



Finance Act 1990

1990 CHAPTER 29

PART II

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER I

GENERAL

Income tax rates and allowances

17 Rates and main allowances.

- (1) Income tax shall be charged for the year 1990-91, and—
 - (a) the basic rate shall be 25 per cent.;
 - (b) the basic rate limit shall be £20,700;
 - (c) the higher rate shall be 40 per cent.; and
 - (d) section 1(4) of the Taxes Act 1988 (indexation of basic rate limit) shall not apply.

^{F1}(2)

- (3) In section 828 of that Act (orders and regulations), in subsection (4), for “257(11)” there shall be substituted “ 257C ”.
- (4) Subsections (2) and (3) above shall have effect for the year 1990-91 and subsequent years of assessment.

Textual Amendments

- F1** S. 17(2) repealed (27.07.1993 with effect for the year 1994-95 and subsequent years of assessment) by 1993 c. 34, ss. 107, 213, **Sch. 23**, Pt. III(10).

Status: Point in time view as at 01/05/1995.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1990, Chapter I. (See end of Document for details)

18 Relief for blind persons.

In section 265(1) of the Taxes Act 1988, for “£540” there shall be substituted “ £1,080 ”.

Corporation tax rates

19 Charge and rate of corporation tax for 1990.

Corporation tax shall be charged for the financial year 1990 at the rate of 35 per cent.

Modifications etc. (not altering text)

C1 S. 19 excluded by [Finance Act 1991 \(c. 31, SIF 63:1\)](#), s. 23(1).

20 Small companies.

- (1) For the financial year 1990—
 - (a) the small companies’ rate shall be 25 per cent., and
 - (b) the fraction mentioned in section 13(2) of the Taxes Act 1988 (marginal relief for small companies) shall be one-fortieth.
- (2) In section 13(3) of that Act (limits of marginal relief), in paragraphs (a) and (b)—
 - (a) for “£150,000” there shall be substituted “ £200,000 ”, and
 - (b) for “£750,000” there shall be substituted “ £1,000,000 ”.
- (3) Subsection (2) above shall have effect for the financial year 1990 and subsequent financial years; and where by virtue of that subsection section 13 of the Taxes Act 1988 has effect with different relevant maximum amounts in relation to different parts of a company’s accounting period, then for the purposes of that section those parts shall be treated as if they were separate accounting periods and the profits and basic profits of the company for that period shall be apportioned between those parts.

Modifications etc. (not altering text)

C2 S. 20 excluded by [Finance Act 1991 \(c. 31, SIF 63:1\)](#), s. 23(2).

Benefits in kind

21 Care for children.

- (1) The following section shall be inserted after section 155 of the Taxes Act 1988—

“155A Care for children.

- (1) Where a benefit consists in the provision for the employee of care for a child, section 154 does not apply to the benefit to the extent that it is provided in qualifying circumstances.

Status: Point in time view as at 01/05/1995.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1990, Chapter I. (See end of Document for details)

- (2) For the purposes of subsection (1) above the benefit is provided in qualifying circumstances if—
- (a) the child falls within subsection (3) below,
 - (b) the care is provided on premises which are not domestic premises,
 - (c) the condition set out in subsection (4) below or the condition set out in subsection (5) below (or each of them) is fulfilled, and
 - (d) in a case where the registration requirement applies, it is met.
- (3) The child falls within this subsection if—
- (a) he is a child for whom the employee has parental responsibility,
 - (b) he is resident with the employee, or
 - (c) he is a child of the employee and maintained at his expense.
- (4) The condition is that the care is provided on premises which are made available by the employer alone.
- (5) The condition is that—
- (a) the care is provided under arrangements made by persons who include the employer,
 - (b) the care is provided on premises which are made available by one or more of those persons, and
 - (c) under the arrangements the employer is wholly or partly responsible for financing and managing the provision of the care.
- (6) The registration requirement applies where—
- (a) the premises on which the care is provided are required to be registered under section 1 of the Nurseries and Child-Minders Regulation Act 1948 or section 11 of the Children and Young Persons Act (Northern Ireland) 1968, or
 - (b) any person providing the care is required to be registered under section 71 of the Children Act 1989 with respect to the premises on which it is provided;
- and the requirement is met if the premises are so registered or (as the case may be) the person is so registered.
- (7) In subsection (3)(c) above the reference to a child of the employee includes a reference to a stepchild of his.
- (8) In this section—
- “care” means any form of care or supervised activity, whether or not provided on a regular basis, but excluding supervised activity provided primarily for educational purposes;
 - “child” means a person under the age of eighteen;
 - “domestic premises” means any premises wholly or mainly used as a private dwelling;
 - “parental responsibility” has the meaning given in section 3(1) of the Children Act 1989.”
- (2) In section 154(2) of the Taxes Act 1988 for the words “section 155” there shall be substituted the words “sections 155 and 155A ”.
- (3) This section applies for the year 1990-91 and subsequent years of assessment.

Status: Point in time view as at 01/05/1995.

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22 Car benefits.

(1) In Schedule 6 to the Taxes Act 1988 (taxation of directors and others in respect of cars) for Part I (tables of flat rate cash equivalents) there shall be substituted—

“PART I

TABLES OF FLAT RATE CASH EQUIVALENTS

Table A

CARS WITH AN ORIGINAL MARKET VALUE UP TO £19,250 AND HAVING A CYLINDER CAPACITY

<i>Cylinder capacity of car in cubic centimetres</i>	<i>Age of car at end of relevant year of assessment</i>	
	Under 4 years	4 years or more
1400 or less	£1,700	£1,150
More than 1400 but not more than 2000	£2,200	£1,500
More than 2000	£3,550	£2,350

Table B

CARS WITH AN ORIGINAL MARKET VALUE UP TO £19,250 AND NOT HAVING A CYLINDER CAPACITY

<i>Original market value of car</i>	<i>Age of car at end of relevant year of assessment</i>	
	Under 4 years	4 years or more
Less than £6,000	£1,700	£1,150
£6,000 or more but less than £8,500	£2,200	£1,500
£8,500 or more but not more than £19,250	£3,550	£2,350

Table C

CARS WITH AN ORIGINAL MARKET VALUE OF MORE THAN £19,250

<i>Original market value of car</i>	<i>Age of car at end of relevant year of assessment</i>	
	Under 4 years	4 years or more

(2) This section shall have effect for the year 1990-91 and subsequent years of assessment.

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More than £19,250 but not more than £29,000	£4,600	£3,100
More than £29,000	£7,400	£4,900 ²

(2) This section shall have effect for the year 1990-91 and subsequent years of assessment.

Mileage allowances

23 Limit on chargeable mileage profit.

Schedule 4 to this Act (which contains provisions about sums paid in respect of travelling expenses) shall have effect.

Charities

^{F2}24

Textual Amendments

F2 S. 24 repealed (27.07.1993 with effect for the year 1993-94 and subsequent years of assessment) by 1993 c. 34, s. 213, **Sch. 23 Pt. III.**

25 Donations to charity by individuals.

(1) For the purposes of this section, a gift to a charity by an individual (“the donor”) is a qualifying donation if—

- (a) it is made on or after 1st October 1990,
- (b) it satisfies the requirements of subsection (2) below, and
- (c) the donor gives an appropriate certificate in relation to it to the charity.

(2) A gift satisfies the requirements of this subsection if—

- (a) it takes the form of a payment of a sum of money;
- (b) it is not subject to a condition as to repayment;
- (c) it is not a covenanted payment to charity;
- (d) it does not constitute a sum falling within section 202(2) of the Taxes Act 1988 (payroll deduction scheme);
- (e) neither the donor nor any person connected with him receives a benefit in consequence of making it or, where the donor or a person connected with him does receive a benefit in consequence of making it, the relevant value in relation to the gift does not exceed two and a half per cent. of the amount of the gift and the amount to be taken into account for the purposes of this paragraph in relation to the gift does not exceed £250;
- (f) it is not conditional on or associated with, or part of an arrangement involving, the acquisition of property by the charity, otherwise than by way of gift, from the donor or a person connected with him;
- (g) the sum paid is not less than [^{F3}£250];
- ^{F4}(h)

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*Changes to legislation: There are currently no known outstanding effects
for the Finance Act 1990, Chapter I. (See end of Document for details)*

- (i) the donor is resident in the United Kingdom at the time the gift is made.
- (3) The reference in subsection (1)(c) above to an appropriate certificate is a reference to a certificate which is in such form as the Board may prescribe and contains statements to the following effect—
- (a) that the gift satisfies the requirements of subsection (2) above, and
 - (b) that, either directly or by deduction from profits or gains brought into charge to tax in the relevant year of assessment, the donor has paid or will pay to the Board income tax of an amount equal to income tax at the basic rate for the relevant year of assessment on the grossed up amount of the gift.
- (4) For the purposes of subsections (2)(e) above and (5) below, the relevant value in relation to a gift is—
- (a) where there is one benefit received in consequence of making it which is received by the donor or a person connected with him, the value of that benefit;
 - (b) where there is more than one benefit received in consequence of making it which is received by the donor or a person connected with him, the aggregate value of all the benefits received in consequence of making it which are received by the donor or a person connected with him.
- (5) The amount to be taken into account for the purposes of subsection (2)(e) above in relation to a gift to a charity is an amount equal to the aggregate of—
- (a) the relevant value in relation to the gift, and
 - (b) the relevant value in relation to each gift already made to the charity by the donor in the relevant year of assessment which is a qualifying donation for the purposes of this section.
- (6) Where a gift is a qualifying donation, the Income Tax Acts, except Part IX of the Taxes Act 1988 (annual payments), shall have effect, in their application to the donor, as if the making of the gift were the making of a covenanted payment to charity of an amount equal to the grossed up amount of the gift, being a payment falling to be made at the time the gift is made.
- (7) Where the payment which the donor is treated by virtue of subsection (6) above as making would, if in fact made, be payable wholly or partly out of profits or gains brought into charge to income tax, they shall be assessed and charged with income tax on the donor without distinguishing the payment and in respect of so much of them as is equal to the payment and may be deducted in computing his total income the donor shall be charged at the appropriate rate.
- (8) Where the payment which the donor is treated by virtue of subsection (6) above as making would, if in fact made, not be payable or not be wholly payable out of profits or gains brought into charge to income tax, the donor shall be assessable and chargeable with income tax at the appropriate rate on the payment, or on so much of it as would not be payable out of profits or gains brought into charge to income tax.
- (9) For the purposes of subsections (7) and (8) above the appropriate rate is the basic rate for the year of assessment in which, in accordance with subsection (6) above, the payment falls to be made.
- (10) The receipt by a charity of a gift which is a qualifying donation shall be treated for the purposes of the Tax Acts, in their application to the charity, as the receipt, under deduction of income tax at the basic rate for the relevant year of assessment, of an annual payment of an amount equal to the grossed up amount of the gift.

