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## SCHEDULES

### SCHEDULE 1

Section 1.

#### TABLE OF RATES OF DUTY ON WINE AND MADE-WINE

<i>Description of wine or made-wine</i>	<i>Rates of duty per hectolitre</i>
	£
Wine or made-wine of a strength not exceeding 2 per cent.	11.03
Wine or made-wine of a strength exceeding 2 per cent. but not exceeding 3 per cent.	18.38
Wine or made-wine of a strength exceeding 3 per cent. but not exceeding 4 per cent.	25.73
Wine or made-wine of a strength exceeding 4 per cent. but not exceeding 5 per cent.	33.09
Wine or made-wine of a strength exceeding 5 per cent. but not exceeding 5.5 per cent.	40.44
Wine or made-wine of a strength exceeding 5.5 per cent. but not exceeding 15 per cent. and not being sparkling	110.28
Sparkling wine or sparkling made-wine of a strength exceeding 5.5 per cent. but not exceeding 15 per cent.	182.10
Wine or made-wine of a strength exceeding 15 per cent. but not exceeding 18 per cent.	190.20
Wine or made-wine of a strength exceeding 18 per cent. but not exceeding 22 per cent.	219.40
Wine or made-wine of a strength exceeding 22 per cent.	219.40 plus £17.35 for every 1 per cent. or part of 1 per cent. in excess of 22 per cent.

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## SCHEDULE 2

Section 5.

## VEHICLES EXCISE DUTY: RATES

## PART I

TABLE SUBSTITUTED IN PART II OF SCHEDULE 3 TO THE 1971 ACT AND THE 1972 ACT

Description of vehicle	Rate of duty £
1. Special machines	16.00
2. Haulage vehicles, being show- men's vehicles	90.00
3. Haulage vehicles, not being showmen's vehicles	330.00
4. Recovery vehicles	50.00

## PART II

AMENDMENTS OF PART I OF SCHEDULE 4 TO THE 1971 ACT

- 1 Part I of Schedule 4 to the 1971 Act (annual rates of duty on goods vehicles: general provisions) shall be amended as follows.
- 2 (1) Paragraph 1 (vehicles chargeable at the basic rate of duty) shall be amended as follows.
  - (2) In sub-paragraph (1)(a) for the words “does not exceed 7.5 tonnes” there shall be substituted the words “exceeds 3,500 kilograms but does not exceed 7,500 kilograms”.
  - (3) In sub-paragraph (1)(b) for the words “an unladen weight which exceeds 1,525 kilograms” there shall be substituted the words “a design weight which exceeds 3,500 kilograms”.
  - (4) In sub-paragraph (1)(c) for the words “an unladen weight which exceeds 1,525 kilograms” there shall be substituted the words “a plated gross weight exceeding 3,500 kilograms or, in the case of a vehicle which has no such weight, a design weight exceeding 3,500 kilograms”.
- 3 In paragraph 2 for the words “7.5 tonnes” there shall be substituted the words “7,500 kilograms” and for the words “12 tonnes” there shall be substituted the words “12,000 kilograms”.
- 4 In paragraph 3—

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- (a) in sub-paragraph (1) for the words “12 tonnes” there shall be substituted the words “12,000 kilograms”; and
    - (b) in sub-paragraph (2)(a) for the words “4 tonnes” there shall be substituted the words “4,000 kilograms”.
  
  - 5 In paragraph 4(1) for the words “12 tonnes” there shall be substituted the words “12,000 kilograms”.
  
  - 6 (1) Paragraph 5 (special types of vehicle) shall be amended as follows.
    - (2) In sub-paragraph (1) for the words from “an unladen” to “plated train” there shall be substituted the words “a plated gross weight or plated train weight exceeding 3,500 kilograms or, in the case of a vehicle which has neither a plated gross weight nor a plated train weight, a design weight exceeding 3,500 kilograms; and
      - (a) which, in the case of a vehicle having a plated gross weight or plated train weight, has such a”.
    - (3) In sub-paragraph (1)(b) for the words “42 of that Act” there shall be substituted the words “44 of the <sup>M1</sup>Road Traffic Act 1988”.
    - (4) In sub-paragraph (3)—
      - (a) in paragraph (a), for the words “30 tonnes” there shall be substituted the words “30,000 kilograms” and for the words “30.49 tonnes” there shall be substituted the words “30,490 kilograms”; and
      - (b) in paragraph (b), for the words “37 tonnes” there shall be substituted the words “37,000 kilograms” and for the words “38 tonnes” there shall be substituted the words “38,000 kilograms”.
- Marginal Citations**  
M1 1988 c. 52.
- 
- 7 (1) Paragraph 6 (farmers’ goods vehicles and showmen’s goods vehicles) shall be amended as follows.
  - (2) In sub-paragraph (1)—
    - (a) for the word “unladen” there shall be substituted the word “design”; and
    - (b) for the words “1,525” there shall be substituted the words “3,500”.
  - (3) In sub-paragraph (2) for the words “7.5 tonnes”, in both places where they occur, there shall be substituted the words “7,500 kilograms” and for the words “12 tonnes”, in both places where they occur, there shall be substituted the words “12,000 kilograms”.
- 
- 8 Paragraph 7 shall cease to have effect.

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- 9 In paragraph 15(1) (interpretation) the following definition shall be inserted after the definition of “business”—
- ““design weight” means the weight which a vehicle is designed or adapted not to exceed when in normal use and travelling on a road laden;”.

**F1 PART III**

**Textual Amendments**

**F1** Sch. 2 Pt. III (paras. 10-11) repealed(1.10.1991) by Finance Act 1991 (c. 31, SIF 107:2), ss. 10, 123, Sch. 19 Pt.IV; S.I. 1991/2021, art.2.

