(a)(9) substituted (31.7.1998) by Finance Act 1998 (c. 36), s. 46(3)(a), **Sch. 7 para. 1**
- F3** Words in s. 577(1)(a) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 235(2)(a)** (with Sch. 2)

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- F4** Words in s. 577(1)(9) repealed (with effect in accordance with s. 38(2)(3) of the repealing Act) by **Finance Act 1998 (c. 36), Sch. 27 Pt. 3(4)**, Note
- F5** Words in s. 577(1)(a) re-numbered as s. 577(1)(a)(i) (28.9.2004 with effect in accordance with art. 1(2) of the amending S.I.) by virtue of The Finance Act 2004, Sections 38 to 40 and 45 and Schedule 6 (Consequential Amendment of Enactments) Order 2004 (S.I. 2004/2310), art. 2, Sch. para. 23(2)(a)
- F6** Words in s. 577(1)(a)(i) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by **Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 235(2)(b)** (with Sch. 2)
- F7** S. 577(1)(a)(ii) and preceding word inserted (28.9.2004 with effect in accordance with art. 1(2) of the amending S.I.) by The Finance Act 2004, Sections 38 to 40 and 45 and Schedule 6 (Consequential Amendment of Enactments) Order 2004 (S.I. 2004/2310), art. 2, Sch. para. 23(2)(b)
- F8** Word at the end of s. 577(1)(a) inserted (with effect in accordance with s. 579 of the amending Act) by **Capital Allowances Act 2001 (c. 2), Sch. 2 para. 51(1)(a)**
- F9** S. 577(1)(b) and preceding word repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by **Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 62(2), Sch. 8 Pt. 1** (with Sch. 7)
- F10** S. 577(1)(c) and preceding word repealed (with effect in accordance with s. 579 of the repealing Act) by **Capital Allowances Act 2001 (c. 2), Sch. 2 para. 51(1)(b), Sch. 4**
- F11** S. 577(2)(4)(6) repealed (with effect in accordance with s. 72(1) of the repealing Act) by **Finance Act 1988 (c. 39), Sch 14 Pt. 4**
- F12** Words in s. 577(3) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by **Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 235(3)(a)** (with Sch. 2)
- F13** Words in s. 577(3) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by **Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 235(3)(b)** (with Sch. 2)
- F14** Words in s. 577(3) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by **Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 235(3)(c)** (with Sch. 2)
- F15** Words in s. 577(3) repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by **Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 62(3), Sch. 8 Pt. 1** (with Sch. 7)
- F16** Words in s. 577(5) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by **Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 235(4)(a)** (with Sch. 2)
- F17** Words in s. 577(5) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by **Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 235(4)(b)** (with Sch. 2)
- F18** Words in s. 577(5) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by **Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 235(4)(c)** (with Sch. 2)
- F19** Words in s. 577(5) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by **Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 235(4)(d)** (with Sch. 2)
- F20** Words in s. 577(5) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by **Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 235(4)(e)** (with Sch. 2)
- F21** Words in s. 577(7)(a) repealed (with effect in accordance with s. 579 of the repealing Act) by **Capital Allowances Act 2001 (c. 2), Sch. 2 para. 51(2), Sch. 4**
- F22** Words in s. 577(7)(b) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by **Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 235(5)(a)** (with Sch. 2)
- F23** Words in s. 577(7)(c) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by **Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 235(5)(b)(i)** (with Sch. 2)
- F24** Words in s. 577(7)(c) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by **Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 235(5)(b)(ii)** (with Sch. 2)
- F25** Words in s. 577(7)(c) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by **Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 235(5)(b)(iii)** (with Sch. 2)
- F26** Words in s. 577(8)(b) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by **Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 235(6)(a)** (with Sch. 2)

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- F27** Words in s. 577(8)(b) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 235\(6\)\(b\)](#) (with Sch. 2)
- F28** Words in s. 577(8)(b) substituted (with application in accordance with s. 73(4) of the amending Act) by [Finance Act 2001 \(c. 9\), s. 73\(2\)\(b\)](#)
- F29** [S. 577\(8A\)](#) inserted (with application in accordance with s. 73(4) of the amending Act) by [Finance Act 2001 \(c. 9\), s. 73\(3\)](#)
- F30** [S. 577\(8A\)](#) repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 235\(7\), Sch. 3](#) (with Sch. 2)
- F31** Words in s. 577(10) repealed (with effect in accordance with s. 579 of the repealing Act) by [Capital Allowances Act 2001 \(c. 2\), Sch. 2 para. 51\(3\), Sch. 4](#)
- F32** Words in s. 577(10) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 235\(8\)\(a\)](#) (with Sch. 2)
- F33** Words in s. 577(10) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 235\(8\)\(b\)](#) (with Sch. 2)
- F34** Words in s. 577(10) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 235\(8\)\(c\)](#) (with Sch. 2)

Marginal Citations

- M1** Source-1970 s.411(1)-(8); 1985 s.43; 1971 s.50(8)
- M2** Source-1980 s.54, 118(3); 1983 s.46(3)(b)
- M3** Source-1970 s.411(9)

[^{F35}577A Expenditure involving crime.

(1) In computing [^{F36}profits] chargeable to [^{F37}corporation tax] under ^{F38} . . . Schedule D, no deduction shall be made for any expenditure incurred —

- [^{F39}(a)] in making a payment the making of which constitutes the commission of a criminal offence^{F40}, or
- (b) in making a payment outside the United Kingdom where the making of a corresponding payment in any part of the United Kingdom would constitute a criminal offence there.]

[^{F41}(1A) In computing [^{F36}profits] chargeable to [^{F37}corporation tax] under ^{F38} . . . Schedule D, no deduction shall be made for any expenditure incurred in making a payment induced by a demand constituting—

- (a) the commission in England or Wales of the offence of blackmail under section 21 of the Theft Act 1968,
- (b) the commission in Northern Ireland of the offence of blackmail under section 20 of the Theft Act (Northern Ireland) 1969, or
- (c) the commission in Scotland of the offence of extortion.]

(2) [^{F42}Any expenditure mentioned in subsection (1) or (1A) above]—

- [^{F43}(a)] shall not be included in computing any expenses of management in respect of which relief may be given under [^{F44}the Corporation Tax Acts][^{F45}; and
- (b) shall not be brought into account under section 76 as expenses payable].]

Textual Amendments

- F35** [S. 577A](#) inserted (with application in accordance with s. 123(2) of the amending Act) by [Finance Act 1993 \(c. 34\), s. 123\(1\)\(2\)](#)

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- F36** Words in s. 577A(1)(1A) substituted (31.7.1998) by Finance Act 1998 (c. 36), s. 46(3)(a), **Sch. 7 para. 1**
- F37** Words in s. 577A(1)(1A) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 236(2)** (with Sch. 2)
- F38** Words in s. 577A(1)(1A) repealed (with effect in accordance with s. 38(2)(3) of the repealing Act) by Finance Act 1998 (c. 36), **Sch. 27 Pt. 3(4)**, Note
- F39** Words in s. 577A(1) renumbered as s. 577A(1)(a) (with effect in accordance with s. 68(2) of the amending Act) by virtue of Finance Act 2002 (c. 23), **s. 68(1)(a)**
- F40** S. 577A(1)(b) and preceding word inserted (with effect in accordance with s. 68(2) of the amending Act) by Finance Act 2002 (c. 23), **s. 68(1)(b)**
- F41** S. 577A(1A) inserted (with application in accordance with s. 141(4) of the amending Act) by Finance Act 1994 (c. 9), **s. 141(2)**
- F42** Words in s. 577A(2) substituted (with application in accordance with s. 141(4)) of the amending Act) by Finance Act 1994 (c. 9), **s. 141(3)**
- F43** Words in s. 577A(2) re-numbered as s. 577A(2)(a) (28.9.2004 with effect in accordance with art. 1(2) of the amending S.I.) by virtue of The Finance Act 2004, Sections 38 to 40 and 45 and Schedule 6 (Consequential Amendment of Enactments) Order 2004 (S.I. 2004/2310), art. 2, Sch. para. 24(2)(a)
- F44** Words in s. 577A(2) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 236(3)** (with Sch. 2)
- F45** S. 577A(2)(b) and preceding word inserted (28.9.2004 with effect in accordance with art. 1(2) of the amending S.I.) by The Finance Act 2004, Sections 38 to 40 and 45 and Schedule 6 (Consequential Amendment of Enactments) Order 2004 (S.I. 2004/2310), art. 2, Sch. para. 24(2)(b)

578 Housing grants.

^{M4}(1) Where, under any enactment relating to the giving of financial assistance for the provision, maintenance or improvement of housing accommodation or other residential accommodation, a payment is made to a person by way of grant or other contribution towards expenses incurred, or to be incurred, by that or any other person, the payment shall not be treated as a receipt in computing income for [^{F46}corporation tax purposes].

(2) Subsection (1) above shall not apply to a payment in so far as it is made in respect of an expense giving rise to a deduction in computing income for any tax purpose.