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- (11) Section 839 of the Taxes Act 1988 applies for the purposes of subsections (2) and (4) above.
- (12) For the purposes of this section—
- (a) “charity” has the same meaning as in section 506 of the Taxes Act 1988 and includes each of the bodies mentioned in section 507 of that Act;
 - (b) “covenanted payment to charity” has the meaning given by [F5section 347A(7)] of the Taxes Act 1988;
 - (c) “relevant year of assessment”, in relation to a gift, means the year of assessment in which the gift is made;
 - (d) references, in relation to a gift, to the grossed up amount are to the amount which after deducting income tax at the basic rate for the relevant year of assessment leaves the amount of the gift; and
 - (e) references to profits or gains brought into charge to income tax are to profits or gains which are treated for the purposes of section 348 of the Taxes Act 1988 as brought into charge to income tax.

Textual Amendments

- F3** Words in s. 25(2)(g) substituted (27.07.1993 with application in relation to gifts made on or after 16.3.1993) by 1993 c. 34, s. 67(2)(4).
- F4** S. 25(2)(h) repealed (for gifts made on or after 19.03.1991) by Finance Act 1991 (c. 31, SIF 63:1), ss. 71(5)(6), 123, Sch. 19 Pt. V Note 12.
- F5** Words in s. 25(12)(b) substituted (1.5.1995) by 1995 c. 4, s. 74, Sch. 17 Pt. III para. 26

Modifications etc. (not altering text)

- C3** S. 25 modified (31.7.1998) by 1998 c. 36, s. 48(1)(4)
S. 25 applied (31.7.1998) by 1998 c. 36, s. 48(1)(10)
- C4** S. 25(2)(e) applied (31.7.1998) by 1998 c. 36, s. 48(4)(d)
- C5** S. 25(2)(g) modified (31.7.1998) by 1998 c. 36, s. 48(3)

26 Company donations to charity.

- (1) Section 339 of the Taxes Act 1988 (charges on income: donations to charity) shall be amended as follows.
- (2) In subsection (1) after the word “payment” there shall be inserted the words “ of a sum of money ”.
- (3) In subsection (2) the words “and is not a close company” shall be omitted.
- (4) The following subsections shall be inserted after subsection (3)—
- “(3A) A payment made by a close company is not a qualifying donation if it is of a sum which leaves less than £600 after deducting income tax under subsection (3) above.
- (3B) A payment made by a close company is not a qualifying donation if—
- (a) it is made subject to a condition as to repayment, or
 - (b) the company or a connected person receives a benefit in consequence of making it and either the relevant value in relation to the payment exceeds two and a half per cent. of the amount given after deducting

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tax under section 339(3) or the amount to be taken into account for the purposes of this paragraph in relation to the payment exceeds £250.

(3C) For the purposes of subsections (3B) above and (3D) below, the relevant value in relation to a payment to a charity is—

- (a) where there is one benefit received in consequence of making it which is received by the company or a connected person, the value of that benefit;
- (b) where there is more than one benefit received in consequence of making it which is received by the company or a connected person, the aggregate value of all the benefits received in consequence of making it which are received by the company or a connected person.

(3D) The amount to be taken into account for the purposes of subsection (3B)(b) above in relation to a payment to a charity is an amount equal to the aggregate of—

- (a) the relevant value in relation to the payment, and
- (b) the relevant value in relation to each payment already made to the charity by the company in the accounting period in which the payment is made which is a qualifying donation within the meaning of this section.

(3E) A payment made by a close company is not a qualifying donation if it is conditional on, or associated with, or part of an arrangement involving, the acquisition of property by the charity, otherwise than by way of gift, from the company or a connected person.

(3F) A payment made by a company is not a qualifying donation unless the company gives to the charity to which the payment is made a certificate in such form as the Board may prescribe and containing—

- (a) in the case of any company, a statement to the effect that the payment is one out of which the company has deducted tax under subsection (3) above, and
- (b) in the case of a close company, a statement to the effect that the payment satisfies the requirements of subsections (3A) to (3E) above.

(3G) A payment made by a company is not a qualifying donation if the company is itself a charity.”

(5) The following subsection shall be inserted after subsection (7)—

“(7A) In subsections (3B) to (3E) above references to a connected person are to a person connected with—

- (a) the company, or
- (b) a person connected with the company;

and section 839 applies for the purposes of this subsection.”

(6) This section applies in relation to payments made on or after 1st October 1990.

27 **Maximum qualifying company donations.**

^{F6}(1)

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(2) In section 339 of that Act (charges on income: donations to charity) subsection (5) shall be omitted and in subsection (9) for “(5)” there shall be substituted “(4)”.

^{F6}(3)

(4) This section applies in relation to accounting periods ending on or after 1st October 1990.

Textual Amendments

F6 S. 27(1)(3) repealed(for accounting periods beginning on or after 19.03.1991) by Finance Act 1991 (c. 31, SIF 63:1), s. 123, Sch. 19 Pt.V Note 5.

Savings

28 Tax-exempt special savings accounts.

(1) After section 326 of the Taxes Act 1988 there shall be inserted—

“326A Tax-exempt special savings accounts.

- (1) Subject to the provisions of section 326B, any interest or bonus payable on a deposit account in respect of a period when it is a tax-exempt special savings account shall not be regarded as income for any income tax purpose.
- (2) An account is a “tax-exempt special savings account” for the purposes of this section if the conditions set out in subsections (3) to (9) below and any further conditions prescribed by regulations made by the Board are satisfied when the account is opened; and subject to section 326B it shall continue to be such an account until the end of the period of five years beginning with the day on which it is opened, or until the death of the account-holder if that happens earlier.
- (3) The account must be opened on or after 1st January 1991 by an individual aged 18 or more.
- (4) The account must be with a building society or an institution authorised under the Banking Act 1987.
- (5) The account must be identified as a tax-exempt special savings account and the account-holder must not simultaneously hold any other such account (with the same or any other society or institution).
- (6) The account must not be a joint account.
- (7) The account must not be held on behalf of a person other than the account-holder.
- (8) The account must not be connected with any other account held by the account-holder or any other person; and for this purpose an account is connected with another if—

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- (a) either was opened with reference to the other, or with a view to enabling the other to be opened on particular terms, or with a view to facilitating the opening of the other on particular terms, and
 - (b) the terms on which either was opened would have been significantly less favourable to the holder if the other had not been opened.
- (9) There must not be in force a notice given by the Board to the society or institution prohibiting it from operating new tax-exempt special savings accounts.

326B Loss of exemption for special savings accounts.

- (1) A tax-exempt special savings account shall cease to be such an account if at any time after it is opened any of the conditions set out in subsections (4) to (8) of section 326A, or any further condition prescribed by regulations made by the Board, is not satisfied, or if any of the events mentioned in subsection (2) below occurs.
- (2) The events referred to in subsection (1) above are—
- (a) the deposit of more than £3,000 in the account during the period of 12 months beginning with the day on which it is opened, more than £1,800 in any of the succeeding periods of 12 months, or more than £9,000 in total;
 - (b) a withdrawal from the account which causes the balance to fall below an amount equal to the aggregate of—
 - (i) all the sums deposited in the account before the time of the withdrawal, and
 - (ii) an amount equal to income tax at the basic rate on any interest or bonus paid on the account before that time (and for this purpose the basic rate in relation to any interest or bonus is the rate that was the basic rate when the interest or bonus was paid);
 - (c) the assignment of any rights of the account-holder in respect of the account, or the use of such rights as security for a loan.
- (3) If at any time an account ceases to be a tax-exempt special savings account by virtue of subsection (1) above, the Income Tax Acts shall have effect as if immediately after that time the society or institution had credited to the account an amount of interest equal to the aggregate of any interest and bonus payable in respect of the period during which the account was a tax-exempt special savings account.

326C Tax-exempt special savings accounts: supplementary.

- (1) The Board may make regulations—
- (a) prescribing conditions additional to those set out in section 326A which must be satisfied if an account is to be or remain a tax-exempt special savings account;
 - (b) making provision for the giving by the Board to building societies and other institutions of notices prohibiting them from operating new tax-exempt special savings accounts, including provision about appeals against the giving of notices;

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1990, Chapter I. (See end of Document for details)

- (c) requiring building societies and other institutions operating or proposing to operate tax-exempt special savings accounts to give information or send documents to the Board or to make documents available for inspection;
 - (d) making provision as to the transfer of tax-exempt special savings accounts from one building society or institution to another;
 - (e) generally for supplementing the provisions of sections 326A and 326B.
- (2) The reference in section 326A to a deposit account shall be taken to include a reference to a share account with a building society, and accordingly that section, section 326B and subsection (1) above shall apply to such an account with the necessary modifications.”
- (2) In the Table in section 98 of the ^{M1}Taxes Management Act 1970 (penalties for failure to comply with notices etc), in each column, before “regulations under section 333” there shall be inserted— “ regulations under section 326C; ”.

^{F7}(3)

Textual Amendments

F7 S. 28(3) repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, **Sch.12** (with ss. 60, 101, 201(3), Sch. 11 paras. 22, 26(2), 27).

Marginal Citations

M1 1970 c. 9.

29 Extension of SAYE.

In section 326 of the Taxes Act 1988 (income tax relief for SAYE)—

- (a) in subsection (1), after paragraph (b) there shall be inserted the words “or
 - (c) in respect of money paid to an institution authorised under the Banking Act 1987,”;
- (b) in that subsection, for the words “be disregarded” onwards there shall be substituted the words “ not be regarded as income for any income tax purpose.”;
- (c) in subsection (2), after the words “building society” there shall be inserted the words “ or an institution authorised under the Banking Act 1987 ”; and
- (d) after subsection (3) there shall be inserted—

“(4) In this section “certified contractual savings scheme” means, in relation to an institution authorised under the Banking Act 1987, a scheme—

- (a) providing for periodical contributions by individuals for a specified period, and
- (b) certified by the Treasury as corresponding to a scheme certified under subsection (2) above, and as qualifying for exemption under this section.”

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1990, Chapter I. (See end of Document for details)

30 Building societies.

Schedule 5 to this Act (which contains provisions relating to building societies, deposit-takers and investors) shall have effect.

Employee share ownership trusts

F831

Textual Amendments

F8 Ss. 31-40 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, **Sch.12** (with ss. 60, 101, 201(3), Sch. 11 paras. 22, 26(2), 27).