**F2**10 .....

**Textual Amendments**

**F2** Sch. 2 Pt. III (paras. 10-11) repealed(1.10.1991) by Finance Act 1991 (c. 31, SIF 107:2), ss. 10, 123, Sch. 19 Pt.IV; S.I. 1991/2021, art.2.

**F3**11 .....

**Textual Amendments**

**F3** Sch. 2 Pt. III (paras. 10-11) repealed(1.10.1991) by Finance Act 1991 (c. 31, SIF 107:2), ss. 10, 123, Sch. 19 Pt.IV; S.I. 1991/2021, art.2.

**PART IV**

TABLES SUBSTITUTED IN PART II OF SCHEDULE 4 TO THE 1971 ACT AND THE 1972 ACT

PROSPECTIVE

TABLE A  
 RATES OF DUTY ON RIGID GOODS VEHICLES EXCEEDING 12,000 KILOGRAMS  
 PLATED GROSS WEIGHT  
 GENERAL RATES

Plated gross weight of vehicle		Rate of duty		
(1) Exceeding	(2) Not Exceeding	(3) Two axle vehicle	(4) Three axle vehicle	(5) Four or more axle vehicle
kgs	kgs	£	£	£
12,000	13,000	450.00	470.00	340.00
13,000	14,000	650.00	470.00	340.00
14,000	15,000	810.00	470.00	340.00
15,000	17,000	1,280.00	470.00	340.00
17,000	19,000	—	820.00	340.00
19,000	21,000	—	990.00	340.00
21,000	23,000	—	1,420.00	490.00
23,000	25,000	—	2,160.00	800.00
25,000	27,000	—	—	1,420.00
27,000	29,000	—	—	2,240.00
29,000	30,490	—	—	3,250.00

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**TABLE A(1)**  
**RATES OF DUTY ON RIGID GOODS VEHICLES EXCEEDING 12,000 KILOGRAMS**  
**PLATED GROSS WEIGHT**  
**RATES FOR FARMERS' GOODS VEHICLES**

Plated gross weight of vehicle		Rate of duty		
(1)	(2)	(3)	(4)	(5)
Exceeding	Not Exceeding	Two axle vehicle	Three axle vehicle	Four or more axle vehicle
kg	kg	£	£	£
12,000	13,000	270.00	280.00	205.00
13,000	14,000	380.00	280.00	205.00
14,000	15,000	490.00	280.00	205.00
15,000	17,000	770.00	280.00	205.00
17,000	19,000	—	490.00	205.00
19,000	21,000	—	595.00	205.00
21,000	23,000	—	850.00	295.00
23,000	25,000	—	1,295.00	480.00
25,000	27,000	—	—	850.00
27,000	29,000	—	—	1,345.00
29,000	30,490	—	—	1,950.00

**TABLE A(2)**  
**RATES OF DUTY ON RIGID GOODS VEHICLES EXCEEDING 12,000 KILOGRAMS**  
**PLATED GROSS WEIGHT**  
**RATES FOR SHOWMEN'S GOODS VEHICLES**

Plated gross weight of vehicle		Rate of duty		
(1)	(2)	(3)	(4)	(5)
Exceeding	Not Exceeding	Two axle vehicle	Three axle vehicle	Four or more axle vehicle
kg	kg	£	£	£
12,000	13,000	115.00	120.00	90.00
13,000	14,000	160.00	120.00	90.00
14,000	15,000	205.00	120.00	90.00
15,000	17,000	320.00	120.00	90.00
17,000	19,000	—	205.00	90.00
19,000	21,000	—	250.00	90.00
21,000	23,000	—	355.00	125.00
23,000	25,000	—	540.00	200.00
25,000	27,000	—	—	355.00
27,000	29,000	—	—	540.00
29,000	30,490	—	—	815.00

**TABLE B**  
**SUPPLEMENTARY RATES OF DUTY ON RIGID GOODS VEHICLES EXCEEDING 12,000**  
**KILOGRAMS PLATED GROSS WEIGHT USED FOR DRAWING TRAILERS EXCEEDING**  
**4,000 KILOGRAMS PLATED GROSS WEIGHT**  
**GENERAL RATES**

Plated gross weight of trailer		Duty supplement
Exceeding	Not exceeding	£
4,000	8,000	130.00
8,000	10,000	130.00
10,000	12,000	130.00
12,000	14,000	360.00
14,000	—	360.00

**TABLE B(1)**  
**SUPPLEMENTARY RATES OF DUTY ON RIGID GOODS VEHICLES EXCEEDING 12,000**  
**KILOGRAMS PLATED GROSS WEIGHT USED FOR DRAWING TRAILERS EXCEEDING**  
**4,000 KILOGRAMS PLATED GROSS WEIGHT**  
**RATES FOR FARMERS' GOODS VEHICLES**

Plated gross weight of trailer		Duty supplement
Exceeding	Not exceeding	£
4,000	8,000	130.00
8,000	10,000	130.00
10,000	12,000	130.00
12,000	14,000	360.00
14,000	—	360.00

**TABLE B(2)**  
**SUPPLEMENTARY RATES OF DUTY ON RIGID GOODS VEHICLES EXCEEDING 12,000**  
**KILOGRAMS PLATED GROSS WEIGHT USED FOR DRAWING TRAILERS EXCEEDING**  
**4,000 KILOGRAMS PLATED GROSS WEIGHT**  
**RATES FOR SHOWMEN'S GOODS VEHICLES**

Plated gross weight of trailer		Duty supplement
Exceeding	Not exceeding	£
—	—	80.00