Textual Amendments

- F46** Words in s. 578(1) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 237** (with Sch. 2)

Marginal Citations

- M4** Source-1970 s.376

[^{F47}578A] Expenditure on car hire

(1) This section provides for a reduction in the amounts—

- (a) allowable as deductions in computing profits chargeable to [^{F48}corporation tax] under Case I or II of Schedule D, [^{F49} or]
- (b) which can be included as expenses of management of [^{F50}a company with investment business] (as defined by section 130), ^{F51} . . . [^{F52} or

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- (bb) which can be brought into account under section 76 as expenses payable,]
- (c) ^{F51}

for expenditure on the hiring of a car to which this section applies.

(2) This section applies to the hiring of a car—

- (a) which is not a qualifying hire car, and
- (b) the retail price of which when new exceeds £12,000.

“Car” and “qualifying hire car” are defined by section 578B.

[This section does not apply to the hiring of a car, other than a motorcycle, if—

- ^{F53}(2A) (a) it is an electrically-propelled car, or
- (b) it is a car with low CO₂ emissions.

(2B) In subsection (2A) above—

“car” has the meaning given by section 578B;

“car with low CO₂ emissions” has the meaning given by section 45D of the Capital Allowances Act 2001 (expenditure on cars with low CO₂ emissions to be first-year qualifying expenditure);

“electrically-propelled car” has the meaning given by that section.]

(3) The amount which would, apart from this section, be allowable or capable of being included must be reduced by multiplying it by the fraction—

$$\frac{\pounds 12,000 + P}{2P}$$

where P is the retail price of the car when new.

(4) If an amount has been reduced under subsection (3) and subsequently—

- (a) there is a rebate (however described) of the rentals, or
- (b) there occurs in connection with the rentals a transaction that falls within section 94 (debts deducted and subsequently released),

the amount otherwise taxable in respect of the rebate or transaction must be reduced by multiplying it by the fraction in subsection (3) above.]

Textual Amendments

- F47** Ss. 578A, 578B inserted (with effect in accordance with s. 579 of the amending Act) by [Capital Allowances Act 2001 \(c. 2\)](#), [Sch. 2 para. 52](#) (with [Sch. 3 para. 113](#))
- F48** Words in s. 578A(1) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 238](#) (with [Sch. 2](#))
- F49** Word at the end of s. 578A(1)(a) inserted (with effect in accordance with s. 57(4) of the amending Act) by [Finance Act 2001 \(c. 9\)](#), [Sch. 12 Pt. 2 para. 11\(a\)](#)
- F50** Words in s. 578A(1) substituted (28.9.2004 with effect in accordance with art. 1(2) of the amending S.I.) by The Finance Act 2004, Sections 38 to 40 and 45 and Schedule 6 (Consequential Amendment of Enactments) Order 2004 (S.I. 2004/2310), art. 2, Sch. para. 25(2)
- F51** [S. 578A\(1\)\(c\)](#) and preceding word repealed (with effect in accordance with s. 57(4), [Sch. 33 Pt. 2\(1\)](#)) Note of the repealing Act) by [Finance Act 2001 \(c. 9\)](#), [Sch. 12 Pt. 2 para. 11\(b\)](#), [Sch. 33 Pt. 2\(1\)](#)

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- F52** S. 578A(2)(bb) and preceding word inserted (28.9.2004 with effect in accordance with art. 1(2) of the amending S.I.) by The Finance Act 2004, Sections 38 to 40 and 45 and Schedule 6 (Consequential Amendment of Enactments) Order 2004 (S.I. 2004/2310), art. 2, Sch. para. 25(3)
- F53** S. 578A(2A)(2B) inserted (with effect in accordance with s. 60(2) of the amending Act) by Finance Act 2002 (c. 23), s. 60(1)

Modifications etc. (not altering text)

- C6** S. 578A(2)(3) modified (with effect in accordance with s. 80(2) of the 2002 amending Act) by Finance Act 1993 (c. 34), s. 93A(4)(a)(6)(a) (as inserted by Finance Act 2002 (c. 23), Sch. 24 para. 4)

[^{F47}578B Expenditure on car hire: supplementary

- (1) In section 578A “car” means a mechanically propelled road vehicle other than one—
 - (a) of a construction primarily suited for the conveyance of goods or burden of any description, or
 - (b) of a type not commonly used as a private vehicle and unsuitable for such use.

References to a car accordingly include a motor cycle.
- (2) For the purposes of section 578A, a car is a qualifying hire car if—
 - (a) it is hired under a hire-purchase agreement (within the meaning of section 784(6)) under which there is an option to purchase exercisable on the payment of a sum equal to not more than 1 per cent. of the retail price of the car when new, or
 - (b) it is a qualifying hire car for the purposes of Part 2 of the Capital Allowances Act (under section 82 of that Act).
- (3) In section 578A and this section “new” means unused and not second-hand.
- (4) The power under section 74(4) of the Capital Allowances Act to increase or further increase the sums of money specified in Chapter 8 of Part 2 of that Act includes the power to increase or further increase the sum of money specified in section 578A(2) (b) or (3).]

Textual Amendments

- F47** Ss. 578A, 578B inserted (with effect in accordance with s. 579 of the amending Act) by Capital Allowances Act 2001 (c. 2), Sch. 2 para. 52 (with Sch. 3 para. 113)

579 Statutory redundancy payments.

^{M5}(1) ^{F54}

- (2) Where a redundancy payment or other employer’s payment is made [^{F55}by a company] in respect of employment wholly in a [^{F56}trade or profession] carried on by [^{F57}the company], and within the charge to tax, the amount of the redundancy payment or the corresponding amount of the other employer’s payment shall (if not otherwise so allowable) be allowable as a deduction in computing for the purposes of Schedule D the [^{F58}profits] or losses of the [^{F56}trade or profession], but—
 - (a) ^{F59}
 - (b) if the employer’s payment was made after the discontinuance of the [^{F56}trade or profession] the ^{F60} . . . amount so deductible shall be treated as if it were

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a payment made on the last day on which the [^{F56}trade or profession] was carried on.

- [^{F61}(3) Where a redundancy payment or other employer's payment is made [^{F62}by a company] in respect of employment wholly in a business carried on by [^{F63}the company] and—
- (a) expenses of management of the business are deductible under section 75, or
 - (b) a deduction for expenses payable falls to be allowed in accordance with section 76 in computing profits of the business,

the amount of the redundancy payment, or the corresponding amount of the other employer's payment, shall (to the extent that it would not otherwise fall to be so treated) be deductible under section 75 as expenses of management or as the case may be, be included at Step 1 in section 76(7).

- (3A) If in a case where subsection (3) above applies, the payment in question is for the purposes of section 75 or 76 referable to an accounting period beginning after discontinuance, it shall be treated as referable to the accounting period ending on the last day on which the business was carried on.]

- (4) ^{F64}

- (5) Relief shall not be given under [^{F65}subsections (2) and (3)] above, or otherwise, more than once in respect of any employer's payment, and if the employee was being employed in such a way that different parts of his remuneration fell for [^{F66}corporation tax purposes] to be treated in different ways—

- (a) the amount [^{F67}of the redundancy payment or the corresponding amount of the other employer's payment] shall be apportioned to the different capacities in which the employee was employed; and
- (b) [^{F65}subsections (2) and (3)] above shall apply separately to the employment in those capacities, and by reference to the apportioned part of that amount, instead of by reference to the full amount of the employer's payment ^{F68}

- (6) Where the Minister pays a sum under [^{F69}section 166 of the Employment Rights Act 1996] or [^{F70}Article 201 of the Employment Rights (Northern Ireland) Order 1996] in respect of an employer's payment this section shall apply as if—

- (a) that sum had been paid on account of that redundancy or other employer's payment, and
- (b) so far as [^{F71}the company] has reimbursed the Minister, it had been so paid by [^{F71}the company].

Textual Amendments

- F54** S. 579(1) repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), Sch. 6 para. 63, [Sch. 8 Pt. 1](#) (with Sch. 7)
- F55** Words in s. 579(2) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 239\(2\)\(a\)](#) (with Sch. 2)
- F56** Words in s. 579(2) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 239\(2\)\(b\)](#) (with Sch. 2)
- F57** Words in s. 579(2) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 239\(2\)\(c\)](#) (with Sch. 2)
- F58** Words in s. 579(2) substituted (31.7.1998) by [Finance Act 1998 \(c. 36\)](#), s. 46(3)(a), [Sch. 7 para. 1](#)
- F59** S. 579(2)(a) repealed (22.8.1996) by [Employment Rights Act 1996 \(c. 18\)](#), s. 243, [Sch. 3 Pt. 1](#)
- F60** Word in s. 579(2)(b) repealed (22.8.1996) by [Employment Rights Act 1996 \(c. 18\)](#), s. 243, [Sch. 3 Pt. 1](#)