F932

Textual Amendments

F9 Ss. 31-40 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, **Sch.12** (with ss. 60, 101, 201(3), Sch. 11 paras. 22, 26(2), 27).

F1033

Textual Amendments

F10 Ss. 31-40 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. **290 Sch.12** (with ss. 60, 101, 201(3), Sch. 11 paras. 22, 26(2), 27).

F1134

Textual Amendments

F11 Ss. 31-40 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, **Sch.12** (with ss. 60, 101, 201(3), Sch. 11 paras. 22, 26(2), 27).

F1235

Status: Point in time view as at 01/05/1995.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1990, Chapter I. (See end of Document for details)

Textual Amendments

F12 Ss. 31-40 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, **Sch. 12** (with ss. 60, 101, 201(3), Sch. 11 paras. 22, 26(2), 27).

F13 **36**

Textual Amendments

F13 Ss. 31-40 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, **Sch. 12** (with ss. 60, 101, 201(3), Sch. 11 paras. 20, 22, 26(2), 27).

F14 **37**

Textual Amendments

F14 Ss. 31-40 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, **Sch. 12** (with ss. 60, 101, 201(3), Sch. 11 paras. 22, 26(2), 27).

F15 **38**

Textual Amendments

F15 Ss. 31-40 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, **Sch. 12** (with ss. 60, 101, 201(3), Sch. 11 paras. 22, 26(2), 27).

F16 **39**

Textual Amendments

F16 Ss. 31-40 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, **Sch. 12** (with ss. 60, 101, 201(3), Sch. 11 paras. 22, 26(2), 27).

F17 **40**

Status: Point in time view as at 01/05/1995.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1990, Chapter I. (See end of Document for details)

Textual Amendments

- F17** Ss. 31-40 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, **Sch.12** (with ss. 60, 101, 201(3), Sch. 11 paras. 22, 26(2), 27).

Insurance companies and friendly societies

41 Apportionment of income etc.

Schedule 6 to this Act (which makes provision about the apportionment of income etc. and related provision) shall have effect.

42 Overseas life assurance business.

Schedule 7 to this Act (which makes provision about the taxation of overseas life assurance business) shall have effect.

43 Deduction for policy holders' tax.

- (1) In section 82(1)(a) of the ^{M2}Finance Act 1989 (computation of profits on Case I basis), for the words “, in respect of the period, are allocated to or expended on behalf of policy holders or annuitants” there shall be substituted the words “ are allocated to, and any amounts of tax or foreign tax which are expended on behalf of, policy holders or annuitants in respect of the period ”.
- (2) In section 436(3) of the Taxes Act 1988 (modified application of section 82 in relation to computations of profits of general annuity business or pension business), the words “and of the words “tax or” in section 82(1)(a)” shall be added at the end of paragraph (a).
- (3) The Finance Act 1989 shall be deemed always to have had effect with the amendment made by subsection (1) above, and the amendment made by subsection (2) above shall have the same effect as, by virtue of section 84(5)(b) of that Act, it would have had if it had been made by Schedule 8 to that Act.

Marginal Citations

- M2** 1989 c. 26.

44 Reinsurance commissions.

- (1) In section 85(2) of the Finance Act 1989 (receipts excluded from charge under Case VI of Schedule D), after paragraph (c) there shall be inserted—
 “(ca) any reinsurance commission; or”.
- (2) In section 86 of the Finance Act 1989 (spreading of relief for expenses), at the end of subsection (1) there shall be added the words “ and less any reinsurance commissions falling within section 76(1)(ca) of that Act ”.

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- (3) In section 76(1) of the Taxes Act 1988 (treatment of expenses of management), after paragraph (c) there shall be inserted—
- “(ca) there shall also be deducted from the amount treated as the expenses of management for any accounting period any reinsurance commission earned in the period which is referable to basic life assurance business; and”.
- (4) Sections 85 and 86 of the ^{M3}Finance Act 1989 shall be deemed always to have had effect with the amendments made by subsections (1) and (2) above, and section 76 of the Taxes Act 1988 shall have effect as if the amendment made by subsection (3) above had been included among those made by section 87 of the Finance Act 1989.
- (5) Nothing in subsection (2) above applies to commissions in respect of the reinsurance of liabilities assumed by the recipient company in respect of insurances made before 14th March 1989, but without prejudice to the application of that subsection to any reinsurance commission attributable to a variation on or after that date in a policy issued in respect of such an insurance; and for this purpose the exercise of any rights conferred by a policy shall be regarded as a variation of it.

Marginal Citations

M3 1989 c. 26.

45 Policy holders’ share of profits etc.

- (1) In section 88 of the Finance Act 1989 (corporation tax: policy holders’ fraction of profits), in subsection (1) for the words “the policy holders’ fraction of its relevant profits for any accounting period shall” there shall be substituted the words—
- “(a) the policy holders’ share of the relevant profits for any accounting period, or
- (b) where the business is mutual business, the whole of those profits
- shall”.
- (2) In subsection (4) of that section, for the word “fraction” there shall be substituted the word “share”, and after the words “that period” there shall be inserted the words “, or where the business is mutual business the whole of those profits,”.
- (3) For section 89 of that Act (which defines the shareholders’ and policy holders’ fractions) there shall be substituted—

“89 Policy holders’ share of profits.

- (1) The references in section 88 above to the policy holders’ share of the relevant profits for an accounting period of a company carrying on life assurance business are references to the amount arrived at by deducting from those profits the Case I profits of the company for the period in respect of the business, reduced in accordance with subsection (2) below.
- (2) For the purposes of subsection (1) above, the Case I profits for a period shall be reduced by—

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- (a) the amount, so far as unrelieved, of any franked investment income arising in the period as respects which the company has made an election under section 438(6) of the Taxes Act 1988, and
 - (b) the shareholders' share of any other unrelieved franked investment income arising in the period from investments held in connection with the business.
- (3) For the purposes of this section "the shareholders' share" in relation to any income is so much of the income as is represented by the fraction

$$\frac{A}{B}$$

where—

A is an amount equal to the Case I profits of the company for the period in question in respect of its life assurance business, and

B is an amount equal to the excess of the company's relevant non-premium income and relevant gains over its relevant expenses and relevant interest for the period.

- (4) Where there is no such excess as is mentioned in subsection (3) above, or where the Case I profits are greater than any excess, the whole of the income shall be the shareholders' share; and (subject to that) where there are no Case I profits, none of the income shall be the shareholders' share.
- (5) In subsection (3) above the references to the relevant non-premium income, relevant gains, relevant expenses and relevant interest of a company for an accounting period are references respectively to the following items as brought into account for the period, so far as referable to the company's life assurance business,—
- (a) the company's investment income from the assets of its long-term business fund together with its other income, apart from premiums;
 - (b) any increase in the value (whether realised or not) of those assets;
 - (c) expenses payable by the company;
 - (d) interest payable by the company;
- and if for any period there is a reduction in the value referred to in paragraph (b) above (as brought into account for the period), that reduction shall be taken into account as an expense of the period.
- (6) Except in so far as regulations made by the Treasury otherwise provide, in this section "brought into account" means brought into account in the revenue account prepared for the purposes of the Insurance Companies Act 1982; and where the company's period of account does not coincide with the accounting period, any reference to an amount brought into account for the accounting period is a reference to the corresponding amount brought into account for the period of account in which the accounting period is comprised, proportionately reduced to reflect the length of the accounting period as compared with the length of the period of account.
- (7) In this section "Case I profits" means profits computed in accordance with the provisions of the Taxes Act 1988 applicable to Case I of Schedule D.

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- (8) For the purposes of this section franked investment income is “unrelieved” if—
- (a) it has not been excluded from charge to tax by virtue of any provision,
 - (b) no tax credit comprised in it has been paid, and
 - (c) no relief has been allowed against it by deduction or set-off.”
- (4) In subsection (3) of section 434 of the Taxes Act 1988 (franked investment income etc.)—
- (a) for the words “policy holders’ fraction” in both places where they occur there shall be substituted the words “policy holders’ share”;
 - (b) in paragraph (a), after the word “income” there shall be inserted the words “from investments held in connection with the company’s life assurance business”;
 - (c) in paragraph (b), for the words “only to the shareholders’ fraction of that income” there shall be substituted the words “to that income excluding the amount within paragraph (a) above”.
- (5) In subsection (3A) of that section, for the word “fraction” there shall be substituted the word “share”.
- (6) In subsection (6) of that section, for the word “therefrom” onwards there shall be substituted the words “ the policyholders’ share of the relevant profits ”.
- (7) After subsection (6) of that section there shall be inserted—
- “(6A) For the purposes of this section—
- (a) “the policy holders’ share” of any franked investment income is so much of that income as is not the shareholders’ share within the meaning of section 89 of the Finance Act 1989, and
 - (b) “the policy holders’ share of the relevant profits” has the same meaning as in section 88 of that Act.”
- ^{F18}(8)
- (9) In section 438 of the Taxes Act 1988, in subsection (6) after the words “part of its” there shall be inserted the word “relevant”, and after that subsection there shall be inserted—
- “(6A) In subsection (6) above “relevant franked investment income” means the shareholders’ share of franked investment income within subsection (1) above, and for this purpose “shareholders’ share” has the same meaning as for the purposes of section 89 of the Finance Act 1989.”
- (10) The ^{M4}Finance Act 1989 shall be deemed always to have had effect with the amendments made by subsections (1) to (3) above, and the amendments made by subsections (4) to (9) above shall have the same effect as, by virtue of section 84(5) (b) of that Act, they would have had if they had been made by Schedule 8 to that Act.
- (11) Paragraphs 1 and 3(3) of Schedule 8 to the Finance Act 1989 shall be deemed never to have had effect.

Status: Point in time view as at 01/05/1995.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1990, Chapter I. (See end of Document for details)

Textual Amendments

F18 S. 45(8) repealed (1.5.1995 with effect as mentioned in [Sch. 8 paras. 52-57](#) of the amending Act) by 1995 c. 4, s. 162, [Sch. 29 Pt. VIII](#) Note(

Marginal Citations

M4 1989 c. 26.

F19 **46**

Textual Amendments

F19 S. 46 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, [Sch.12](#) (with ss. 60, 101, 201(3), [Sch. 11 paras. 22, 26\(2\), 27](#)) (and expressed to be modified (31.7.1992) by [S.I. 1992/1655](#), [arts. 1, 19\(1\)](#)); and expressed to be excluded (27.7.1993) by 1993 c. 34, [s. 91\(1\)](#).