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**TABLE C**  
**RATES OF DUTY ON TRACTOR UNITS EXCEEDING 12,000 KILOGRAMS PLATED TRAIN WEIGHT AND HAVING ONLY 2 AXLES**  
**GENERAL RATES**

Plated train weight of tractor unit		Rate of duty		
(1)	(2)	(3)	(4)	(5)
Exceeding	Not exceeding	For a tractor unit to be used with semi-trailers with any number of axles	For a tractor unit to be used only with semi-trailers with not less than two axles	For a tractor unit to be used only with semi-trailers with not less than three axles
kgs	kgs	£	£	£
12,000	14,000	440.00	440.00	440.00
14,000	16,000	440.00	440.00	440.00
16,000	18,000	500.00	440.00	440.00
18,000	20,000	500.00	440.00	440.00
20,000	22,000	780.00	440.00	440.00
22,000	23,000	780.00	440.00	440.00
23,000	25,000	1,150.00	570.00	440.00
25,000	26,000	1,150.00	570.00	440.00
26,000	28,000	1,150.00	1,090.00	440.00
28,000	29,000	1,680.00	1,680.00	1,050.00
29,000	31,000	1,680.00	1,680.00	1,050.00
31,000	33,000	2,450.00	2,450.00	1,680.00
33,000	34,000	2,450.00	2,450.00	1,680.00
34,000	36,000	2,750.00	2,750.00	2,750.00
36,000	38,000	3,100.00	3,100.00	3,100.00

**TABLE C(1)**  
**RATES OF DUTY ON TRACTOR UNITS EXCEEDING 12,000 KILOGRAMS PLATED TRAIN WEIGHT AND HAVING ONLY 2 AXLES**  
**RATES FOR FARMERS' GOODS VEHICLES**

Plated train weight of tractor unit		Rate of duty		
(1)	(2)	(3)	(4)	(5)
Exceeding	Not exceeding	For a tractor unit to be used with semi-trailers with any number of axles	For a tractor unit to be used only with semi-trailers with not less than two axles	For a tractor unit to be used only with semi-trailers with not less than three axles
kgs	kgs	£	£	£
12,000	14,000	265.00	265.00	265.00
14,000	16,000	265.00	265.00	265.00
16,000	18,000	300.00	265.00	265.00
18,000	20,000	300.00	265.00	265.00
20,000	22,000	470.00	265.00	265.00
22,000	23,000	470.00	265.00	265.00
23,000	25,000	690.00	340.00	265.00
25,000	26,000	690.00	340.00	265.00
26,000	28,000	690.00	655.00	265.00
28,000	29,000	1,010.00	1,010.00	630.00
29,000	31,000	1,010.00	1,010.00	630.00
31,000	33,000	1,470.00	1,470.00	1,010.00
33,000	34,000	1,470.00	1,470.00	1,010.00
34,000	36,000	1,650.00	1,650.00	1,650.00
36,000	38,000	1,860.00	1,860.00	1,860.00

**TABLE C(2)**  
**RATES OF DUTY ON TRACTOR UNITS EXCEEDING 12,000 KILOGRAMS PLATED TRAIN WEIGHT AND HAVING ONLY 2 AXLES**  
**RATES FOR SHOWMEN'S GOODS VEHICLES**

Plated train weight of tractor unit		Rate of duty		
(1)	(2)	(3)	(4)	(5)
Exceeding	Not exceeding	For a tractor unit to be used with semi-trailers with any number of axles	For a tractor unit to be used only with semi-trailers with not less than two axles	For a tractor unit to be used only with semi-trailers with not less than three axles
kgs	kgs	£	£	£
12,000	14,000	110.00	110.00	110.00
14,000	16,000	110.00	110.00	110.00
16,000	18,000	125.00	110.00	110.00
18,000	20,000	125.00	110.00	110.00
20,000	22,000	195.00	110.00	110.00
22,000	23,000	195.00	110.00	110.00
23,000	25,000	290.00	145.00	110.00
25,000	26,000	290.00	145.00	110.00
26,000	28,000	290.00	275.00	110.00
28,000	29,000	420.00	420.00	265.00
29,000	31,000	420.00	420.00	265.00
31,000	33,000	615.00	615.00	420.00
33,000	34,000	615.00	615.00	420.00
34,000	36,000	690.00	690.00	690.00
36,000	38,000	775.00	775.00	775.00

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TABLE D  
 RATES OF DUTY ON TRACTOR UNITS EXCEEDING 12,000 KILOGRAMS PLATED  
 TRAIN WEIGHT AND HAVING 3 OR MORE AXLES  
 GENERAL RATES

Plated train weight of tractor unit		Rate of duty		
(1)	(2)	(3)	(4)	(5)
Exceeding	Not exceeding	For a tractor unit to be used only with semi-trailers with any number of axles	For a tractor unit to be used only with semi-trailers with not less than two axles	For a tractor unit to be used only with semi-trailers with not less than three axles
kgs	kgs	£	£	£
12,000	14,000	440.00	440.00	440.00
14,000	16,000	440.00	440.00	440.00
16,000	18,000	440.00	440.00	440.00
18,000	20,000	440.00	440.00	440.00
20,000	22,000	440.00	440.00	440.00
22,000	23,000	440.00	440.00	440.00
23,000	25,000	570.00	440.00	440.00
25,000	26,000	570.00	440.00	440.00
26,000	28,000	1,090.00	440.00	440.00
28,000	29,000	1,680.00	640.00	440.00
29,000	31,000	1,680.00	640.00	440.00
31,000	33,000	2,450.00	970.00	440.00
33,000	34,000	2,450.00	1,420.00	550.00
34,000	36,000	2,450.00	2,030.00	830.00
36,000	38,000	2,730.00	2,730.00	1,240.00