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- F61** S. 579(3)(3A) substituted for s. 579(3) (28.9.2004 with effect in accordance with art. 1(2) of the amending S.I.) by The Finance Act 2004, Sections 38 to 40 and 45 and Schedule 6 (Consequential Amendment of Enactments) Order 2004 (S.I. 2004/2310), art. 2, Sch. para. 26(2)
- F62** Words in s. 579(3) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 239\(3\)\(a\)](#) (with Sch. 2)
- F63** Words in s. 579(3) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 239\(3\)\(b\)](#) (with Sch. 2)
- F64** S. 579(4) repealed (with effect in accordance with s. 38(2)(3) of the repealing Act) by [Finance Act 1998 \(c. 36\), Sch. 5 para. 43, Sch. 27 Pt. 3\(4\)](#), Note (with Sch. 5 para. 73)
- F65** Words in s. 579(5) substituted (with effect in accordance with s. 38(2)(3) of the amending Act) by [Finance Act 1998 \(c. 36\), Sch. 5 para. 43](#) (with Sch. 5 para. 73)
- F66** Words in s. 579(5) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 239\(4\)](#) (with Sch. 2)
- F67** Words in s. 579(5)(a) substituted (22.8.1996) by [Employment Rights Act 1996 \(c. 18\), s. 243, Sch. 1 para. 35\(2\)\(a\)](#)
- F68** Words in s. 579(5)(b) repealed (22.8.1996) by [Employment Rights Act 1996 \(c. 18\), s. 243, Sch. 3 Pt. 1](#)
- F69** Words in s. 579(6) substituted (22.8.1996) by [Employment Rights Act 1996 \(c. 18\), s. 243, Sch. 1 para. 35\(2\)\(b\)](#)
- F70** Words in s. 579(6) substituted (24.9.1996) by [The Employment Rights \(Northern Ireland\) Order 1996 \(S.I. 1996/1919 \(N.I. 16\)\), arts. 1\(2\), 255, Sch. 1](#) (with Sch. 2 para. 1)
- F71** Words in s. 579(6)(b) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 239\(5\)](#) (with Sch. 2)

Modifications etc. (not altering text)

- C7** S. 579 modified (with effect in accordance with s. 39(3)-(5) of the modifying Act) by [Finance Act 1995 \(c. 4\), Sch. 6 para. 23](#)

Marginal Citations

- M5** Source-1970 s.412(1)-(6)

580 Provisions supplementary to section 579.

^{M6}(1) In section 579—

- (a) “redundancy payment”^{F72} and “employer’s payment” have the same meaning as in Part XI of the [Employment Rights Act 1996](#) or ^{F73}Part XII of the [Employment Rights \(Northern Ireland\) Order 1996](#);
- (b) references to the corresponding amount of an employer’s payment (other than a redundancy payment) are references to the amount of that employer’s payment so far as not in excess of the amount ^{F74}which would have been payable as a redundancy payment had one been payable;
- (c) “the Minister” in relation to ^{F75}the [Employment Rights Act 1996](#) means the Secretary of State and in relation to ^{F76}the [Employment Rights \(Northern Ireland\) Order 1996](#) means the Department of Health and Social Services.

(2) ^{F77}

(3) ^{F78}

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Textual Amendments

- F72** Words in s. 580(1)(a) substituted (22.8.1996) by [Employment Rights Act 1996 \(c. 18\)](#), s. 243, **Sch. 1 para. 35(3)(a)**
- F73** Words in s. 580(1)(a) substituted (24.9.1996) by [The Employment Rights \(Northern Ireland\) Order 1996 \(S.I. 1996/1919 \(N.I. 16\)\)](#), arts. 1(2), 255, **Sch. 1** (with Sch. 2 para. 1)
- F74** Words in s. 580(1)(b) substituted (22.8.1996) by [Employment Rights Act 1996 \(c. 18\)](#), s. 243, **Sch. 1 para. 35(3)(b)**
- F75** Words in s. 580(1)(c) substituted (22.8.1996) by [Employment Rights Act 1996 \(c. 18\)](#), s. 243, **Sch. 1 para. 35(3)(c)**
- F76** Words in s. 580(1)(c) substituted (24.9.1996) by [The Employment Rights \(Northern Ireland\) Order 1996 \(S.I. 1996/1919 \(N.I. 16\)\)](#), arts. 1(2), 255, **Sch. 1** (with Sch. 2 para. 1)
- F77** S. 580(2) repealed (22.8.1996) by [Employment Rights Act 1996 \(c. 18\)](#), s. 243, **Sch. 3 Pt. 1**
- F78** S. 580(3) repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), Sch. 6 para. 64, **Sch. 8 Pt. 1** (with Sch. 7)

Marginal Citations

- M6** Source-1970 s.412(7), (8)

[^{F79} **580A Relief from tax on annual payments under certain insurance policies.**

F80

Textual Amendments

- F79** Ss. 580A, 580B inserted (with effect in accordance with s. 143(2)-(5) of the amending Act) by [Finance Act 1996 \(c. 8\)](#), s. 143(1)
- F80** Ss. 580A-580C repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), Sch. 1 para. 240, **Sch. 3** (with Sch. 2)

580B Meaning of “self-contained” for the purposes of s.580A.

F81

Textual Amendments

- F79** Ss. 580A, 580B inserted (with effect in accordance with s. 143(2)-(5) of the amending Act) by [Finance Act 1996 \(c. 8\)](#), s. 143(1)
- F81** Ss. 580A-580C repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), Sch. 1 para. 240, **Sch. 3** (with Sch. 2)

[^{F82} **580C Relief from tax on annual payments under immediate needs annuities**

F83

Textual Amendments

- F82** S. 580C inserted (with effect in accordance with s. 147(6) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), s. 147(3)

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F83 Ss. 580A-580C repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 240, Sch. 3 \(with Sch. 2\)](#)

581 Borrowing in foreign currency by local authorities and statutory corporations.

F84

Textual Amendments

F84 S. 581 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 241, Sch. 3 \(with Sch. 2\)](#)

[^{F85}581A Interest on foreign currency securities etc.

Interest within section 755(1) of ITTOIA 2005 (interest on foreign currency securities etc.) shall be paid without deduction of income tax.]

Textual Amendments

F85 S. 581A inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 242 \(with Sch. 2\)](#)

582 Funding bonds issued in respect of interest on certain debts.

^{M7}(1) Where any funding bonds are issued to a creditor in respect of any liability to pay interest on any debt to which this section applies—

- (a) the issue of the bonds shall be treated for [^{F86}all the purposes of the Corporation Tax Acts] as if it were the payment of an amount of that interest equal to the value of the bonds at the time of their issue, and
- (b) [^{F87}where paragraph (a) above or section 380 of ITTOIA 2005 (which makes provision similar to that paragraph for income tax purposes) applies] the redemption of the bonds shall not be treated for those purposes as the payment of any amount of that interest.

(2) Where an issue of bonds is treated by virtue of subsection (1) above [^{F88}or section 380 of ITTOIA 2005] as if it were the payment of an amount of interest, and any person by or through whom the bonds are issued would be required by virtue of any provision of the Tax Acts to deduct income tax from that amount of interest if it had been actually paid by or through him, the following provisions shall have effect—

- (a) subject to paragraph (b) below, any such person—
 - (i) shall retain bonds the value of which at the time of their issue is equal to income tax on that amount of interest at the [^{F89}applicable] rate for the year of assessment in which the bonds are issued, and
 - (ii) shall be acquitted in respect of any such retention in the same way as if he had deducted such tax from the interest, and
 - (iii) shall be chargeable with that tax accordingly, but may tender the bonds retained in satisfaction thereof;
- (b) where ^{F90}... it is impracticable to retain bonds on account of income tax under paragraph (a) above—

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- [^{F91}(i) any such person shall be relieved from the obligation to retain bonds and account for income tax under that paragraph, on his furnishing to the Board] a statement of the names and addresses of the persons to whom the bonds have been issued and the amount of the bonds issued to each such person; and
- (ii) tax in respect of the amount of interest treated by virtue of this section [^{F92}or section 380 of ITTOIA 2005] as having been paid by the issue of the bonds shall be charged under Case VI of Schedule D [^{F93}(corporation tax) or under Chapter 2 of Part 4 of ITTOIA 2005 (income tax)] for the chargeable period in which the bonds are issued on the persons receiving or entitled to the bonds.
- [^{F94}(2A) In subsection (2) above “the applicable rate”, in relation to a year of assessment, means whichever of the basic rate and the lower rate for that year is the rate at which the person by or through whom the bonds are issued would have had to deduct income tax from the amount of interest in question if that amount had been actually paid by or through him.]
- (3) This section applies to any debt incurred, whether in respect of any money borrowed or otherwise, by any government, public authority or public institution whatsoever, or by any body corporate whatsoever.
- [^{F95}(3A) Chapter 2 of Part 4 of the Finance Act 1996 has effect subject to and in accordance with this section, notwithstanding anything in section 80(5) of that Act (matters to be brought into account in the case of loan relationships only under Chapter 2 of Part 4 of that Act).]
- (4) For the purposes of this section “funding bonds” includes any bonds, stocks, shares, securities or certificates of indebtedness.