F20 **47**

Textual Amendments

F20 S. 47 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, [Sch.12](#) (with ss. 60, 101(1), 201(3), [Sch. 11 paras. 22, 26\(2\), 27](#)).

48 Transfers of long term business.

Schedule 9 to this Act (which makes provision about the tax consequences of certain transfers of long term business by insurance companies) shall have effect.

49 Friendly societies: increased tax exemption.

(1) In subsection (2) of section 460 of the Taxes Act 1988 (exemption from tax for profits of friendly society arising from life or endowment business), in paragraph (c)—

- (a) in sub-paragraph (i), for “£100” there shall be substituted “ £150 ”; and
- (b) after that sub-paragraph there shall be inserted—

“(ia) where the profits relate to contracts made after 31st August 1987 but before 1st September 1990, of the assurance of gross sums under contracts under which the total premiums payable in any period of 12 months exceed £100;”.

(2) In subsection (3) of that section, for the words “of subsection (2)(c)(i)” there shall be substituted the words “ of subsection (2)(c)(i) or (ia) ”.

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- (3) In subsection (3) of section 464 of that Act (maximum benefits payable to members of friendly societies), for the words from “Kingdom)” to the end there shall be substituted the words “Kingdom)—
- (a) contracts under which the total premiums payable in any period of 12 months exceed £150; or
 - (b) contracts made before 1st September 1990 under which the total premiums payable in any period of 12 months exceed £100,
- unless all those contracts were made before 1st September 1987.”
- (4) In subsection (4) of that section, for the word “limit” there shall be substituted the word “limits”.
- (5) In paragraph 3(8)(b)(ii) of Schedule 15 to that Act (amount of premiums to be disregarded in determining whether a policy meets conditions for it to be a qualifying policy), after the word “premiums” there shall be inserted the words “ or, where those premiums are payable otherwise than annually, an amount equal to 10 per cent. of those premiums if that is greater ”.

50 Friendly societies: application of enactments.

- (1) Section 463 of the Taxes Act 1988 (application to life or endowment business of friendly societies of Corporation Tax Acts as they apply to mutual life assurance business) shall be renumbered as subsection (1) of that section.
- (2) After that provision as so renumbered there shall be added—
- “(2) The provisions of the Corporation Tax Acts which apply on the transfer of the whole or part of the long term business of an insurance company to another company shall apply in the same way—
- (a) on the transfer of the whole or part of the business of a friendly society to another friendly society (and on the amalgamation of friendly societies), and
 - (b) on the transfer of the whole or part of the business of a friendly society to a company which is not a friendly society (and on the conversion of a friendly society into such a company),
- so however that the Treasury may by regulations provide that those provisions as so applied shall have effect subject to such modifications and exceptions as may be prescribed by the regulations.
- (3) The Treasury may by regulations provide that the provisions of the Corporation Tax Acts which apply on the transfer of the whole or part of the long term business of an insurance company to another company shall have effect where the transferee is a friendly society subject to such modifications and exceptions as may be prescribed by the regulations.
- (4) Regulations under this section may make different provision for different cases and may include provision having retrospective effect.”

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*Changes to legislation: There are currently no known outstanding effects
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Unit and investment trusts etc.

51 Authorised unit trusts.

The following sections shall be inserted immediately before section 469 of the Taxes Act 1988—

“468E Authorised unit trusts: corporation tax.

- (1) This section has effect as regards an accounting period of the trustees of an authorised unit trust ending after 31st December 1990.
- (2) Subject to subsection (3) below, the rate of corporation tax for a financial year shall be deemed to be the rate at which income tax at the basic rate is charged for the year of assessment which begins on 6th April in the financial year concerned.
- (3) Where the period begins before 1st January 1991, subsection (2) above shall only apply for the purpose of computing corporation tax chargeable for so much of the period as falls in the financial year 1991 and subsection (4) below shall apply for the purpose of computing corporation tax chargeable for so much of the period as falls in the financial year 1990.
- (4) So much of the period as falls after 31st December 1990 and before 1st April 1991 shall be deemed to fall in a financial year for which the rate of corporation tax is the rate at which income tax at the basic rate is charged for the year 1990-91.
- (5) Subsections (3) and (4) above shall not apply where the authorised unit trust concerned is a certified unit trust as respects the period.
- (6) Where the period begins after 31st December 1990, section 338 shall have effect as if any reference to interest of any description were a reference to interest of that description on borrowing of a relevant description.
- (7) Where the authorised unit trust concerned is a certified unit trust as respects the period, subsection (6) above shall have effect without the words preceding “section 338”.
- (8) For the purposes of subsection (6) above borrowing is of a relevant description if it is borrowing in respect of which there has been no breach during the accounting period of the duties imposed on the manager of the scheme by regulations under section 81 of the Financial Services Act 1986 with respect to borrowing by the trustees of the scheme.
- (9) The Treasury may by regulations provide that for subsection (8) above (as it has effect for the time being) there shall be substituted a subsection containing a different definition of what constitutes borrowing of a relevant description for the purposes of subsection (6) above.
- (10) Regulations under subsection (9) above may contain such supplementary, incidental, consequential or transitional provision as the Treasury think fit.
- (11) In this section “certified unit trust” means, as respects an accounting period, a unit trust scheme in the case of which—

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- (a) an order under section 78 of the Financial Services Act 1986 is in force during the whole or part of that accounting period, and
- (b) a certificate under section 78(8) of that Act, certifying that the scheme complies with the conditions necessary for it to enjoy the rights conferred by the UCITS directive, has been issued before or at any time during that accounting period.

(12) In this section—

“authorised unit trust” has the same meaning as in section 468,

“the UCITS directive” means the directive of the Council of the European Communities, dated 20th December 1985, on the co-ordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (no.85/611/EEC), and

“unit trust scheme” has the same meaning as in section 469.

468F Authorised unit trusts: distributions.

(1) Subsection (2) below applies where—

- (a) as regards a distribution period ending after 31st December 1990 a dividend is treated by virtue of section 468(2) as paid to a unit holder (whether or not income is in fact paid to the unit holder),
- (b) the dividend is treated as paid by the trustees of a unit trust scheme which is an authorised unit trust as respects the accounting period in which the distribution period falls, and
- (c) on the date of payment the unit holder is within the charge to corporation tax and not a dual resident.

(2) For the purpose of computing corporation tax chargeable in the case of the unit holder the payment shall be deemed—

- (a) to be an annual payment, and not a dividend or other distribution, and
- (b) to have been received by the unit holder after deduction of income tax at the basic rate, for the year of assessment in which the date of payment falls, from a corresponding gross amount.

(3) Subsection (2) above shall have effect subject to the following provisions of this section and to section 468G.

(4) Subsection (2) above shall not apply where the rights in respect of which the dividend is treated as paid are held by the trustees of a unit trust scheme which is an authorised unit trust as respects the accounting period (of that scheme) in which the date of payment falls.

(5) Where the unit holder is on the date of payment the manager of the scheme, subsection (2) above shall not apply in so far as the rights in respect of which the dividend is treated as paid are rights held by him in the ordinary course of his business as manager of the scheme.

(6) Subsection (2) above shall not apply to so much of the payment as is attributable to income of the trustees arising before 1st January 1991.

(7) Subsection (6) above shall not apply where—

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- (a) the payment is treated as made as regards a distribution period falling in an accounting period as respects which the authorised unit trust is a certified unit trust, or
- (b) the authorised unit trust is on the date of payment a fund of funds.

(8) In this section—

- “authorised unit trust” has the same meaning as in section 468,
- “certified unit trust” has the same meaning as in section 468E,
- “distribution period” has the same meaning as in section 468,
- “dual resident” means a person who is resident in the United Kingdom and falls to be regarded for the purposes of any arrangements having effect by virtue of section 788 as resident in a territory outside the United Kingdom,
- “fund of funds” means a unit trust scheme the sole object of which is to enable the unit holders to participate in or receive profits or income arising from the acquisition, holding, management or disposal of units in unit trust schemes, and
- “unit trust scheme” has the same meaning as in section 469.

468G Dividends paid to investment trusts.

- (1) Section 468F(2) shall not apply in a case where—
 - (a) the first condition set out below is fulfilled, and
 - (b) if one or more of the second to fourth conditions set out below applies, the condition (or each of the conditions) which applies is fulfilled.
- (2) The first condition is that—
 - (a) the unit holder is a company which is an investment trust as respects the accounting period of the company that includes 20th March 1990, and
 - (b) immediately before the end of 20th March 1990, not less than 90 per cent. by value of the company’s investments consisted of units in a unit trust scheme which (or units in different unit trust schemes each of which) was an authorised unit trust on 20th March 1990.
- (3) The second condition applies if the date of payment is included in an accounting period of the company which falls after the company’s accounting period that includes 20th March 1990; and the condition is that the company is an investment trust as respects—
 - (a) the accounting period of the company that includes the date of payment, and
 - (b) each (if any) accounting period of the company which falls after the company’s accounting period that includes 20th March 1990 and before the company’s accounting period that includes the date of payment.
- (4) The third condition applies if the company makes an investment after 20th March 1990, and on or before the date of payment, in units in a unit trust scheme which is an authorised unit trust on the date of payment; and the condition is that, immediately before the end of the date of payment, each unit held by the company in a unit trust scheme which is an authorised unit trust on that date is a unit in a unit trust scheme—

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- (a) in which the company held units immediately before the end of 20th March 1990, and
 - (b) which was an authorised unit trust on 20th March 1990.
- (5) The fourth condition applies if—
- (a) the third condition applies, and
 - (b) immediately before the end of 20th March 1990 the company held units in more than one unit trust scheme which was an authorised unit trust on that date;
- and the condition is that the investments made by the company after 20th March 1990, and on or before the date of payment, were made in accordance with the requirements applicable to the investment of funds of the company on 20th March 1990.
- (6) For the purposes of this section—
- (a) “authorised unit trust” has the same meaning as in section 468,
 - (b) “unit trust scheme” has the same meaning as in section 469, and
 - (c) a unit trust scheme is an authorised unit trust on a particular date if it is an authorised unit trust as respects the accounting period of the scheme that includes that date.”