TABLE D(1)  
 RATES OF DUTY ON TRACTOR UNITS EXCEEDING 12,000 KILOGRAMS PLATED  
 TRAIN WEIGHT AND HAVING 3 OR MORE AXLES  
 RATES FOR FARMERS' GOODS VEHICLES

Plated train weight of tractor unit		Rate of duty		
(1)	(2)	(3)	(4)	(5)
Exceeding	Not exceeding	For a tractor unit to be used only with semi-trailers with any number of axles	For a tractor unit to be used only with semi-trailers with not less than two axles	For a tractor unit to be used only with semi-trailers with not less than three axles
kgs	kgs	£	£	£
12,000	14,000	265.00	265.00	265.00
14,000	16,000	265.00	265.00	265.00
16,000	18,000	265.00	265.00	265.00
18,000	20,000	265.00	265.00	265.00
20,000	22,000	265.00	265.00	265.00
22,000	23,000	265.00	265.00	265.00
23,000	25,000	340.00	265.00	265.00
25,000	26,000	340.00	265.00	265.00
26,000	28,000	655.00	265.00	265.00
28,000	29,000	1,010.00	385.00	265.00
29,000	31,000	1,010.00	385.00	265.00
31,000	33,000	1,470.00	580.00	265.00
33,000	34,000	1,470.00	850.00	330.00
34,000	36,000	1,470.00	1,220.00	500.00
36,000	38,000	1,640.00	1,640.00	745.00

TABLE D(2)  
 RATES OF DUTY ON TRACTOR UNITS EXCEEDING 12,000 KILOGRAMS PLATED  
 TRAIN WEIGHT AND HAVING 3 OR MORE AXLES  
 RATES FOR SHOWMEN'S GOODS VEHICLES

Plated train weight of tractor unit		Rate of duty		
(1)	(2)	(3)	(4)	(5)
Exceeding	Not exceeding	For a tractor unit to be used only with semi-trailers with any number of axles	For a tractor unit to be used only with semi-trailers with not less than two axles	For a tractor unit to be used only with semi-trailers with not less than three axles
kgs	kgs	£	£	£
12,000	14,000	110.00	110.00	110.00
14,000	16,000	110.00	110.00	110.00
16,000	18,000	110.00	110.00	110.00
18,000	20,000	110.00	110.00	110.00
20,000	22,000	110.00	110.00	110.00
22,000	23,000	110.00	110.00	110.00
23,000	25,000	145.00	110.00	110.00
25,000	26,000	145.00	110.00	110.00
26,000	28,000	275.00	110.00	110.00
28,000	29,000	420.00	160.00	110.00
29,000	31,000	420.00	160.00	110.00
31,000	33,000	615.00	245.00	110.00
33,000	34,000	615.00	355.00	140.00
34,000	36,000	615.00	510.00	210.00
36,000	38,000	685.00	685.00	310.00

SCHEDULE 3

Section 7.

ENTRY OF GOODS ON IMPORTATION

1 The <sup>M2</sup>Customs and Excise Management Act 1979 shall be amended as follows.

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### Marginal Citations

M2 1979 c. 2.

- 2 (1) Section 37A (initial and supplementary entries) shall be amended as follows.
- (2) In subsection (1)(b), the word “may” shall be omitted.
- (3) The following subsection shall be inserted after subsection (1)—
- “(1A) Without prejudice to section 37 above, a direction under that section may—
- (a) provide that where the importer is not authorised for the purposes of this section but a person who is so authorised is appointed as his agent for the purpose of entering the goods, the entry may consist of an initial entry made by the person so appointed and a supplementary entry so made; and
- (b) make such supplementary provision in connection with entries consisting of initial and supplementary entries made as mentioned in paragraph (a) above as the Commissioners think fit.”
- (4) In subsection (2), for the words from the beginning to “unpaid duty,” there shall be substituted the words—
- “(2) Where—
- (a) an initial entry made under subsection (1) above has been accepted and the importer has given security by deposit of money or otherwise to the satisfaction of the Commissioners for payment of the unpaid duty, or
- (b) an initial entry made under subsection (1A) above has been accepted and the person making the entry on the importer’s behalf has given such security as is mentioned in paragraph (a) above,
- the goods may”.
- (5) In subsection (3) after the words “initial entry” there shall be inserted the words “under subsection (1) above”.
- (6) The following subsection shall be inserted after subsection (3)—
- “(3A) A person who makes an initial entry under subsection (1A)
- above on behalf of an importer shall complete the entry by delivering the supplementary entry within such time as the Commissioners may direct.”
- 3 (1) Section 37B (postponed entry) shall be amended as follows.
- (2) The following subsection shall be inserted after subsection (1)—
- “(1A) The Commissioners may, if they think fit, direct that where—
- (a) such goods as may be specified in the direction are imported by an importer who is not authorised for the purposes of this subsection;
- (b) a person who is authorised for the purposes of this subsection is appointed as his agent for the purpose of entering the goods;
- (c) the person so appointed has delivered a document relating to the goods to the proper officer, in such form and manner, containing



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such particulars and accompanied by such documents as the Commissioners may direct; and

(d) the document has been accepted by the proper officer,

the goods may be delivered before an entry of them has been delivered or any duty chargeable in respect of them has been paid.”

(3) The following subsections shall be inserted after subsection (3)—

“(3A) The Commissioners may, if they think fit, direct that where—

(a) such goods as may be specified in the direction are imported by an importer who is not authorised for the purposes of this subsection;

(b) a person who is authorised for the purposes of this subsection is appointed as his agent for the purpose of entering the goods;

(c) the goods have been removed from the place of importation to a place approved by the Commissioners for the clearance out of charge of such goods; and

(d) the conditions mentioned in subsection (3B) below have been satisfied,

the goods may be delivered before an entry of them has been delivered or any duty chargeable in respect of them has been paid.