Textual Amendments

- F86** Words in s. 582(1)(a) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 243\(2\)\(a\)](#) (with Sch. 2)
- F87** Words in s. 582(1)(b) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 243\(2\)\(b\)](#) (with Sch. 2)
- F88** Words in s. 582(2) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 243\(3\)\(a\)](#) (with Sch. 2)
- F89** Word in s. 582(a)(i) substituted (with effect in accordance with Sch. 6 para. 28 of the amending Act) by [Finance Act 1996 \(c. 8\), Sch. 6 para. 14\(1\)](#)
- F90** Words in s. 582(2)(b) repealed (with effect in accordance with s. 134(2) of the repealing Act) by [Finance Act 1996 \(c. 8\), Sch. 20 para 32\(a\), Sch. 41 Pt. 5\(10\)](#), Note
- F91** Words in s. 582(b)(i) substituted (with effect in accordance with s. 134(2) of the amending Act) by [Finance Act 1996 \(c. 8\), Sch. 20 para. 32\(b\)](#)
- F92** Words in s. 582(2)(b)(ii) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 243\(3\)\(b\)\(i\)](#) (with Sch. 2)
- F93** Words in s. 582(2)(b)(ii) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 243\(3\)\(b\)\(ii\)](#) (with Sch. 2)
- F94** [S. 582\(2A\)](#) inserted (with effect in accordance with [Sch. 6 para. 28](#) of the amending Act) by [Finance Act 1996 \(c. 8\), Sch. 6 para. 14\(2\)](#)
- F95** [S. 582\(3A\)](#) inserted (with effect in accordance with s. 82(2) of the amending Act) by [Finance Act 2002 \(c. 23\), Sch. 25 para. 50](#)

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Modifications etc. (not altering text)

- C8** S. 582 modified (with effect in accordance with s. 56 of the modifying Act) by [Finance Act 2005 \(c. 7\)](#), [Sch. 2 para. 7](#)

Marginal Citations

- M7** Source-1970 s.417; 1971 Sch.6 47

[^{F96}582A Designated international organisations: miscellaneous exemptions.

- (1) The Treasury may by order designate for the purposes of any one or more of subsections [^{F97}(2) and (4) to (6) below ^{F98}. . .] any international organisation of which the United Kingdom is a member; and in those subsections “designated” means designated under this subsection.
- (2) Section 43 shall not apply in the case of payment made by an organisation designated for the purposes of this subsection.
- (3) ^{F99}
- (4) Section 349(1) shall not apply in the case of a payment of an amount payable by an organisation designated for the purposes of this subsection.
- (5) Section 349(2) shall not apply in the case of interest payable by—
 - (a) an organisation designated for the purposes of this subsection, or
 - (b) a partnership of which such an organisation is a member.
- (6) An organisation designated for the purposes of this subsection shall not be a person to whom [^{F100}section 59 of the Finance Act 2004] applies.]

Textual Amendments

- F96** S. 582A inserted by [Finance Act 1991 \(c. 31, SIF 63:1\)](#), [s. 118\(1\)](#)
- F97** Words in s. 582A(1) substituted (29.4.1996) by [Finance Act 1996 \(c. 8\)](#), [Sch. 29 para. 6](#)
- F98** Words in s. 582(1) repealed (with effect in accordance with s. 111(6)(a) of the repealing Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 40 Pt. 2\(17\)](#), Note 1
- F99** S. 582A(3) repealed (with effect in accordance with Sch. 7 para. 32, Sch. 41 Pt. 5(2) Note of the repealing Act) by [Finance Act 1996 \(c. 8\)](#), [Sch. 7 para. 22](#), [Sch. 41 Pt. 5\(2\)](#)
- F100** Words in s. 582A(6) substituted (with effect in accordance with s. 77 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 12 para. 10\(2\)](#)

583 Inter-American Development Bank.

^{F101}

Textual Amendments

- F101** S. 583 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 244](#), [Sch. 3](#) (with [Sch. 2](#))

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584 Relief for unremittable overseas income

- (1) ^{M8}Where [^{F102}a company is chargeable to corporation tax] by reference to the amount of any income arising in a territory outside the United Kingdom (“overseas income”), then [^{F103}for the purposes of corporation tax] this section shall apply to the overseas income in so far as—
- (a) [^{F104}the company] is prevented from transferring the amount of the overseas income to the United Kingdom, either by the laws of that territory or any executive action of its government or by the impossibility of obtaining foreign currency in that territory; and
 - (b) [^{F104}the company] has not realised the overseas income outside that territory for a consideration in sterling or a consideration in some other currency which [^{F104}the company] is not prevented from transferring to the United Kingdom.

Overseas income to which this section applies is referred to below as unremittable.

- [^{F105}(2) Subject to subsection (2A) below, where [^{F106}a company] so chargeable makes a claim under this subsection in relation to any overseas income—
- (a) which is unremittable; and
 - (b) to which subsection (1)(a) above will continue to apply notwithstanding any reasonable endeavours on [^{F107}its] part,

then, in the first instance, account shall not be taken of that income, [^{F108}and corporation tax shall be assessable] and shall be charged on all persons concerned and for all periods accordingly.

- (2A) If on any date paragraph (a) or (b) of subsection (2) above ceases to apply to any part of any overseas income in relation to which a claim has been made under that subsection—
- (a) that part of the income shall be treated as income arising on that date, and
 - (b) account shall be taken of it, and of any tax payable in respect of it under the law of the territory where it arises, according to their value at that date.]

- (4) Where [^{F109}[^{F110}a company becomes chargeable to] corporation tax in respect of income from any source by virtue of subsection (2) or (2A)] above after it has ceased to possess that source of income, the income shall be chargeable under Case VI of Schedule D.
- (5) ^{M9}Where under an agreement entered into under arrangements made by the Secretary of State in pursuance of section 11 of the ^{M10}Export Guarantees and Overseas Investment Act 1978 any payment is made by the Export Credit Guarantee Department in respect of any income which cannot be transferred to the United Kingdom, then, to the extent of the payment, the income shall be treated as income [^{F111}to which paragraphs (a) and (b) of subsection (2) above do not apply (and accordingly cannot cease to apply)].

- [^{F112}(6) A claim under subsection (2) above—
- (a) ^{F113}.....
 - (b) for the purposes of corporation tax, shall be made no later than two years after the end of the accounting period in which the income arises.]

- (7) ^{F113}.....

- (8) Subject to subsections (2) and [^{F114}(2A)] above, the amount of any unremittable overseas income shall be determined by reference to the generally recognised market

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value in the United Kingdom (if any), or, in the absence of any such value, according to the official rate of exchange of the territory where the income arises.

- (9) Any appeal against an assessment which involves a question as to the operation of this section shall be made to the Special Commissioners and not to the General Commissioners.
- (10)^{M11} This section shall have effect as respects any accounting period in which the conditions in subsection (2) above cease to be satisfied in relation to any income, being an accounting period ending on or before such day, not being earlier than 31st March 1992, as the Treasury may by order appoint for the purposes of this section, with the omission of subsections (3) and (4).

Subordinate Legislation Made

P1 S. 584(10) power exercised: 30.9.1993 appointed by S.I. 1992/3066, **art. 2(2)(b)**

Textual Amendments

- F102** Words in s. 584(1) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by *Income Tax (Trading and Other Income) Act 2005 (c. 5)*, **Sch. 1 para. 245(2)(a)** (with Sch. 2)
- F103** Words in s. 584(1) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by *Income Tax (Trading and Other Income) Act 2005 (c. 5)*, **Sch. 1 para. 245(2)(b)** (with Sch. 2)
- F104** Words in s. 584(1) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by *Income Tax (Trading and Other Income) Act 2005 (c. 5)*, **Sch. 1 para. 245(2)(c)** (with Sch. 2)
- F105** S. 584(2)(2A) substituted for s. 584(2)(3) (with effect in accordance with s. 134(2) of the amending Act) by *Finance Act 1996 (c. 8)*, **Sch. 20 para. 33(2)**
- F106** Words in s. 584(2) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by *Income Tax (Trading and Other Income) Act 2005 (c. 5)*, **Sch. 1 para. 245(3)(a)** (with Sch. 2)
- F107** Word in s. 584(2)(b) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by *Income Tax (Trading and Other Income) Act 2005 (c. 5)*, **Sch. 1 para. 245(3)(b)** (with Sch. 2)
- F108** Words in s. 584(2) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by *Income Tax (Trading and Other Income) Act 2005 (c. 5)*, **Sch. 1 para. 245(3)(c)** (with Sch. 2)
- F109** Words in s. 584(4) substituted (with effect in accordance with s. 134(2) of the amending Act) by *Finance Act 1996 (c. 8)*, **Sch. 20 para. 33(3)**
- F110** Words in s. 584(4) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by *Income Tax (Trading and Other Income) Act 2005 (c. 5)*, **Sch. 1 para. 245(4)** (with Sch. 2)
- F111** Words in s. 584(5) substituted (with effect in accordance with s. 134(2) of the amending Act) by *Finance Act 1996 (c. 8)*, **Sch. 20 para. 33(4)**
- F112** S. 584(6) substituted (with effect in accordance with s. 134(2) of the amending Act) by *Finance Act 1996 (c. 8)*, **Sch. 20 para. 33(5)**
- F113** S. 584(6)(a)(7) repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by *Income Tax (Trading and Other Income) Act 2005 (c. 5)*, **Sch. 1 para. 245(5)**, **Sch. 3** (with Sch. 2)
- F114** Words in s. 584(8) substituted (with effect in accordance with s. 134(2) of the amending Act) by *Finance Act 1996 (c. 8)*, **Sch. 20 para. 33(7)**

Modifications etc. (not altering text)

C9 See 1979(C) s.13—*delayed remittances of capital gains*.