52 Unit trusts: repeals.

- (1) The Taxes Act 1988 shall have effect subject to the following provisions of this section.
- (2) In section 468 (authorised unit trusts) subsection (5) shall not apply as regards a distribution period beginning after 31st December 1990.
- (3) Where a particular distribution period is by virtue of subsection (2) above the last distribution period as regards which section 468(5) applies in the case of a trust, the trustees’ liability to income tax in respect of any source of income chargeable under Case III of Schedule D shall be assessed as if they had ceased to possess the source of income on the last day of that distribution period.
- (4) But where section 67 of the Taxes Act 1988 applies by virtue of subsection (3) above, it shall apply with the omission from subsection (1)(b) of the words from “and shall” to “this provision”.
- (5) Section 468B (certified unit trusts: corporation tax) shall not apply as regards an accounting period ending after 31st December 1990.
- (6) Section 468C (certified unit trusts: distributions) shall not apply as regards a distribution period ending after 31st December 1990.
- (7) Section 468D (funds of funds: distributions) shall not apply as regards a distribution period ending after 31st December 1990.
- (8) In this section “distribution period” has the same meaning as in section 468 of the Taxes Act 1988.

Status: Point in time view as at 01/05/1995.

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53 Unit trust managers: exemption from bond-washing provisions.

- (1) Section 732 of the Taxes Act 1988 (application of bond-washing provisions to dealers in securities) shall have effect, and be deemed always to have had effect, with the insertion of the following subsection after subsection (5)—

“(5A) Subsection (1) above shall not apply if the securities are rights in a unit trust scheme and the subsequent sale is carried out by the first buyer in the ordinary course of his business as manager of the scheme.”

- (2) Section 472 of the Taxes Act 1970 (corresponding provision of the old law) shall be deemed always to have had effect with the insertion after subsection (5) of the subsection set out in subsection (1) above.

^{F21}54

Textual Amendments

F21 S. 54 repealed (6.3.1992 with effect as mentioned in s. 289 (1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, **Sch. 12** (with ss. 60, 101(1), 201(3), [Sch. 11 paras. 22, 26\(2\), 27](#)).

55 Investment trusts.

- (1) In section 842 of the Taxes Act 1988 (investment trusts) the following subsections shall be inserted after subsection (2)—

“(2A) Subsection (1)(e) above shall not apply as regards an accounting period if—

- (a) the company is required to retain income in respect of the period by virtue of a restriction imposed by law, and
- (b) the amount of income the company is so required to retain in respect of the period exceeds an amount equal to 15 per cent. of the income the company derives from shares and securities.

(2B) Subsection (2A) above shall not apply where—

- (a) the amount of income the company retains in respect of the accounting period exceeds the amount of income it is required by virtue of a restriction imposed by law to retain in respect of the period, and
- (b) the amount of the excess or, where the company distributes income in respect of the period, that amount together with the amount of income which the company so distributes is at least £10,000 or, where the period is less than 12 months, a proportionately reduced amount.

(2C) Paragraph (e) of subsection (1) above shall not apply as regards an accounting period if the amount which the company would be required to distribute in order to fall within that paragraph is less than £10,000 or, where the period is less than 12 months, a proportionately reduced amount.”

- (2) This section applies in relation to accounting periods ending on or after the day on which this Act is passed.

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Securities

56 Convertible securities.

Schedule 10 to this Act (convertible securities) shall have effect.

[^{F22}57 Deep gain securities.

- (1) In Schedule 11 to the ^{M5}Finance Act 1989 (deep gain securities) paragraph 1 (meaning of deep gain security) shall be amended as follows.
- (2) The following sub-paragraph shall be inserted after sub-paragraph (3)—
 - “(3A) In the case of a security issued on or after 9th June 1989, for the purposes of sub-paragraph (2) above “redemption” does not include any redemption which may be made before maturity only if—
 - (a) the person who issued the security fails to comply with the duties imposed on him by the terms of issue,
 - (b) the person who issued the security becomes unable to pay his debts, or
 - (c) the security was issued by a company and a person gains control of the company in pursuance of the acceptance of an offer made by that person to acquire shares in the company.”
- (3) The amendment made by this section shall be deemed always to have had effect.]

Textual Amendments

F22 S. 57 repealed (retrospectively and to be taken always to have had effect) by [Finance \(No. 2\) Act 1992](#) (c. 48), ss. 33, 82, [Sch. 7 para. 7 Sch. 18 Pt.VII](#) (made 16.7.1992).

Marginal Citations

M5 1989 c. 26.

58 Qualifying indexed securities.

- (1) In Schedule 11 to the Finance Act 1989 (deep gain securities) paragraph 2 (qualifying indexed securities) shall be amended as follows.
- (2) In sub-paragraph (2)(c) for the words from “the security” to “8th June 1989” there shall be substituted the words “the security was quoted in the official list of a recognised stock exchange at the time it was issued”.
- (3) The following sub-paragraphs shall be inserted after sub-paragraph (8)—
 - “(8A) If a security was issued before 9th June 1989, was not quoted in the official list of a recognised stock exchange at the time it was issued, but was quoted in such a list on 8th June 1989, for the purposes of sub-paragraph (2)(c) above it shall be deemed to have been quoted in that list at the time it was issued.
 - (8B) If a security was issued on or after 9th June 1989, and was quoted in the official list of a recognised stock exchange at a time after it was issued but before the end of the qualifying period, for the purposes of sub-paragraph (2)(c) above it shall be deemed to have been quoted in that list at the time it was issued;

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and the qualifying period is the period of one month beginning with the day on which the security was issued.”

(4) The following sub-paragraph shall be inserted after sub-paragraph (11)—

“(11A) In a case where the terms of issue contain provision for the amount payable on redemption to be not less than a specified percentage of the issue price, the provision shall not prevent the fourth condition being fulfilled if the specified percentage is not greater than 10.”

(5) The following sub-paragraph shall be inserted after sub-paragraph (12)—

“(12A) In a case where—

(a) the terms of issue contain provision for the amount payable on redemption in any of the qualifying circumstances (set out in sub-paragraph (13) below) to be not more than the issue price, and

(b) the security was issued on or after 9th June 1989,

the provision shall not prevent the fourth condition being fulfilled.”

(6) In sub-paragraph (13)—

(a) for the words “and (12)” there shall be substituted the words “, (12) and (12A)”, [F23and]

[F23(b) in paragraph (d) the words “before 9th June 1989” shall be omitted.]

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

Textual Amendments

F23 S. 58(6)(b) and word in s. 58(6)(a) repealed (*retrospectively* and to be taken always to have had effect) by Finance No. 2 Act 1992 (c. 48), ss. 32, 82, Sch. 7 para. 7, Sch. 18 Pt. VII (made 16.7.1992)

59 Deep discount securities.

(1) In Schedule 4 to the Taxes Act 1988 (deep discount securities) paragraph 1 (interpretation) shall be amended as follows.

(2) The following sub-paragraph shall be inserted after sub-paragraph (1A) (itself inserted by Schedule 10 to this Act)—

“(1B) Notwithstanding anything in sub-paragraph (1) above, for the purposes of this Schedule a security is not a deep discount security if—

(a) it was issued on or after 1st August 1990, and

(b) under the terms of issue, there is more than one date on which the holder will be entitled to require it to be redeemed by the company or the public body which issued it.”

(3) This section shall come into force on 1st August 1990.

Status: Point in time view as at 01/05/1995.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1990, Chapter I. (See end of Document for details)

Oil industry

60 Allowance for abandonment expenditure related to offshore machinery or plant.

In section 62 of the ^{M6}Capital Allowances Act 1990 (treatment of demolition costs) in subsection (1)(b) after the words “machinery or plant” there shall be inserted “then, subject to section 62A”; and after that section there shall be inserted the following sections—

“62A Special allowance for demolition costs related to offshore machinery or plant.

- (1) Subject to subsection (3) below, this section applies to expenditure which, apart from this section, would fall within section 62(1)(b) and which is incurred—
 - (a) by any person carrying on a ring fence trade; and
 - (b) for the purposes of or in connection with the closing down of, or of any part of, an oil field, within the meaning of Part I of the Oil Taxation Act 1975; and
 - (c) on the demolition of machinery or plant which has been brought into use for the purposes of that trade and which is or forms part of an offshore installation or a submarine pipe-line;and in this section any such expenditure is referred to as “abandonment expenditure”.
- (2) In this section “ring fence trade” means activities which—
 - (a) fall within any of paragraphs (a) to (c) of subsection (1) of section 492 of the principal Act (treatment of oil extraction activities etc. for tax purposes); and
 - (b) constitute a separate trade (whether by virtue of that subsection or otherwise).
- (3) In subsection (1)(c) above—
 - (a) the reference to demolition is a reference to demolition which is carried out, wholly or substantially, in order to comply with an abandonment programme, within the meaning of Part I of the Petroleum Act 1987, or with any condition to which the approval of such a programme is subject; and
 - (b) “offshore installation” and “submarine pipe-line” have the same meaning as in that Part.
- (4) If the person incurring any abandonment expenditure so elects,—
 - (a) for the chargeable period related to the incurring of that expenditure there shall be made to that person an allowance equal to the excess of the abandonment expenditure to which the election relates over any moneys received for the remains of the machinery or plant concerned; and
 - (b) that excess shall not be taken into account to increase qualifying expenditure as mentioned in section 62(1)(b).
- (5) An election under this section—

Status: Point in time view as at 01/05/1995.

*Changes to legislation: There are currently no known outstanding effects
 for the Finance Act 1990, Chapter I. (See end of Document for details)*

- (a) shall specify the abandonment expenditure to which it relates and the amounts of any such moneys received as mentioned in subsection (4) (a) above;
 - (b) shall be made by notice in writing given to the inspector not later than two years after the end of the chargeable period related to the incurring of the abandonment expenditure; and
 - (c) shall be irrevocable.
- (6) This section has effect where the chargeable period related to the incurring of the expenditure or its basis period ends after 30th June 1991.

62B Treatment of post-cessation abandonment expenditure related to offshore machinery or plant.

- (1) Subsection (2) below applies in any case where—
- (a) a person (in this section referred to as “the former trader”) ceases to carry on a ring fence trade; and
 - (b) after 30th June 1991 and within the period of three years immediately following the last day on which he carried on that trade, the former trader incurs expenditure (in this section referred to as “post-cessation expenditure”) on the demolition of machinery or plant which falls within section 62A(1)(c); and
 - (c) the post-cessation expenditure would have been abandonment expenditure for the purposes of section 62A if the demolition had been carried out and the expenditure incurred before the cessation of the ring fence trade; and
 - (d) apart from this section, the post-cessation expenditure would not be deductible in computing the income of the former trader for any purpose of corporation tax or income tax.
- (2) Where this subsection applies, the qualifying expenditure of the former trader for the chargeable period related to the cessation of his ring fence trade shall be treated for the purposes of sections 24 and 25 as increased by so much of the post-cessation expenditure as exceeds any moneys received in the three year period referred to in paragraph (b) of subsection (1) above for the remains of the machinery or plant referred to in that paragraph.
- (3) Where subsection (2) above applies, any moneys received as mentioned in that subsection shall not constitute income of the former trader for any purpose of income tax or corporation tax.
- (4) All such adjustments shall be made, whether by way of discharge or repayment of tax or otherwise, as may be required in consequence of the provisions of this section.
- (5) In this section “ring fence trade” has the same meaning as in section 62A.”