(3B) The conditions are that—

(a) on the arrival of the goods at the approved place the person appointed as the agent of the importer for the purpose of entering the goods delivers to the proper officer a notice of the arrival of the goods in such form and containing such particulars as may be required by the directions;

(b) within such time as may be so required the person appointed as the agent of the importer for the purpose of entering the goods enters such particulars of the goods and such other information as may be so required in a record maintained by him at such place as the proper officer may require; and

(c) the goods are kept secure in the approved place for such period as may be required by the directions.”

(4) In subsection (4), after “(3)(a)” there shall be inserted “ or (3B)(a) ”.

(5) In subsection (5), for the words “this section” there shall be substituted the words “ subsection (1) or (2) above ”.

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

“(5A) No goods shall be delivered under subsection (1A)

or (3A) above unless the person appointed as the agent of the importer for the purpose of entering the goods gives security by deposit of money or otherwise to the satisfaction of the Commissioners for the payment of any duty chargeable in respect of the goods which is unpaid.”

(7) In subsection (6), for the words “this section” there shall be substituted the words “ subsection (1) or (2) above ”.

(8) The following subsection shall be inserted after subsection (6)—

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“(6A) Where goods of which no entry has been made have been delivered under subsection (1A) or (3A) above, the person appointed as the agent of the importer for the purpose of entering the goods shall deliver an entry of the goods under section 37(1) above within such time as the Commissioners may direct.”

- (9) In subsection (7)—
- (a) in paragraph (a), after “(1)” there shall be inserted “ or (1A) ”; and
  - (b) after paragraph (b) there shall be inserted the words “and
  - (c) in the case of goods delivered by virtue of a direction under subsection (3A) above, on the date on which particulars of the goods were entered as mentioned in subsection (3B)(b) above.”
- 4 (1) Section 37C (provisions supplementary to sections 37A and 37B) shall be amended as follows.
- (2) In subsection (1)(a)—
- (a) for the word “importer” there shall be substituted the word “ person ”; and
  - (b) for the words “or (2)” there shall be substituted the words “ , (1A), (2) or (3A) ”.
- (3) In subsection (1)(b), for the word “importer” there shall be substituted the word “ person ”.
- (4) In subsection (2)(a), for the word “importer” there shall be substituted the word “ person ”.

#### SCHEDULE 4

Section 23.

#### LIMIT ON CHARGEABLE MILEAGE PROFIT

The following shall be inserted after section 197A of the Taxes Act 1988—

#### *“ Mileage allowances*

#### **197B Limit on chargeable mileage profit.**

- (1) In a case where—
- (a) in the year 1989-90 (the base year) sums paid to a person by reason of an employment held by him are paid in respect of expenses incurred by him in travelling, in the course of the duties of the employment, in a motor vehicle provided by him,
  - (b) in a subsequent year of assessment (the year concerned) he makes a mileage profit as respects an employment,
  - (c) the amount of the mileage profit he makes in the year concerned or, where he makes a mileage profit in that year as respects more than one employment, the aggregate of the mileage profits he makes in that year would (apart from this section) be greater than the maximum amount for the year,
  - (d) section 197E does not prevent this section from applying, and

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- (e) a claim is made for relief under this section,  
the amount of the mileage profit he makes in the year concerned or, as the case may be, the aggregate of the mileage profits he makes in that year shall be treated as being equal to the maximum amount for the year.
- (2) In a case where the employee's relevant mileage for the year concerned is more than his relevant mileage for the base year, the maximum amount for the year concerned shall be found by applying the formula—

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

- (3) In any other case, the maximum amount for the year concerned shall be found by applying the formula—

$$A + D$$

- (4) A is the taxed mileage profit for the base year.
- (5) B is the employee's relevant mileage for the year concerned.
- (6) C is the employee's relevant mileage for the base year.
- (7) D is—
- nil if the year concerned is 1990-91;
  - an amount found by multiplying £1,000 by E if the year concerned is 1991-92 or a subsequent year of assessment.
- (8) E is 1 if the year concerned is 1991-92, 2 if it is 1992-93, 3 if it is 1993-94, and so on (adding 1 for each succeeding year of assessment).

### **197C Definition of mileage profit.**

- (1) This section applies for the purposes of section 197B.
- (2) The employee makes a mileage profit in the year concerned as respects an employment if—
- by reason of the employment sums are paid to him in the year in respect of expenses incurred by him in travelling, in the course of the duties of the employment, in a motor vehicle provided by him, and
  - subsection (3), (4) or (6) below applies.
- (3) This subsection applies if all or part of the sums mentioned in subsection (2)(a) above fall to be treated as emoluments of the employment for the year in accordance with an administrative scheme (such as a fixed profit car scheme).
- (4) This subsection applies if—
- subsection (3) above does not apply,
  - the employment is employment to which Chapter II of this Part applies, and
  - the amount of the sums mentioned in subsection (2)(a) above exceeds the aggregate deductible amount for the year concerned in relation to the employment.