Marginal Citations

- M8** Source-1970 s.418(1), (2), (2A), (2B); 1987 (No.2) Sch.6 6
- M9** Source-1972 s.124(2)(a)
- M10** 1978 c. 18.

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M11 Source-1987 (No.2) Sch.6 6(5)

585 Relief from tax on delayed remittances.

F115

Textual Amendments

F115 S. 585 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 246, Sch. 3](#) (with Sch. 2)

586 Disallowance of deductions for war risk premiums.

^{M12}(1) In computing the amount of the profits or gains of any person for any [^{F116}corporation tax purpose], no sum shall be deducted in respect of any payment made by him to which this section applies.

(2) No payment to which this section applies shall be included in computing the expenses of management in respect of which relief may be given under section 75 or 76.

(3) Subject to subsections (4) and (5) below, this section applies to any payment made by any person under any contract or arrangement under which that person is, in the event of war damage, entitled or eligible, either absolutely or conditionally, to or for any form of indemnification, whether total or partial, and whether by way of a money payment or not, in respect of that war damage.

(4) Where the payment is made in respect of the right or eligibility mentioned in subsection (3) above and also in respect of other matters, the deduction or inclusion of so much of the payment as is properly attributable to the other matters shall not be disallowed by virtue only of subsection (1) or (2) above.

(5) This section shall not apply to any payment made under any contract of marine insurance, or any contract of insurance of an aircraft, or any contract of insurance of goods in transit.

(6) In this section “war damage” means loss or damage arising from action taken by an enemy of Her Majesty, or action taken in combating such an enemy or in repelling an imagined attack by such an enemy, or action taken in anticipation of or in consequence of an attack by such an enemy.

Textual Amendments

F116 Words in s. 586(1) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 247](#) (with Sch. 2)

Marginal Citations

M12 Source-1970 s.420

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587 Disallowance of certain payments in respect of war injuries to employees.

- ^{M13}(1) In computing the amount of the profits or gains ^{F117}. . . of any person for any [^{F118}corporation tax purpose], no sum shall be deducted in respect of any payment made by him to which this section applies.
- (2) No payment to which this section applies shall be included in computing—
- (a) the expenses of management in respect of which relief may be given under section 75 or 76; or
 - (b) the expenses of management or supervision in respect of which relief may be given under [^{F119}section 121(3).]
- (3) Subject to subsections (4) and (5) below, this section applies—
- (a) to any payments by way of benefit made by any person to, or to the personal representatives or dependants of, any employees of his on account of their incapacity, retirement or death owing to war injuries, whether sustained in the United Kingdom or elsewhere; and
 - (b) to any payments made by any person by way of premium or contribution under any policy, agreement, scheme or arrangement providing for the payment of benefits to, or to the personal representatives or dependants of, any employees of his on account of their incapacity, retirement or death owing to such war injuries.
- (4) This section shall not apply to any payment (whether by way of benefit or by way of premium or contribution) which is payable under any policy, agreement, scheme or arrangement made before 3rd September 1939, except to the extent that the amount of the payment is increased by any variation of the terms of that policy, agreement, scheme or arrangement made on or after that date.
- (5) This section shall not apply to any payment by way of benefit if, in the opinion of the Board, that payment was made under an established practice which was such that the same or a greater payment would have been made if the incapacity, retirement or death had not been due to war injuries.
- (6) Where a person makes a payment by way of benefit to which this section applies and, in the opinion of the Board, there is an established practice under which a smaller payment would have been made if the incapacity, retirement or death had not been due to war injuries, the deduction or inclusion of an amount equal to that smaller payment shall not be disallowed by virtue only of subsection (1) or (2) above.
- (7) Where a person makes a payment to which this section applies by way of premium or contribution, and the policy, agreement, scheme or arrangement provides for the payment of any benefit in the event of incapacity, retirement or death not due to war injuries, the deduction or inclusion of so much of the payment of premium or contribution as, in the opinion of the Board, is properly attributable to benefit payable in the event of incapacity, retirement or death not due to war injuries shall not be disallowed by virtue only of subsection (1) or (2) above.
- (8) In this section “war injuries” means physical injuries—
- (a) caused by—
 - (i) the discharge of any missile (including liquids and gas);
 - (ii) the use of any weapon, explosive or other noxious thing; or
 - (iii) the doing of any other injurious act,

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either by the enemy or in combating the enemy or in repelling an imagined attack by the enemy; or

- (b) caused by the impact on any person or property of any enemy aircraft, or any aircraft belonging to, or held by any person on behalf of, or for the benefit of, Her Majesty or any allied power, or any part of, or anything dropped from, any such aircraft.

Textual Amendments

F117 Words in s. 587(1) repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 248\(2\), Sch. 3](#) (with [Sch. 2](#))

F118 Words in s. 587(1) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 248\(2\)](#) (with [Sch. 2](#))

F119 Words in s. 587(2)(b) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 248\(3\)](#) (with [Sch. 2](#))

Marginal Citations

M13 Source-1970 s.421

[^{F120}587A] **New issues of securities: extra return.**

- (1) This section applies where—
- securities (old securities) of a particular kind are issued by way of the original issue of securities of that kind,
 - on a later occasion securities (new securities) of the same kind are issued,
 - a sum (the extra return) is payable in respect of the new securities, by the person issuing them, to reflect the fact that interest is accruing on the old securities,
 - the issue price of the new securities includes an element (whether or not separately identified) representing payment for the extra return, and
 - the extra return is equal to the amount of interest payable for the relevant period on so many old securities as there are new (or, if there are more new securities than old, the amount of interest which would be so payable if there were as many old securities as new),

[^{F121}but this section shall not apply for the purposes of corporation tax, except where the issue of the new securities was before 1st April 1996.]

- (2) Anything payable or paid by way of the extra return shall be treated for the purposes of the Tax Acts as payable or paid by way of interest (to the extent that it would not be so treated apart from this subsection).
- (3) But as regards any payment by way of the extra return, relief shall not be given under any provision of the Tax Acts to the person by whom the new securities are issued; and “relief” here means relief by way of deduction in computing profits or gains or deduction or set off against income or total profits.
- (4) For the purposes of this section securities are of the same kind if they are treated as being of the same kind by the practice of a recognised stock exchange or would be so treated if dealt with on such a stock exchange.

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- (5) For the purposes of this section the relevant period is the period beginning with the day following the relevant day and ending with the day on which the new securities are issued.
- (6) For the purposes of this section the relevant day is—
- (a) the last (or only) interest payment day to fall in respect of the old securities before the day on which the new securities are issued, or
 - (b) the day on which the old securities were issued, in a case where no interest payment day fell in respect of them before the day on which the new securities are issued;
- and an interest payment day, in relation to the old securities, is a day on which interest is payable under them.]

Textual Amendments

F120 S. 587A inserted by Finance Act 1991 (c. 31, SIF 63:1), s. 54, **Sch. 12 para. 1** (with application as referred to in Sch. 12 para. 5 of that Act)

F121 Words in s. 587A(1) inserted (with effect in accordance with s. 105(1) of the amending Act) by Finance Act 1996 (c. 8), **Sch. 14 para. 33** (with Sch. 15)

[^{F123}587B^{F122} Gifts of shares, securities and real property to charities etc]

- (1) Subsections (2) and (3) below apply where, otherwise than by way of a bargain made at arm's length, an individual, or a company which is not itself a charity, disposes of the whole of the beneficial interest in a qualifying investment to a charity.
- (2) On a claim made in that behalf to an officer of the Board—
- (a) the relevant amount shall be allowed—
 - (i) in the case of a disposal by an individual, as a deduction in calculating his total income for the purposes of income tax for the year of assessment in which the disposal is made;
 - (ii) in the case of a disposal by a company, as a charge on income for the purposes of corporation tax for the accounting period in which the disposal is made; and
 - (b) no relief in respect of the disposal shall be given under section 83A [^{F124}of this Act, section 108 of ITTOIA 2005] or any other provision of the Income Tax Acts;
- but paragraph (a)(i) above shall not apply for the purposes of any computation under [^{F125}sections 535 to 537 of ITTOIA 2005].
- (3) The consideration for which the charity's acquisition of the qualifying investment is treated by virtue of section 257(2) of the 1992 Act as having been made—
- (a) shall be reduced by the relevant amount; or
 - (b) where that consideration is less than that amount, shall be reduced to nil.

- [^{F126}(4) Subject to subsections (5) to (7) below, the relevant amount is an amount equal to—
- (a) where the disposal is a gift, the value of the net benefit to the charity at, or immediately after, the time when the disposal is made (whichever time gives the lower value);
 - (b) where the disposal is at an undervalue, the amount by which—

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- (i) the value described in paragraph (a) above, exceeds
 - (ii) the amount or value of the consideration for the disposal,
- or, if there is no such excess, nil.]