Marginal Citations

M6 1990 c. 1.

Status: Point in time view as at 01/05/1995.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1990, Chapter I. (See end of Document for details)

F24 61

Textual Amendments

F24 S. 61 repealed (for losses incurred in accounting periods ending on or after 01.04.1991) by Finance Act 1991 (c. 31, SIF 63:1), s. 123, Sch. 19 Pt.V Note 4(c).

62 CT treatment of PRT repayment.

(1) In section 500 of the Taxes Act 1988 (deduction of PRT in computing income for corporation tax purposes), in subsection (4) (reduction or extinguishment of deduction where PRT repaid)—

- (a) at the beginning there shall be inserted the words “ Subject to the following provisions of this section ”; and
- (b) for the words “accounting period” there shall be substituted “ calendar year ”.

(2) For subsection (5) of that section there shall be substituted the following subsections—

“(5) If, in a case where paragraph 17 of Schedule 2 to the 1975 Act applies, an amount of petroleum revenue tax in respect of which a deduction has been made under subsection (1) above is repaid by virtue of an assessment under that Schedule or an amendment of such an assessment, then, so far as concerns so much of that repayment as constitutes the appropriate repayment,—

- (a) subsection (4) above shall not apply; and
- (b) the following provisions of this section shall apply in relation to the company which is entitled to the repayment.

(6) In subsection (5) above and the following provisions of this section—

- (a) “the appropriate repayment” has the meaning assigned by sub-paragraph (2) of paragraph 17 of Schedule 2 to the 1975 Act;
- (b) in relation to the appropriate repayment, a “carried back loss” means an allowable loss which falls within sub-paragraph (1)(a) of that paragraph and which (alone or together with one or more other carried back losses) gives rise to the appropriate repayment;
- (c) in relation to a carried back loss, “the operative chargeable period” means the chargeable period in which the loss accrued; and
- (d) in relation to the company which is entitled to the appropriate repayment, “the relevant accounting period” means the accounting period in or at the end of which ends the operative chargeable period or, if the company’s ring fence trade is permanently discontinued before the end of the operative chargeable period, the last accounting period of that trade.

(7) In computing for corporation tax the amount of the company’s income arising in the relevant accounting period from oil extraction activities or oil rights there shall be added an amount equal to the appropriate repayment; but this subsection has effect subject to subsection (8) below in any case where—

- (a) two or more carried back losses give rise to the appropriate repayment; and
- (b) the operative chargeable period in relation to each of the carried back losses is not the same; and

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- (c) if subsection (6)(d) above were applied separately in relation to each of the carried back losses there would be more than one relevant accounting period.
- (8) Where paragraphs (a) to (c) of subsection (7) above apply, the appropriate repayment shall be treated as apportioned between each of the relevant accounting periods referred to in paragraph (c) of that subsection in such manner as to secure that the amount added by virtue of that subsection in relation to each of those relevant accounting periods is what it would have been if—
 - (a) relief for each of the carried back losses for which there is a different operative chargeable period had been given by a separate assessment or amendment of an assessment under Schedule 2 to the 1975 Act; and
 - (b) relief for a carried back loss accruing in an earlier chargeable period had been so given before relief for a carried back loss accruing in a later chargeable period.
- (9) Any additional assessment to corporation tax required in order to give effect to the addition of an amount by virtue of subsection (7) above may be made at any time not later than six years after the end of the calendar year in which is made the repayment of petroleum revenue tax comprising the appropriate repayment.
- (10) In this section “allowable loss” and “chargeable period” have the same meaning as in Part I of the 1975 Act and “calendar year” means a period of twelve months beginning on 1st January.”
- (3) At the end of section 502(1) of the Taxes Act 1988 (defined expressions for Chapter V of Part XII) there shall be added “and
 - “ring fence trade” means activities which—
 - (a) fall within any of paragraphs (a) to (c) of subsection (1) of section 492; and
 - (b) constitute a separate trade (whether by virtue of that subsection or otherwise)”.

F25 63

Textual Amendments

F25 Ss. 63-65 repealed (6.3.1992 with effect as mentioned in s. 289 (1)(2) of the repealing Act) by Taxation of Chargeable Gains Act 1992 (c. 12), s. 290, **Sch. 12** (with ss. 60, 101(1), 201(3), Sch. 11 paras. 22, 26(2), 27).

F26 64

Status: Point in time view as at 01/05/1995.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1990, Chapter I. (See end of Document for details)

Textual Amendments

F26 Ss. 63-65 repealed (6.3.1992 with effect as mentioned in s. 289 (1)(2) of the repealing Act) by Taxation of Chargeable Gains Act 1992 (c. 12), s. 290, **Sch.12** (with ss. 60, 101(1), 201(3), Sch. 11 paras. 22, 26(2), 27).

International

F27 **65**

Textual Amendments

F27 Ss. 63-65 repealed (6.3.1992 with effect as mentioned in s. 289 (1)(2) of the repealing Act) by Taxation of Chargeable Gains Act 1992 (c. 12), s. 290, **Sch. 12** (with ss. 60, 101(1), 201(3), Sch. 11 paras. 22, 26(2), 27).

F28 **66**

Textual Amendments

F28 S. 66 repealed (3.5.1994 with effect in accordance with s. 251 of the amending Act) by 1994 c. 9, ss. 251, 258, **Sch. 26 Pt. VIII** (1) Note

67 Dual resident companies: controlled foreign companies.

F29(1)

F29(2)

(3) In Schedule 25 to that Act—

- (a) paragraphs 2(1)(c) and 4(1)(c) shall be omitted,
- (b) after paragraph 2(1) there shall be inserted—

“(1A) A payment of dividend to a company shall not fall within sub-paragraph (1)(d) above unless it is taken into account in computing the company’s income for corporation tax.”, and

- (c) after paragraph 4(1) there shall be inserted—

“(1A) A payment to a company shall not be a subsequent dividend within the meaning of sub-paragraph (1)(b) above unless it is taken into account in computing the company’s income for corporation tax.”

(4) Subsections (1) and (2) above shall apply on and after 20th March 1990 and subsection (3) above shall apply to dividends paid on or after that date.

Status: Point in time view as at 01/05/1995.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1990, Chapter I. (See end of Document for details)

Textual Amendments

- F29** S. 67(1)(2) repealed (3.5.1994 with effect in accordance with [section 251](#) of the amending Act) by 1994 c. 9, ss. 251, 258, **Sch. 26 Pt. VIII(1)** Note

68 Movements of capital between residents of member States.

- (1) In section 765 of the Taxes Act 1988 (certain transactions unlawful unless carried out with Treasury consent), in subsection (1), after the words “Subject to the provisions of this section” there shall be inserted the words “ and section 765A ”.
- (2) After that section there shall be inserted—

“765A Movements of capital between residents of member States.

- (1) 765(1) shall not apply to a transaction which is a movement of capital to which Article 1 of the Directive of the Council of the European Communities dated 24th June 1988 No.88/361/EEC applies.
- (2) Where if that Article did not apply to it a transaction would be unlawful under section 765(1), the body corporate in question (that is to say, the body corporate resident in the United Kingdom) shall—
- (a) give to the Board within six months of the carrying out of the transaction such information relating to the transaction, or to persons connected with the transaction, as regulations made by the Board may require, and
 - (b) where notice is given to the body corporate by the Board, give to the Board within such period as is prescribed by regulations made by the Board (or such longer period as the Board may in the case allow) such further particulars relating to the transaction, to related transactions, or to persons connected with the transaction or related transactions, as the Board may require.”
- (3) In section 98 of the ^{M7}Taxes Management Act 1970 (penalties for failure to furnish information and for false information)—
- (a) in subsection (1), after the words “Subject to” there shall be inserted the words “ the provisions of this section and ”;
 - (b) after subsection (4) there shall be inserted—

“(5) In the case of a failure to comply with section 765A(2)(a) or (b) of the principal Act, subsection (1) above shall have effect as if for “£300” there were substituted “ £3,000 ” and as if for “£60” there were substituted “ £600 ”.”;
 - (c) in the first column of the Table, after “section 755” there shall be inserted “ section 765A(2)(b); ”; and
 - (d) in the second column of the Table, after “section 639” there shall be inserted “ section 765A(2)(a); ”.
- (4) This section shall apply to transactions carried out on or after 1st July 1990.

Status: Point in time view as at 01/05/1995.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1990, Chapter I. (See end of Document for details)

Marginal Citations

M7 1970 c. 9.

69 European Economic Interest Groupings.

Schedule 11 to this Act (which makes provision about the taxation of income and gains in the case of European Economic Interest Groupings) shall have effect.

F3070

Textual Amendments

F30 S. 70 repealed (6.3.1992 with effect as mentioned in s. 289 (1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, Sch. 12 (with ss. 60, 101(1), 201(3), Sch. 11 paras. 22, 26(2), 27).

Miscellaneous

71 Relief for interest.

For the year 1990-91 the qualifying maximum defined in section 367(5) of the Taxes Act 1988 (limit on relief for interest on certain loans) shall be £30,000.

F3172

Textual Amendments

F31 S. repealed (6.3.1992 with effect as mentioned in s. 289 (1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, **Sch.12** (with ss. 60, 101(1), 201(3), Sch. 11 paras. 22, 26(2), 27).

F3273

Textual Amendments

F32 S. 73 repealed (3.5.1994 with effect in relation to shares issued on or after 1st January 1994) by [1994 c. 9, s. 258, Sch. 26 Pt. V\(17\)](#) Note

74 Debts of overseas governments etc.

After section 88 of the Taxes Act 1988 there shall be inserted—

Status: Point in time view as at 01/05/1995.

*Changes to legislation: There are currently no known outstanding effects
for the Finance Act 1990, Chapter I. (See end of Document for details)*

“88A Debts of overseas governments etc.