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- (5) For the purposes of subsection (4) above the aggregate deductible amount for the year concerned in relation to the employment is the aggregate of the following—
- (a) any expenses of travelling in a vehicle provided by the employee which fall to be deducted from the emoluments of the employment for the year under section 198(1), and
  - (b) the amount of any allowance which, by virtue of Part II of the 1990 Act, falls to be made to the employee for the year in respect of expenditure incurred on the provision of a vehicle for use in the performance of the duties of the employment.
- (6) This subsection applies if—
- (a) neither subsection (3) nor subsection (4) above applies, and
  - (b) all or part of the sums mentioned in subsection (2)(a) above fall to be treated as emoluments of the employment for the year.
- (7) If subsection (3) or (6) above applies, the amount of the mileage profit made by the employee in the year concerned as respects the employment is the amount of the sums mentioned in subsection (2)(a) above which fall to be treated as emoluments of the employment for the year.
- (8) If subsection (4) above applies, the amount of the mileage profit made by the employee in the year concerned as respects the employment is the amount of the excess mentioned in subsection (4)(c).

#### **197D Definition of taxed mileage profit.**

- (1) This section applies for the purposes of section 197B.
- (2) Where in the base year the employee holds one employment to which this section applies, the taxed mileage profit for the year is the relevant amount for that employment determined in accordance with subsection (5) or (6) below.
- (3) Where in the base year the employee holds more than one employment to which this section applies, the taxed mileage profit for the year shall be determined by—
  - (a) finding the relevant amount for each of those employments in accordance with subsection (5) or (6) below, and
  - (b) aggregating the amounts so found.
- (4) In subsections (2) and (3) above the references to employment to which this section applies are to employment by reason of which in the base year the employee is paid sums (relevant sums) in respect of expenses incurred by him in travelling, in the course of the duties of the employment, in a motor vehicle provided by him.
- (5) If—
  - (a) the employment is not employment to which Chapter II of this Part applies, or
  - (b) the relevant sums paid to the employee in the base year by reason of the employment are sums in respect of which his liability to tax is determined by reference to an administrative scheme (such as a fixed profit car scheme),
 the relevant amount for the employment is the amount of such (if any) of the relevant sums paid to him in the base year by reason of the employment as are in fact treated as emoluments of the employment for that year.
- (6) If—

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- (a) the employment is employment to which Chapter II of this Part applies, and
  - (b) the relevant sums paid to the employee in the base year by reason of the employment are not sums in respect of which his liability to tax is determined by reference to an administrative scheme (such as a fixed profit car scheme),
- the relevant amount for the employment is an amount found by deducting G from F, except that it can never be less than nil.
- (7) For the purposes of subsection (6) above F is the amount of such (if any) of the relevant sums paid to the employee in the base year by reason of the employment as are by virtue of section 153 in fact treated as emoluments of the employment for that year.
- (8) For the purposes of subsection (6) above G is the aggregate of the following—
- (a) any expenses of travelling in a vehicle provided by the employee in fact deducted from the emoluments of the employment for the base year under section 198(1), and
  - (b) the amount of any allowance in fact made to the employee for the year, by virtue of Chapter I of Part III of the Finance Act 1971, in respect of expenditure incurred on the provision of a vehicle for use in the performance of the duties of the employment.

#### **197E Exception from section 197B.**

- (1) If the sums paid to the employee in the year concerned in respect of expenses incurred by him in travelling, in the course of the duties of his employment or employments, in any motor vehicle provided by him exceed the sums paid to him in the base year in respect of expenses so incurred by him, section 197B shall not apply for the year concerned unless the whole of the excess can be justified by reference to allowable factors.
- (2) For the purposes of this section the following are allowable factors—
- (a) an increase in motoring costs,
  - (b) a change by any employer of his practices so as more fully to reimburse motoring costs;
  - (c) any change of vehicle;
  - (d) a change in the employee's relevant mileage.

#### **197F Other interpretative provisions.**

- (1) This section applies for the purposes of sections 197B to 197E.
- (2) The employee's relevant mileage for a year of assessment is the number of miles by reference to which in that year he is paid sums in respect of expenses incurred by him in travelling, in the course of the duties of his employment or employments, in any motor vehicle provided by him.
- (3) "Employment" means an office or employment the emoluments of which fall to be assessed under Schedule E; and related expressions shall be construed accordingly."

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## SCHEDULE 5

Section 30.

## BUILDING SOCIETIES AND DEPOSIT-TAKERS

*Introduction*

1 The Taxes Act 1988 shall be amended as mentioned in paragraphs 2 to 14 below.

*Building societies*

2 (1) Section 476 (building societies: regulations for payment of tax) shall cease to have effect.

(2) This paragraph shall apply as regards the year 1991-92 and subsequent years of assessment.

3 (1) Section 477 (investments becoming or ceasing to be relevant building society investments) shall cease to have effect.

(2) This paragraph shall apply as regards any time falling on or after 6th April 1991.

4 (1) The following section shall be inserted immediately before section 478—

**“477A Building societies: regulations for deduction of tax.**

(1) The Board may by regulations make provision with respect to any year of assessment requiring any building society—

(a) in such cases as may be prescribed by the regulations to deduct out of any dividend or interest paid or credited in the year in respect of shares in, or deposits with or loans to, the society a sum representing the amount of income tax on it, and

(b) to account for and pay any amount required to be deducted by the society by virtue of this subsection.

(2) Regulations under subsection (1) above may—

(a) make provision with respect to the furnishing of information by building societies or their investors, including, in the case of societies, the inspection of books, documents and other records on behalf of the Board;

(b) contain such incidental and consequential provisions as appear to the Board to be appropriate, including provisions requiring the making of returns.