- (5) Where there are one or more benefits received in consequence of making the disposal which are received by the person making the disposal or a person connected with him, the relevant amount shall be reduced by the value of that benefit or, as the case may be, the aggregate value of those benefits; and section 839 applies for the purposes of this subsection.
- (6) Where the disposal is a gift, the relevant amount shall be increased by the amount of the incidental costs of making the disposal to the person making it.
- (7) Where the disposal is at an undervalue—
 - (a) to the extent that the consideration for the disposal is less than that for which the disposal is treated as made by virtue of section 257(2)(a) of the 1992 Act, the relevant amount shall be increased by the amount of the incidental costs of making the disposal to the person making it; and
 - (b) section 48 of that Act (consideration due after time of disposal) shall apply in relation to the computation of the relevant amount as it applies in relation to the computation of a gain.
- (8) In the case of a disposal by a company which is carrying on life assurance business—
 - (a) if the company is charged to tax under Case I of Schedule D in respect of such business, subsections (2) and (3) above shall not apply;
 - (b) if the company is not so charged to tax in respect of such business—
 - (i) subsection (2)(a)(ii) above shall have effect as if for “a charge on income” there were substituted [^{F127}“expenses payable falling to be brought into account at Step 3 in section 76(7)”]; and
 - (ii) the relevant amount given by subsection (4) above shall be reduced by so much (if any) of that amount as is not referable to basic life assurance and general annuity business;and for the purpose of determining how much (if any) of that amount is not so referable, section 432A shall have effect as if that amount were a gain accruing on the disposal of the qualifying investment to the company.

[The value of the net benefit to the charity is—

- ^{F128}(8A)
 - (a) the market value of the qualifying investment, unless subsection (8B) below applies;
 - (b) where that subsection applies, that market value reduced by the aggregate amount of the related liabilities of the charity (see subsections (8E) to (8G)).

(8B) This subsection applies in any case where—

- (a) the charity is, or becomes, subject to an obligation to any person (whether or not the person making the disposal or a person connected with him), and
- (b) one or more of the conditions in subsection (8C) below is satisfied.

(8C) For the purposes of subsection (8B) above—

- (a) condition 1 is that, taking into account all the circumstances (including, in particular, the difference in the value of the net benefit to the charity if subsection (8B) applies and if it does not), it is reasonable to suppose that the

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- disposal of the qualifying investment to the charity would not have been made in the absence of the obligation;
- (b) condition 2 is that the obligation (whether in whole or in part) relates to, is framed by reference to, or is conditional on the charity receiving, the qualifying investment or a related investment (see subsection (8D)).
- (8D) In subsection (8C) above “related investment” means any of the following—
- (a) any asset of the same class or description as the qualifying investment (irrespective of size, quantity or amount);
 - (b) any asset derived from, or representing, the qualifying investment whether in whole or in part and whether directly or indirectly;
 - (c) any asset from which the qualifying investment is derived, or which the qualifying investment represents, whether in whole or in part and whether directly or indirectly.
- (8E) For the purposes of this section, the liabilities which are related liabilities in the case of any qualifying investment are the liabilities of the charity under each of the obligations that fall within subsection (8B) above (as read with subsection (8C) above) in relation to that investment.
- (8F) Where an obligation is contingent and the contingency occurs, the amount to be brought into account for the purposes of this section at any time in respect of the liability, so far as contingent, under the obligation is the amount or value of the liability actually incurred in consequence of the occurrence of the contingency.
- (8G) Where an obligation is contingent and the contingency does not occur, the amount to be brought into account for the purposes of this section at any time in respect of the liability, so far as contingent, is nil.]
- (9) In this section—
- “authorised unit trust” and “open-ended investment company” have the meanings given by section 468;
- “charity” has the same meaning as in section 506 and includes each of the bodies mentioned in section 507(1);
- “the incidental costs of making the disposal to the person making it” shall be construed in accordance with section 38(2) of the 1992 Act;
- “life assurance business” and related expressions have the same meaning as in Chapter I of Part XII;
- [^{F129}“obligation” includes a reference to each of the following—
- (a) any scheme, arrangement or understanding of any kind, whether or not legally enforceable;
 - (b) a series of obligations (whether or not between the same parties);]

[^{F130}“offshore fund” has the same meaning as in Chapter 5 of Part 17;]

“qualifying investment” means any of the following—

 - (a) shares or securities which are listed or dealt in on a recognised stock exchange;
 - (b) units in an authorised unit trust;
 - (c) shares in an open-ended investment company;^{F131} . . .
 - (d) an interest in an offshore fund[^{F132}; and
 - (e) a qualifying interest in land];

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[^{F133}“related liabilities” shall be construed in accordance with subsection (8E) above;]

[^{F134}“value of the net benefit to the charity” shall be construed in accordance with subsection (8A) above.]

[In this section a “qualifying interest in land” means—

- ^{F135}(9A) (a) a freehold interest in land, or
(b) a leasehold interest in land which is a term of years absolute, where the land in question is in the United Kingdom.

This subsection is subject to subsections (9B) to (9D) below.

(9B) Where a person makes a disposal to a charity of—

- (a) the whole of his beneficial interest in such freehold or leasehold interest in land as is described in subsection (9A)(a) or (b) above, and
(b) any easement, servitude, right or privilege so far as benefiting that land,

the disposal falling within paragraph (b) above is to be regarded for the purposes of this section as a disposal by the person of the whole of his beneficial interest in a qualifying interest in land.

(9C) Where a person who has a freehold or leasehold interest in land in the United Kingdom grants a lease for a term of years absolute (or, in the case of land in Scotland, grants a lease) to a charity of the whole or part of that land, the grant of that lease is to be regarded for the purposes of this section as a disposal by the person of the whole of the beneficial interest in the leasehold interest so granted.

(9D) For the purposes of subsection (9A) above, an agreement to acquire a freehold interest and an agreement for a lease are not qualifying interests in land.

(9E) In the application of this section to Scotland—

- (a) references to a freehold interest in land are references to the interest of the owner,
(b) references to a leasehold interest in land which is a term of years absolute are references to a tenant’s right over or interest in a property subject to a lease, and
(c) references to an agreement for a lease do not include references to missives of let that constitute an actual lease.]

(10) Subject to subsection (11) below, the market value of any qualifying investment shall be determined for the purposes of this section as for the purposes of the 1992 Act.

[Section 839 (connected persons) applies for the purposes of this section.]

^{F136}(10A)

(11) In the case of an interest in an offshore fund for which there are separate published buying and selling prices, section 272(5) of the 1992 Act (meaning of “market value” in relation to rights of unit holders in a unit trust scheme) shall apply with any necessary modifications for determining the market value of the interest for the purposes of this section.

[This section is supplemented by section 587C below.]]

^{F137}(12)

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Textual Amendments

- F122** S. 587B sidenote substituted (with effect in accordance with s. 97(6) of the amending Act) by [Finance Act 2002 \(c. 23\), s. 97\(4\)](#)
- F123** S. 587B inserted (with effect in accordance with s. 43(3) of the amending Act) by [Finance Act 2000 \(c. 17\), s. 43\(1\)](#)
- F124** Words in s. 587B(2)(b) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 249\(a\)](#) (with Sch. 2)
- F125** Words in s. 587B(2) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 249\(b\)](#) (with Sch. 2)
- F126** S. 587B(4) substituted (with effect in accordance with s. 139(6) of the amending Act) by [Finance Act 2004 \(c. 12\), s. 139\(2\)](#)
- F127** Words in s. 587B(8)(b)(i) substituted (28.9.2004 with effect in accordance with art. 1(2) of the amending S.I.) by The Finance Act 2004, Sections 38 to 40 and 45 and Schedule 6 (Consequential Amendment of Enactments) Order 2004 (S.I. 2004/2310), art. 2, Sch. para. 27(2)
- F128** S. 587B(8A)-(8G) inserted (with effect in accordance with s. 139(6) of the amending Act) by [Finance Act 2004 \(c. 12\), s. 139\(3\)](#)
- F129** S. 587B(9): definition of "obligation" inserted (with effect in accordance with s. 139(6) of the amending Act) by [Finance Act 2004 \(c. 12\), s. 139\(4\)](#)
- F130** S. 587B(9): definition of "offshore fund" substituted (with effect in accordance with s. 145(2) of the amending Act) by [Finance Act 2004 \(c. 12\), Sch. 26 para. 10](#) (with Sch. 26 para. 17)
- F131** S. 587B(9): word in definition of "qualifying investment" repealed (with effect in accordance with s. 97(6) of the repealing Act) by [Finance Act 2002 \(c. 23\), s. 97\(1\), Sch. 40 Pt. 3\(15\)](#), Note
- F132** S. 587B(9): in definition of "qualifying investment", para. (e) and preceding word inserted (with effect in accordance with s. 97(6) of the amending Act) by [Finance Act 2002 \(c. 23\), s. 97\(1\)](#)
- F133** S. 587B(9): definition of "related liabilities" inserted (with effect in accordance with s. 139(6) of the amending Act) by [Finance Act 2004 \(c. 12\), s. 139\(4\)](#)
- F134** S. 587B(9): definition of "value of the net benefit to the charity" inserted (with effect in accordance with s. 139(6) of the amending Act) by [Finance Act 2004 \(c. 12\), s. 139\(4\)](#)
- F135** S. 587B(9A)-(9E) inserted (with effect in accordance with s. 97(6) of the amending Act) by [Finance Act 2002 \(c. 23\), s. 97\(2\)](#)
- F136** S. 587B(10A) inserted (with effect in accordance with s. 139(6) of the amending Act) by [Finance Act 2004 \(c. 12\), s. 139\(5\)](#)
- F137** S. 587B(12) inserted (with effect in accordance with s. 97(6) of the amending Act) by [Finance Act 2002 \(c. 23\), s. 97\(3\)](#)