- (1) For any period of account of a company ending on or after 20th March 1990, section 88B shall have effect for the purpose of restricting the extent to which a debt to which subsection (2) below applies may be estimated to be bad for the purposes of section 74(j); and—
 - (a) any deduction which may fall to be made in computing the company’s profits or gains for the period, and
 - (b) any addition which may fall to be so made (for example because the relevant percentage of the debt for the period is smaller than the amount estimated to be bad for an earlier period),
shall be determined accordingly.
- (2) Subject to subsection (3) below, this subsection applies to any debt—
 - (a) which is owed by an overseas State authority, or
 - (b) payment of which is guaranteed by an overseas State authority, or
 - (c) which is estimated to be bad for the purposes of section 74(j) wholly or mainly because due payment is or may be prevented, restricted or subjected to conditions—
 - (i) by virtue of any law of a State or other territory outside the United Kingdom or any act of an overseas State authority, or
 - (ii) under any agreement entered into in consequence or anticipation of such a law or act.
- (3) Subsection (2) above does not apply to interest on a debt or to a debt which represents the consideration for the provision of goods or services.
- (4) In this section “overseas State authority” means—
 - (a) a State or other territory outside the United Kingdom,
 - (b) the government of such a State or territory,
 - (c) the central bank or other monetary authority of such a State or territory,
 - (d) a public or local authority in such a State or territory, or
 - (e) a body controlled by such a State, territory, government, bank or authority;
and for this purpose “controlled” shall be construed in accordance with section 840.

88B Section 88A debts: restriction on deductions under section 74(j).

- (1) Where this section has effect in relation to a debt, no more than the relevant percentage of the debt shall be estimated to be bad for the purposes of section 74(j).
- (2) The relevant percentage of a debt for any period of account of the company is such percentage (which may be zero) as may be determined in accordance with regulations by reference to the position at the end of that period.
- (3) Subsection (2) above has effect subject to the following provisions of this section, and in those provisions—

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- (a) “the base period” means the last period of account of the company ending before 20th March 1990, and
 - (b) “the base percentage”, in relation to a debt, means such percentage (which may be zero) as may be determined in accordance with regulations by reference to the position at the end of the base period.
- (4) If for any period of account of the company which ends less than two years after the base period the percentage provided for in subsection (2) above in relation to a debt is greater than the base percentage, the base percentage shall be the relevant percentage for the first-mentioned period.
- (5) If for any later period of account of the company the percentage provided for in subsection (2) above in relation to a debt is greater than the base percentage increased by five percentage points for each complete year (except the first) that has elapsed between—
- (a) the end of the base period, and
 - (b) the end of the later period in question,
- then the base percentage as so increased shall be the relevant percentage for the later period.
- (6) In relation to a company which had no periods of account ending before 20th March 1990, the relevant percentage in relation to a debt shall be the same as it would have been on the assumption that the company had had such periods of account (and that any notional periods of account before its first actual period of account had been of one year each).
- (7) In this section “regulations” means regulations made by the Treasury; but the Treasury shall not make any regulations under this section unless a draft of them has been laid before and approved by a resolution of the House of Commons.

88C Section 88A debts: restriction on other deductions.

- (1) Where—
- (a) on or after 20th March 1990 a company incurs in respect of a debt a loss which would be allowed as a deduction in computing the amount of the company’s profits or gains under Case I or Case II of Schedule D,
 - (b) section 88A(2) applies to the debt,
 - (c) either—
 - (i) a deduction is made in respect of the debt in accordance with section 74(j) for any period of account of the company before that in which the loss is incurred, or
 - (ii) the debt was acquired by the company on or after 20th March 1990 for a consideration greater than the price which it might reasonably have been expected to fetch on a sale in the open market at the time of acquisition, and
 - (d) the amount of the loss is greater than 5 per cent. of the debt,
- then, subject to subsection (3) below, only such part of the loss as equals 5 per cent. of the debt shall be allowed as a deduction for the period of account in which the loss is incurred; but further parts calculated in accordance with subsection (2) below may be allowed for subsequent periods until the loss is exhausted.

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- (2) The part of the loss allowed as a deduction for any period of account after that in which the loss is incurred shall not exceed such amount as, together with any parts allowed under this section for earlier periods, is equal to 5 per cent. of the debt for each complete year that has elapsed between—
 - (a) the beginning of the period in which the loss was incurred, and
 - (b) the end of the period in question.
- (3) Subsections (1) and (2) above shall not apply to a loss incurred on a disposal of the debt to an overseas State authority if the State or territory by reference to which it is an overseas State authority is the same as that by reference to which section 88A(2) applies to the debt.
- (4) References in subsections (1) and (2) above to the incurring of a loss in respect of a debt include references to the making of a deduction, otherwise than in accordance with section 74(j), in respect of a reduction in the value of a debt; and for the purposes of those subsections such a deduction shall be treated as made immediately before the end of the period of account for which it is made.”

F33 75

Textual Amendments

F33 S. 75 repealed (3.5.1994) by 1994 c. 9, s. 258, Sch. 26 Pt. V(21)

76 Training and enterprise councils and local enterprise companies.

After section 79 of the Taxes Act 1988 there shall be inserted—

“79A Contributions to training and enterprise councils and local enterprise companies.

- (1) Notwithstanding anything in section 74, but subject to the provisions of this section, where a person carrying on a trade, profession or vocation makes any contribution (whether in cash or in kind) to a training and enterprise council or a local enterprise company, any expenditure incurred by him in making the contribution may be deducted as an expense in computing the profits or gains of the trade, profession or vocation for the purposes of tax if it would not otherwise be so deductible.
- (2) Where any such contribution is made by an investment company any expenditure allowable as a deduction under subsection (1) above shall for the purposes of section 75 be treated as expenses of management.
- (3) Subsection (1) above does not apply in relation to a contribution made by any person if either he or any person connected with him receives or is entitled to receive a benefit of any kind whatsoever for or in connection with the making of that contribution, whether from the council or company concerned or from any other person.
- (4) In any case where—

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- (a) relief has been given under subsection (1) above in respect of a contribution, and
- (b) any benefit received in any chargeable period by the contributor or any person connected with him is in any way attributable to that contribution,

the contributor shall in respect of that chargeable period be charged to tax under Case I or Case II of Schedule D, or if he is not chargeable to tax under either of those Cases for that period under Case VI of Schedule D, on an amount equal to the value of that benefit.

- (5) In this section—
 - (a) “training and enterprise council” means a body with which the Secretary of State has made an agreement (not being one which has terminated) under which it is agreed that the body shall carry out the functions of a training and enterprise council, and
 - (b) “local enterprise company” means a company with which an agreement (not being one which has terminated) under which it is agreed that the company shall carry out the functions of a local enterprise company has been made by the Scottish Development Agency, the Highlands and Islands Development Board, Scottish Enterprise or Highlands and Islands Enterprise.
- (6) Section 839 applies for the purposes of subsections (3) and (4) above.
- (7) This section applies to contributions made on or after 1st April 1990 and before 1st April 1995.”

77 Expenses of entertainers.

The following section shall be inserted after section 201 of the Taxes Act 1988—

“201A Expenses of entertainers.

- (1) Where emoluments of an employment to which this section applies fall to be charged to tax for a year of assessment for which this section applies, there may be deducted from the emoluments of the employment to be charged to tax for the year—
 - (a) fees falling within subsection (2) below, and
 - (b) any additional amount paid by the employee in respect of value added tax charged by reference to those fees.
- (2) Fees fall within this subsection if—
 - (a) they are paid by the employee to another person,
 - (b) they are paid under a contract made between the employee and the other person, who agrees under the contract to act as an agent of the employee in connection with the employment,
 - (c) at each time any of the fees are paid the other person carries on an employment agency with a view to profit and holds a current licence for the agency,
 - (d) they are calculated as a percentage of the emoluments of the employment or as a percentage of part of those emoluments, and

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- (e) they are defrayed out of the emoluments of the employment falling to be charged to tax for the year concerned.
- (3) For the purposes of subsection (2) above—
 - (a) “employment agency” means an employment agency within the meaning given by section 13(2) of the Employment Agencies Act 1973, and
 - (b) a person holds a current licence for an employment agency if he holds a current licence under that Act authorising him to carry on the agency.
- (4) The amount which may be deducted by virtue of this section shall not exceed 175 per cent. of the emoluments of the employment falling to be charged to tax for the year concerned.
- (5) This section applies to employment as an actor, singer, musician, dancer or theatrical artist.
- (6) This section applies for the year 1990–91 and subsequent years of assessment.”

78 **Waste disposal.**

The following sections shall be inserted after section 91 of the Taxes Act 1988—

“91A **Waste disposal: restoration payments.**

- (1) This section applies where on or after 6th April 1989 a person makes a site restoration payment in the course of carrying on a trade.
- (2) Subject to subsection (3) below, for the purposes of income tax or corporation tax the payment shall be allowed as a deduction in computing the profits or gains of the trade for the period of account in which the payment is made.
- (3) Subsection (2) above shall not apply to so much of the payment as—
 - (a) represents expenditure which has been allowed as a deduction in computing the profits or gains of the trade for any period of account preceding the period of account in which the payment is made, or
 - (b) represents capital expenditure in respect of which an allowance has been, or may be, made under the enactments relating to capital allowances.
- (4) For the purposes of this section a site restoration payment is a payment made—
 - (a) in connection with the restoration of a site or part of a site, and
 - (b) in order to comply with any condition of a relevant licence, or any condition imposed on the grant of planning permission to use the site for the carrying out of waste disposal activities, or any term of a relevant agreement.
- (5) For the purposes of this section waste disposal activities are the collection, treatment, conversion and final depositing of waste materials, or any of those activities.
- (6) For the purposes of this section a relevant licence is—

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- (a) a disposal licence under Part I of the Control of Pollution Act 1974 or Part II of the Pollution Control and Local Government (Northern Ireland) Order 1978, or
 - (b) a waste management licence under Part II of the Environmental Protection Act 1990 or any corresponding provision for the time being in force in Northern Ireland.
- (7) For the purposes of this section a relevant agreement is an agreement made under section 52 of the Town and Country Planning Act 1971, section 50 of the Town and Country Planning (Scotland) Act 1972 or section 106 of the Town and Country Planning Act 1990 (all of which relate to agreements regulating the development or use of land) or under any provision corresponding to section 106 of the Town and Country Planning Act 1990 and for the time being in force in Northern Ireland.
- (8) For the purposes of this section a period of account is a period for which an account is made up.

91B Waste disposal: preparation expenditure.