(3) For any year of assessment to which regulations under subsection (1) above apply, dividends or interest payable in respect of shares in, or deposits with or loans to, a building society shall be dealt with for the purposes of corporation tax as follows—

(a) in computing for any accounting period ending in the year of assessment the income of the society from the trade carried on by it, there shall be allowed as a deduction the actual amount paid or credited in the accounting period of any such dividends or interest, together with any amount of income tax accounted for and paid by the society in respect thereof;

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- (b) no part of any such dividends or interest paid or credited in the year of assessment shall be treated as a distribution of the society or as franked investment income of any company resident in the United Kingdom.
  - (4) Subsection (3)(a) above shall apply to any terminal bonus paid by the society under a certified contractual savings scheme as if it were a dividend on a share in the society.
  - (5) Notwithstanding anything in sections 64, 66 and 67, for any year of assessment to which regulations under subsection (1) above apply income tax chargeable under Case III of Schedule D shall, in the case of any relevant sum, be computed on the full amount of the income arising in the year of assessment.
  - (6) For the purposes of subsection (5) above a sum is relevant if it is a sum in respect of which a liability to deduct income tax—
    - (a) is imposed by regulations under subsection (1) above, or
    - (b) would be so imposed if a certificate were not supplied, in accordance with the regulations, to the effect that the person beneficially entitled to the sum is unlikely to be liable to pay any amount by way of income tax for the year of assessment in which the sum is paid.
  - (7) Notwithstanding anything in sections 348 to 350, for any year of assessment to which regulations under subsection (1) above apply income tax shall not be deducted upon payment to the society of any interest on advances, being interest payable in that year.
  - (8) Subsection (7) above shall not apply to any payment of relevant loan interest to which section 369 applies.
  - (9) In this section “dividend” has the meaning given by regulations under subsection (1) above, but any sum which is paid by a building society by way of dividend and which is not paid under deduction of income tax shall be treated for the purposes of Schedule D as paid by way of interest.”
- (2) This paragraph shall apply as regards the year 1991-92 and subsequent years of assessment.

#### *Deposit-takers*

- 5 (1) Section 479 (interest paid on deposits with banks etc.) shall cease to have effect.
- (2) This paragraph shall apply as regards interest paid or credited on or after 6th April 1991.
- 6 (1) Section 480 (deposits becoming or ceasing to be composite rate deposits) shall cease to have effect.
- (2) This paragraph shall apply as regards any time falling on or after 6th April 1991.
- 7 (1) The following sections shall be inserted immediately before section 481—

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**“480A Relevant deposits: deduction of tax from interest payments.**

- (1) Any deposit-taker making a payment of interest in respect of a relevant deposit shall, on making the payment, deduct out of it a sum representing the amount of income tax on it for the year of assessment in which the payment is made.
- (2) Any payment of interest out of which an amount is deductible under subsection (1) above shall be a relevant payment for the purposes of Schedule 16 whether or not the deposit-taker making the payment is resident in the United Kingdom.
- (3) Schedule 16 shall apply in relation to any payment which is a relevant payment by virtue of subsection (2) above—
  - (a) with the substitution for any reference to a company of a reference to a deposit-taker,
  - (b) as if paragraph 5 applied only in relation to payments received by the deposit-taker and falling to be taken into account in computing his income chargeable to corporation tax, and
  - (c) as if in paragraph 7 the reference to section 7(2) included a reference to sections 11(3) and 349(1).
- (4) In relation to any deposit-taker who is not a company, Schedule 16 shall have effect as if—
  - (a) paragraph 5 were omitted, and
  - (b) references to accounting periods were references to periods for which the deposit-taker makes up his accounts.
- (5) For the purposes of this section, crediting interest shall be treated as paying it.

**480B Relevant deposits: exception from section 480A.**

- (1) The Board may by regulations provide that section 480A(1) shall not apply as regards a payment of interest if such conditions as may be prescribed by the regulations are fulfilled.
- (2) In particular, the regulations may include—
  - (a) provision for a certificate to be supplied to the effect that the person beneficially entitled to a payment is unlikely to be liable to pay any amount by way of income tax for the year of assessment in which the payment is made;
  - (b) provision for the certificate to be supplied by that person or such other person as may be prescribed by the regulations;
  - (c) provision about the time when, and the manner in which, a certificate is to be supplied;
  - (d) provision about the form and contents of a certificate.
- (3) Any provision included under subsection (2)(d) above may allow the Board to make requirements, in such manner as they see fit, as to the matters there mentioned.
- (4) For the purposes of this section, crediting interest shall be treated as paying it.



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#### **480C Relevant deposits: computation of tax on interest.**

Notwithstanding anything in sections 64, 66 and 67, income tax chargeable under Case III of Schedule D on interest in respect of a relevant deposit shall be computed on the full amount of the income arising in the year of assessment.”

- (2) This paragraph shall apply as regards interest paid or credited on or after 6th April 1991.
- 8 (1) Section 481 (definitions of relevant deposit etc.) shall be amended as follows.
- (2) The following subsection shall be inserted after subsection (1)—
- “(1A) In this section “the relevant provisions” also means sections 480A and 480C.”
- (3) In subsection (2) the following shall be inserted after paragraph (c)—
- “(ca) any local authority;” and paragraphs (d) and (e) shall be omitted.
- (4) In subsection (6) after the word “sections” there shall be inserted the words “ 480A, 480C ”.
- (5) Sub-paragraph (3) above shall apply as regards interest paid or credited on or after 6th April 1991.
- 9 (1) Section 482 (supplementary provisions) shall be amended as follows.
- (2) In subsection (6), in paragraph (b) of the definition of “qualifying certificate of deposit” for the words “less than seven days” there shall be substituted the words “ more than five years ”.
- (3) In subsection (6), the following paragraph shall be substituted for paragraph (a) of the definition of “qualifying time deposit”—
- “(a) require repayment of the deposit at a specified time falling before the end of the period of five years beginning with the date on which the deposit is made;”.
- (4) In subsection (11) the following shall be inserted after paragraph (a)—
- “(aa) with respect to the furnishing of information by depositors or deposit-takers, including, in the case of deposit-takers, the inspection of books, documents and other records on behalf of the Board; and”.
- (5) The following subsection shall be inserted after subsection (11)—
- “(11A) In subsection (11)(aa) above the reference to depositors is to persons who are appropriate persons (within the meaning given by subsection (6) above) in relation to deposits.”
- (6) Sub-paragraphs (2) and (3) above shall apply as regards interest paid or credited on or after 6th April 1991.