Modifications etc. (not altering text)

- C10** S. 587B modified (with effect in accordance with reg. 30AA(3) of the modifying reg.) by the [Friendly Societies \(Modification of the Corporation Tax Acts\) Regulations 1997 \(S.I. 1997/473\), reg. 30AA\(1\)\(2\)](#) (as inserted (25.10.2000) by [The Friendly Societies \(Modification of the Corporation Tax Acts\) \(Amendment\) Regulations 2000 \(S.I. 2000/2710\), regs. 1, 5](#))
- C11** S. 587B modified (12.8.2005 with effect in accordance with reg. 1(2) of the modifying S.I.) by [The Friendly Societies \(Modification of the Corporation Tax Acts\) Regulations 2005 \(S.I. 2005/2014\), regs. 1\(1\), 21](#); and that modifying reg. 21 is omitted (14.8.2007 with effect in accordance with reg. 1(2) of the revoking S.I.) by virtue of [S.I. 2007/2134, regs. 1\(1\), 20](#)
- C12** S. 587B(9E)(a) modified (temp.) (with effect in accordance with s. 97(6) of the modifying Act) by [Finance Act 2002 \(c. 23\), s. 97\(7\)\(8\)](#)

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VALID FROM 06/04/2007

[^{F138}587B] Qualifying interests in land held jointly

- (1) This section applies for the purposes of section 587B where a qualifying investment is a qualifying interest in land.
- (2) Where two or more persons (“the owners”)—
 - (a) are jointly beneficially entitled to the qualifying interest in land, or
 - (b) are, taken together, beneficially entitled in common to the qualifying interest in land,relief under section 587B is available if at least one of the owners is a qualifying company and all the owners dispose of the whole of their beneficial interests in the qualifying interest in land to the charity.
- (3) Subsection (4) applies if one or more of the owners is not a company.
- (4) For the purpose of determining whether the owners' beneficial interests are disposed of as mentioned in subsection (2), section 587B(9B) and (9C) applies as if references to a company included a reference to a person who is not a company.
- (5) Relief under section 587B is available to each of the owners which is a qualifying company.
- (6) If one or more of the owners is an individual—
 - (a) the relevant amount is taken to be the relievable amount calculated for the purposes of Chapter 3 of Part 8 of ITA 2007, and
 - (b) the amount of relief under section 587B to be given to a qualifying company is such share of the relievable amount as is allocated to the company by the agreement mentioned in section 442(5) of ITA 2007.
- (7) Subsections (8) to (12) apply if none of the owners is an individual.
- (8) The amount of relief under section 587B to be given to a qualifying company is such share of the relevant amount as is allocated to the company by an agreement made between those owners which are qualifying companies.
- (9) Calculate the relevant amount as if—
 - (a) the owners were a single qualifying company, and
 - (b) the disposals of the owners' beneficial interests were a single disposal by that single company of the whole of the beneficial interest in the qualifying interest in land.
- (10) In particular, for the purposes of section 587B(7) calculate the consideration for which the disposal is made by virtue of section 257(2)(a) of the 1992 Act by—
 - (a) calculating, for each owner, the consideration for which the disposal of the owner's beneficial interest is so made, and
 - (b) adding together all the consideration calculated under paragraph (a).
- (11) If one or more of the owners is not a qualifying company, in calculating the relevant amount make just and reasonable adjustments to reduce the relevant amount to reflect the fact that relief under section 587B is not available to that owner or to those owners.

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- (12) If one or more of the owners is within paragraph (b) of section 587B(8), in calculating the relevant amount make just and reasonable adjustments to reduce the relevant amount to reflect the requirements of sub-paragraph (ii) of that paragraph.
- (13) A company is a qualifying company if—
- (a) it is not itself a charity, and
 - (b) it is not within section 587B(8)(a).]

Textual Amendments

F138 S. 587BA inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 138 (with Sch. 2)

[^{F139}587CSupplementary provision for gifts of real property

- (1) This section applies for the purposes of section 587B where a qualifying investment is a qualifying interest in land.
- (2) Where two or more persons—
 - (a) are jointly beneficially entitled to the qualifying interest in land, or
 - (b) are, taken together, beneficially entitled in common to the qualifying interest in land,
 section 587B applies only if each of those persons disposes of the whole of his beneficial interest in the qualifying interest in land to the charity.
- (3) Relief under section 587B shall be available to each of the persons referred to in subsection (2) above, but the amount that may be allowed as respects any of them shall be only such share of the relevant amount as they may agree in the case of that person.
- (4) No person may make a claim for a relief under subsection (2) of section 587B unless he has received a certificate given by or on behalf of the charity.
- (5) The certificate must—
 - (a) specify the description of the qualifying interest in land which is the subject of the disposal,
 - (b) specify the date of the disposal, and
 - (c) contain a statement that the charity has acquired the qualifying interest in land.
- (6) If, in the case of a disposal of a qualifying interest in land, a disqualifying event occurs at any time in the relevant period, the person (or each of the persons) who made the disposal to the charity shall be treated as never having been entitled to relief under section 587B in respect of the disposal.
- (7) All such assessments and adjustments of assessments are to be made as are necessary to give effect to subsection (6) above.
- (8) For the purposes of subsection (6) above a disqualifying event occurs if the person (or any one of the persons) who made the disposal or any person connected with him (or any one of them)—
 - (a) becomes entitled to an interest or right in relation to all or part of the land to which the disposal relates, or

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- (b) becomes party to an arrangement under which he enjoys some right in relation to all or part of that land,
otherwise than for full consideration in money or money's worth.
- (9) A disqualifying event does not occur, for the purposes of subsection (6) above, if a person becomes entitled to an interest or right as mentioned in subsection (8)(a) above as a result of a disposition of property on death, whether the disposition is effected by will, under the law relating to intestacy or otherwise.
- (10) For the purposes of subsection (6) above the relevant period is the period beginning with the date of the disposal of the qualifying interest in land and ending with—
 - (a) in the case of an individual, the fifth anniversary of the 31st January next following the end of the year of assessment in which the disposal was made, and
 - (b) in the case of a company, the sixth anniversary of the end of the accounting period in which the disposal was made.
- (11) Section 839 (connected persons) applies for the purposes of this section.
- (12) This section shall be construed as one with section 587B.]

Textual Amendments

F139 S. 587C inserted (with effect in accordance with s. 97(6) of the amending Act) by Finance Act 2002 (c. 23), s. 97(5)

588 Training courses for employees.

- [^{F140M14}(1) This section applies where a [^{F141}company] (“the employer”) incurs retraining course expenses within the meaning of section 311 of ITEPA 2003 (exemptions: retraining courses).]
- (3) Subject to subsection (4) below, where—
 - [^{F142}(a) an employer incurs expenditure in paying or reimbursing retraining course expenses as mentioned in subsection (1) above; and
 - (b) by virtue of section 311 of ITEPA 2003, no liability to income tax arises in respect of the payment or reimbursement,]then, if and so far as that expenditure would not, apart from this subsection, be so deductible, it shall be deductible in computing for the purposes of Schedule D the [^{F143}profits] of the [^{F144}trade or profession] of the employer for the purposes of which the employee is or was employed.
- [^{F145}(4) Where the employer is a company with investment business or a company carrying on life assurance business, subsection (3) above shall have effect with the substitution for the words following paragraph (b) of—
“then, if and so far as that expenditure would not, apart from this subsection, fall to be so deductible or brought into account, it shall—
 - (i) in a case where the employer is a company with investment business, be deductible as expenses of management under section 75, or
 - (ii) in a case where the employer is a company carrying on life assurances business, be brought into account under section 76 as expenses payable.””

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.]

(5) In any case where—

- (a) ^{F146}
- (b) an employer's liability to [^{F147}corporation tax] for any [^{F148}accounting period] is determined (by assessment or otherwise) on the assumption that, by virtue only of subsection (3) above (or subsections (3) and (4) above), [^{F149}it] is entitled to a deduction on account of any expenditure and, subsequently, there is [^{F150}a failure to meet a condition of the kind mentioned in section 312(1)(b) (i) or (ii) of ITEPA 2003];

an assessment under ^{F151} . . . [^{F152}paragraph 41 of Schedule 18 to the Finance Act 1998,] of an amount due in consequence of the failure referred to above may be made at any time not later than six years after the end of the [^{F153}accounting period] in which the failure occurred.