- (1) This section applies where a person—
- (a) incurs, in the course of carrying on a trade, site preparation expenditure in relation to a waste disposal site (the site in question),
 - (b) holds, at the time the person first deposits waste materials on the site in question, a relevant licence which is then in force,
 - (c) makes a claim for relief under this section in such form as the Board may direct, and
 - (d) submits such plans and other documents (if any) as the Board may require;
- and it is immaterial whether the expenditure is incurred before or after the coming into force of this section.
- (2) In computing the profits or gains of the trade for a period of account ending after 5th April 1989, the allowable amount shall be allowed as a deduction for the purposes of income tax or corporation tax.
- (3) In relation to a period of account (the period in question) the allowable amount shall be determined in accordance with the formula—

$$(A - B) \times \frac{C}{C + D}$$

- (4) A is the site preparation expenditure incurred by the person at any time before the beginning of, or during, the period in question—
- (a) in relation to the site in question, and
 - (b) in the course of carrying on the trade;
- but this subsection is subject to subsections (5) and (9) below.
- (5) A does not include any expenditure—
- (a) which has been allowed as a deduction in computing the profits or gains of the trade for any period of account preceding the period in question, or

Status: Point in time view as at 01/05/1995.

*Changes to legislation: There are currently no known outstanding effects
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- (b) which constitutes capital expenditure in respect of which an allowance has been, or may be, made under the enactments relating to capital allowances.
- (6) B is an amount equal to any amount allowed as a deduction under this section, if allowed—
- (a) in computing the profits or gains of the trade for any period of account preceding the period in question, and
- (b) as regards expenditure incurred in relation to the site in question; and if different amounts have been so allowed as regards different periods, B is the aggregate of them.
- (7) C is the volume of waste materials deposited on the site in question during the period in question; but if the period is one beginning before 6th April 1989 C shall be reduced by the volume of any waste materials deposited on the site during the period but before that date.
- (8) D is the capacity of the site in question not used up for the deposit of waste materials, looking at the state of affairs at the end of the period in question.
- (9) Where any of the expenditure which would be included in A (apart from this subsection) was incurred before 6th April 1989, A shall be reduced by an amount determined in accordance with the formula—

$$E \times \frac{F}{F+G}$$

- (10) For the purposes of subsection (9) above—
- (a) E is so much of the initial expenditure (that is, the expenditure which would be included in A apart from subsection (9) above) as was incurred before 6th April 1989,
- (b) F is the volume of waste materials deposited on the site in question before 6th April 1989, and
- (c) G is the capacity of the site in question not used up for the deposit of waste materials, looking at the state of affairs immediately before 6th April 1989.
- (11) For the purposes of this section—
- (a) a waste disposal site is a site used (or to be used) for the disposal of waste materials by their deposit on the site,
- (b) in relation to such a site, site preparation expenditure is expenditure on preparing the site for the deposit of waste materials (and may include expenditure on earthworks),
- (c) in relation to such a site, “capacity” means capacity expressed in volume,
- (d) “relevant licence” has the same meaning as in section 91A, and
- (e) a period of account is a period for which an account is made up.”

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79 Priority share allocations for employees etc.

- (1) In section 68 of the ^{M8}Finance Act 1988 (which provides for the benefits derived from priority rights in share offers to be disregarded in certain circumstances), after subsection (3) there shall be inserted—

“(3A) The fact that the allocations of shares in the company to which persons who are not directors or employees of the company are entitled are smaller than those to which directors or employees of the company are entitled shall not be regarded for the purposes of subsection (2)(b) above as meaning that they are not entitled on similar terms if—

- (a) each of the first-mentioned persons is also entitled, by reason of his office or employment and in priority to members of the public, to an allocation of shares in another company or companies which are offered to the public (at a fixed price or by tender) at the same time as the shares in the company, and
- (b) in the case of each of those persons the aggregate value (measured by reference to the fixed price or the lowest price successfully tendered) of all the shares included in the allocations to which he is entitled is the same, or as nearly the same as is reasonably practicable, as that of the shares in the company included in the entitlement of a comparable director or employee of the company.”

- (2) This section applies to offers made on or after the day on which this Act is passed.

Marginal Citations

M8 1988 c. 39.

80 Broadcasting: transfer of undertakings of Independent Broadcasting Authority and Cable Authority.

Schedule 12 to this Act shall have effect.

81 Futures and options: exemptions.

- (1) The following section shall be inserted after section 468 of the Taxes Act 1988—

“468AA Authorised unit trusts: futures and options.

- (1) Trustees shall be exempt from tax under Case I of Schedule D in respect of income if—
- (a) the income is derived from transactions relating to futures contracts or options contracts, and
 - (b) the trustees are trustees of a unit trust scheme which is an authorised unit trust as respects the accounting period in which the income is derived.
- (2) For the purposes of subsection (1) above a contract is not prevented from being a futures contract or an options contract by the fact that any party is or may be entitled to receive or liable to make, or entitled to receive and liable to

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make, only a payment of a sum (as opposed to a transfer of assets other than money) in full settlement of all obligations.

(3) In this section—

“authorised unit trust” has the same meaning as in section 468, and

“unit trust scheme” has the same meaning as in section 469.”

(2) The following section shall be inserted at the end of Part XIV of the Taxes Act 1988 (pension schemes etc.)—

“659A Futures and options.

(1) For the purposes of sections 592(2), 608(2)(a), 613(4), 614(3) and (4), 620(6) and 643(2)—

(a) “investments” (or “investment”)

includes futures contracts and options contracts, and

(b) income derived from transactions relating to such contracts shall be regarded as income derived from (or income from) such contracts,

and paragraph 7(3)(a) of Schedule 22 to this Act shall be construed accordingly.

(2) For the purposes of subsection (1) above a contract is not prevented from being a futures contract or an options contract by the fact that any party is or may be entitled to receive or liable to make, or entitled to receive and liable to make, only a payment of a sum (as opposed to a transfer of assets other than money) in full settlement of all obligations.”

^{F34}(3)

(4) Section 659 of the Taxes Act 1988 (financial futures and traded options) shall cease to have effect.

(5) Subsections (1) and (2) above apply in relation to income derived after the day on which this Act is passed.

^{F34}(6)

(7) Insofar as section 659 of the Taxes Act 1988 relates to provisions of that Act, subsection (4) above applies in relation to income derived after the day on which this Act is passed.

(8) Insofar as section 659 of the Taxes Act 1988 relates to section 149B of the ^{M9}Capital Gains Tax Act 1979, subsection (4) above applies in relation to disposals made after the day on which this Act is passed.

Textual Amendments

F34 S. 81(3)(6) repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the repealing Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch. 12** (with ss. 60, 101(1), 201(3), Sch. 11 paras. 20, 22, 26(2), 27)

Marginal Citations

M9 1979 c. 14.

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F35 **82**

Textual Amendments

F35 S. 82 repealed (1.5.1995 with effect for the year 1995-1996 and subsequent years of assessment) by 1995 c. 4, s. 162, **Sch. 29 Pt. VIII(8)** Note

F36 **83**

Textual Amendments

F36 Ss. 83-86 repealed (6.3.1992 with effect as mentioned in s. 289 (1)(2) of the repealing Act) by **Taxation of Chargeable Gains Act 1992 (c. 12)**, ss. 289, 290, **Sch. 12** (with ss. 60, 101(1), 201(3), Sch. 11 paras. 20, 22, 26(2),27).

F37 **84**

Textual Amendments

F37 Ss. 83-86 repealed (6.3.1992 with effect as mentioned in s. 289 (1)(2) of the repealing Act) by **Taxation of Chargeable Gains Act 1992 (c. 12)**, ss. 289, 290, **Sch. 12** (with ss. 60, 101(1), 201(3), Sch. 11 paras. 20, 22, 26(2),27).

F38 **85**

Textual Amendments

F38 Ss. 83-86 repealed (6.3.1992 with effect as mentioned in s. 289 (1)(2) of the repealing Act) by **Taxation of Chargeable Gains Act 1992 (c. 12)**, ss. 289, 290, **Sch. 12** (with ss. 60, 101(1), 201(3), Sch. 11 paras. 20, 22, 26(2),27).

F39 **86**

Textual Amendments

F39 Ss. 83-86 repealed (6.3.1992 with effect as mentioned in s. 289 (1)(2) of the repealing Act) by **Taxation of Chargeable Gains Act 1992 (c. 12)**, ss. 289, 290, **Sch. 12** (with ss. 60, 101(1), 201(3), Sch. 11 paras. 20, 22, 26(2),27).

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87 Capital allowances: vehicles provided by employees.

- (1) In section 27 of the ^{M10}Capital Allowances Act 1990 (professions, employments, vocations etc.) in subsection (1) for the words “and (3)” there shall be substituted the words “to (3)”.
- (2) The following subsections shall be inserted after subsection (2) of that section—
- (2A) In the case of machinery to which this subsection applies, subsection (2)(a) above shall have effect with the omission of the word “necessarily”.
- (2B) Subsection (2A) above applies to machinery if—
- (a) it consists of a mechanically propelled road vehicle, and
 - (b) capital expenditure incurred on its provision is incurred partly for the purposes of the office or employment and partly for other purposes.
- (2C) Section 24 in its application in accordance with this section to an office or employment shall have effect, where a person’s qualifying expenditure consists of expenditure incurred on the provision of machinery to which subsection (2A) above applies, with the modifications set out in subsections (2D) and (2E) below.
- (2D) In subsection (2)(b) for the word “whole” there shall be substituted the words “appropriate fraction”.
- (2E) The following subsection shall be inserted after subsection (2)—
- “(2A) For the purposes of subsection (2)(b) above the appropriate fraction is—

$$\frac{A}{B}$$

where—

- A is the number of chargeable periods in the case of which—
- (a) the person has carried on the trade,
 - (b) the machinery or plant has belonged to him, and
 - (c) he has claimed an allowance falling to be made to him under this section by reference to expenditure incurred on the provision of the machinery or plant; and
- B is the number of chargeable periods in the case of which—
- (a) the person has carried on the trade,
 - (b) the machinery or plant has belonged to him, and
 - (c) an allowance falls to be made to him under this section by reference to expenditure incurred on the provision of the machinery or plant.”

- (3) Where—
- (a) at the beginning of the year 1990-91 machinery consisting of a mechanically propelled road vehicle is provided by a person for use in the performance of the duties of an office or employment held by him, and

Part II of the ^{M11}Capital Allowances Act 1990 shall have effect as if he had incurred capital expenditure on the provision of the machinery for the purposes of the office or employment in the year 1990-91, the amount of that expenditure being taken as the price which the machinery would have fetched if sold in the open market on 6th

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April 1990, and the machinery being treated as belonging to him in consequence of his having incurred that expenditure.

(4) This section shall apply for the year 1990-91 and subsequent years of assessment.

Marginal Citations

M10 1990 c. 1.

M11 1990 c. 1.

88 Capital allowances: miscellaneous amendments.

Schedule 13 to this Act shall have effect.

89 Correction of errors in Taxes Act 1988.

Schedule 14 to this Act shall have effect.

Status:

Point in time view as at 01/05/1995.

Changes to legislation:

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