[^{F154}(5A) The reference in subsection (5)(b) above to a deduction on account of any expenditure includes a reference to bringing an amount into account in determining the amount of the deduction to be made under section 76.]

(6) Where an event occurs by reason of which there is a failure to [^{F155}meet a condition in section 312(1)(b)(i) or (ii) of ITEPA 2003], the employer of the employee concerned shall within 60 days of coming to know of the event give a notice to the inspector containing particulars of the event.

(7) If the inspector has reason to believe that an employer has not given a notice which [^{F156}it] is required to give under subsection (6) above in respect of any event, the inspector may by notice require the employer to furnish him within such time (not less than 60 days) as may be specified in the notice with such information relating to the event as the inspector may reasonably require for the purposes of this section.

Textual Amendments

F140 S. 588(1) substituted for s. 588(1)(2) (6.4.2003 with effect in accordance with s. 723(1) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), [Sch. 6 para. 67\(2\)](#) (with Sch. 7)

F141 Word in s. 588(1) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 250\(2\)](#) (with Sch. 2)

F142 S. 588(3)(a)(b) substituted (6.4.2003 with effect in accordance with s. 723(1) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), [Sch. 6 para. 67\(3\)](#) (with Sch. 7)

F143 Word in s. 588(3) substituted (31.7.1998) by [Finance Act 1998 \(c. 36\)](#), s. 46(3)(a), [Sch. 7 para. 1](#)

F144 Words in s. 588(3) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 250\(3\)](#) (with Sch. 2)

F145 S. 588(4) substituted (28.9.2004 with effect in accordance with art. 1(2) of the amending S.I.) by The Finance Act 2004, Sections 38 to 40 and 45 and Schedule 6 (Consequential Amendment of Enactments) Order 2004 (S.I. 2004/2310), art. 2, Sch. para. 28(2)

F146 S. 588(5)(a) and word repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), [Sch. 6 para. 67\(4\)](#), [Sch. 8 Pt. 1](#) (with Sch. 7)

F147 Words in s. 588(5) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 250\(4\)\(a\)](#) (with Sch. 2)

F148 Words in s. 588(5) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 250\(4\)\(b\)](#) (with Sch. 2)

F149 Word in s. 588(5) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 250\(4\)\(c\)](#) (with Sch. 2)

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- F150** Words in s. 588(5)(b) substituted (6.4.2003 with effect in accordance with s. 723(1) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 67\(5\)](#) (with Sch. 7)
- F151** Words in s. 588(5) repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 250\(4\)\(d\), Sch. 3](#) (with Sch. 2)
- F152** Words in s. 588(5) inserted (with effect in accordance with s. 93(2) of the amending Act) by [Finance Act 1999 \(c. 16\), Sch. 11 para. 2](#)
- F153** Words in s. 588(5) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 250\(4\)\(e\)](#) (with Sch. 2)
- F154** [S. 588\(5A\)](#) inserted (28.9.2004 with effect in accordance with art. 1(2) of the amending S.I.) by The Finance Act 2004, Sections 38 to 40 and 45 and Schedule 6 (Consequential Amendment of Enactments) Order 2004 (S.I. 2004/2310), art. 2, Sch. para. 28(3)
- F155** Words in s. 588(6) substituted (6.4.2003 with effect in accordance with s. 723(1) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 67\(6\)](#) (with Sch. 7)
- F156** Word in s. 588(7) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 250\(5\)](#) (with Sch. 2)

Modifications etc. (not altering text)

- C13** [S. 588](#) modified (with effect in accordance with s. 39(4)(5) of the modifying Act) by [Finance Act 1995 \(c. 4\), Sch. 6 para 24](#) (the modification consisting of the insertion of a s. 588(4A) for limited purposes, and that s. 588(4A) was repealed (with effect in accordance with s. 38(2)(3) of the repealing Act) by [Finance Act 1998 \(c. 36\), Sch. 27 Pt. 3\(4\)](#), Note)

Marginal Citations

- M14** Source-1987 s.35(1)-(7)

589 Qualifying courses of training etc.

^{F157}

Textual Amendments

- F157** [S. 589](#) repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 68, Sch. 8 Pt. 1](#) (with Sch. 7)

[^{F158}**589A**Counselling services for employees.

- [^{F159}(1) This section applies where expenditure (“relevant expenditure”)—
 - (a) is incurred in the provision of services to a person (“the employee”) in connection with the cessation of the person’s office or employment, or
 - (b) is incurred in the payment or reimbursement of—
 - (i) fees for such provision, or
 - (ii) travelling expenses incurred in connection with such provision, and (in either case) the relevant conditions are met.

- (1A) In subsection (1) above “the relevant conditions” means—
 - (a) conditions A to D for the purposes of section 310 of ITEPA 2003 (exemptions: counselling and other outplacement services), and
 - (b) in the case of travel expenses, condition E for those purposes.]

(2) ^{F160}

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- (3) ^{F160}
- (4) ^{F160}
- (5) ^{F160}
- (6) ^{F160}
- (7) Subsections [^{F161}(8) and (9)] below apply where any relevant expenditure is incurred by the [^{F162}company under which] the employee holds or held the office or employment mentioned in subsection (1) above (the employer).
- (8) If and so far as the expenditure would not, apart from this subsection, be so deductible, it shall be deductible in computing for the purposes of Schedule D the [^{F163}profits] of the [^{F164}trade or profession] of the employer for the purposes of which the employee is or was employed.
- [^{F165}(9) Where the employer is a company with investment business or a company carrying on life assurance business, subsection (8) above shall have effect as if for the words from “so deductible” onwards there were substituted—
- “so deductible or brought into account, it shall—
- (a) in a case where the employer is a company with investment business, be deductible as expenses of management under section 75, or
- (b) in case where the employer is a company carrying on life assurance business, be brought into account under section 76 as expenses payable.”.]
- (10) ^{F166}]

Textual Amendments

- F158** Ss. 589A, 589B inserted (27.7.1993) by [Finance Act 1993 \(c. 34\)](#), **s. 108**
- F159** S. 589A(1)(1A) substituted for s. 589A(1) (6.4.2003 with effect in accordance with s. 723(1) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), **Sch. 6 para. 69(2)** (with Sch. 7)
- F160** S. 589A(2)-(6) repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), **Sch. 6 para. 69(3)(a)**, **Sch. 8 Pt. 1** (with Sch. 7)
- F161** Words in s. 589A(7) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), **Sch. 1 para. 251(2)(a)** (with Sch. 2)
- F162** Words in s. 589A(7) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), **Sch. 1 para. 251(2)(b)** (with Sch. 2)
- F163** Word in s. 589A(8) substituted (31.7.1998) by [Finance Act 1998 \(c. 36\)](#), s. 46(3)(a), **Sch. 7 para. 1**
- F164** Words in s. 589A(8) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), **Sch. 1 para. 251(3)** (with Sch. 2)
- F165** S. 589A(9) substituted (28.9.2004 with effect in accordance with art. 1(2) of the amending S.I.) by The Finance Act 2004, Sections 38 to 40 and 45 and Schedule 6 (Consequential Amendment of Enactments) Order 2004 (S.I. 2004/2310), art. 2, Sch. para. 29(2)
- F166** S. 589A(10) repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), **Sch. 6 para. 69(3)(b)**, **Sch. 8 Pt. 1** (with Sch. 7)

Modifications etc. (not altering text)

- C14** S. 589A modified (with effect in accordance with s. 39(4)(5) of the modifying Act) by [Finance Act 1995 \(c. 4\)](#), **Sch. 6 para 25** (the modification consisting of the insertion of a s. 589A(9A) for

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limited purposes, and that s. 589A(9A) was repealed (with effect in accordance with s. 38(2)(3) of the repealing Act) by [Finance Act 1998 \(c. 36\)](#), [Sch. 27 Pt. 3\(4\)](#), Note)

589B ^{F167} **Qualifying counselling services etc.**

- (1) ^{F168}
- (2) ^{F168}
- (3) ^{F168}
- [^{F169}(4) ^{F168}
- (4A) ^{F168}]

(5) Any reference in ^{F170} . . . section 589A to an employee being employed by an employer is a reference to the employee holding office or employment under the employer.

Textual Amendments

- F167** Ss. 589A, 589B inserted (27.7.1993) by [Finance Act 1993 \(c. 34\)](#), [s. 108](#)
- F168** S. 589B(1)-(4A) repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), [Sch. 6 para. 70\(2\)](#), [Sch. 8 Pt. 1](#) (with [Sch. 7](#))
- F169** S. 589B(4)(4A) substituted for s. 589B(4) (with effect in accordance with s. 57(4) of the amending Act) by [Finance Act 2001 \(c. 9\)](#), [Sch. 12 Pt. 2 para. 13](#)
- F170** Words in s. 589B(5) repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), [Sch. 6 para. 70\(3\)](#), [Sch. 8 Pt. 1](#) (with [Sch. 7](#))

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