#### *General*

- 10 (1) Section 349 (annual interest etc.) shall be amended as follows.
- (2) In subsection (3) after paragraph (d) there shall be inserted “or

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- (e) to any dividend or interest paid or credited in a relevant year of assessment in respect of shares in, or deposits with or loans to, a building society; or
- (f) to any payment in respect of which a liability to deduct income tax is imposed by section 480A(1); or
- (g) to any payment in respect of which a liability to deduct income tax would be imposed by section 480A(1) if conditions prescribed by regulations under section 480B were not fulfilled.”

(3) The following subsection shall be inserted at the end—

“(4) In subsection (3)(e) above—

“dividend” has the same meaning as in section 477A, and

“relevant year of assessment” means a year of assessment to which regulations under subsection (1) of that section apply.”

(4) This paragraph shall apply as regards a payment made on or after 6th April 1991.

11 (1) In section 352(1) (certificates of deduction of tax) for the words “or 687” there shall be substituted the words “, 480A or 687 or by virtue of regulations under section 477A(1) ”.

(2) This paragraph shall apply as regards a payment made on or after 6th April 1991.

12 (1) In section 483 (determination of reduced rate for building societies and composite rate for banks etc.) subsections (1) to (3) and (5) shall cease to have effect.

(2) This paragraph shall apply where the first year of assessment mentioned in section 483(1) is 1990-91 or a subsequent year of assessment.

13 (1) In section 686 (liability to additional rate tax of certain income of discretionary trusts) subsection (5) shall cease to have effect.

(2) This paragraph shall apply as regards a sum paid or credited on or after 6th April 1991.

14 (1) In section 687 (payments under discretionary trusts) in subsection (3) the words following paragraph (i) shall cease to have effect.

(2) This paragraph shall apply as regards an amount paid or credited on or after 6th April 1991.

### *Management*

15 In the Table in section 98 of the <sup>M3</sup>Taxes Management Act 1970 (penalties for failure to comply with notices etc.) there shall be inserted in the first and second columns, after the entry relating to regulations under section 476(1) of the Taxes Act 1988 — “ regulations under section 477A(1); ”.

#### **Marginal Citations**

**M3** 1970 c. 9.

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*Transitional provision*

- 16 (1) In its application to the year 1991-92, section 477A of the Taxes Act 1988 shall have effect with the following modifications.
- (2) Regulations under subsection (1) may also require any building society to account for and pay, on transitional sums, an amount representing income tax calculated in part at the basic rate for the year 1990-91 and in part at the reduced rate determined for that year under section 483(1)(a) of the Taxes Act 1988.
- (3) In sub-paragraph (2) above the reference to transitional sums is to such sums paid or credited after 28th February 1991 and before 6th April 1991 as may be determined in accordance with the regulations.
- (4) In subsection (3)(a) for the words from “actual” to the end of the paragraph there shall be substituted the words “appropriate amount”.
- (5) The following subsection shall be inserted after subsection (3)—
- “(3A) In subsection (3)(a) above the reference to the appropriate amount is to the actual amount paid or credited in the accounting period of any such dividends or interest together with—
- (a) in the case of dividends or interest paid or credited in the year 1990-91, any amount accounted for and paid by the society in respect thereof as representing income tax, and
- (b) in the case of dividends or interest paid or credited in the year 1991-92, any amount of income tax accounted for and paid by the society in respect thereof.”

SCHEDULE 6

Section 41.

LIFE ASSURANCE: APPORTIONMENT OF INCOME ETC.

- 1 (1) Section 431 of the Taxes Act 1988 shall be amended as follows.
- (2) In subsection (2)—
- (a) in the definition of “general annuity business”, after the words “pension business” there shall be inserted the words “or overseas life assurance business”; and
- (b) there shall be inserted in the appropriate places in alphabetical order—
- ““basic life assurance business” means life assurance business other than general annuity business, pension business and overseas life assurance business;”
- ““closing” and “opening”, in relation to a period of account, refer respectively to the position at the end and at the beginning of the period and, in relation to an accounting period, refer respectively to the position at the end and at the beginning of the period of account in which the accounting period falls;”

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““closing liabilities” includes liabilities assumed at the end of the period of account concerned in consequence of the declaration of reversionary bonuses or a reduction in premiums;”

““industrial assurance business” has the same meaning as in the Insurance Companies Act 1982;”

““investment reserve”, in relation to an insurance company, means the excess of the value of the assets of the company’s long term business fund over the liabilities of the long term business;”

““liabilities”, in relation to an insurance company, means the liabilities of the company estimated as for the purposes of its periodical return (excluding any that have fallen due or been reinsured and any not arising under or in connection with policies or contracts effected as part of the company’s insurance business);”

““linked assets” means assets of an insurance company which are identified in its records as assets by reference to the value of which benefits provided for under a policy or contract are to be determined;”

““long term business” has the meaning given by section 1(1) of the Insurance Companies Act 1982;”

““long term business fund” means the fund maintained by an insurance company in respect of its long term business or, where the company carries on both ordinary long term business and industrial assurance business, either or both (as the context may require) of the two funds so maintained;”

““ordinary long term business” and “ordinary life assurance business” mean respectively long term business and life assurance business that is not industrial assurance business;”

““overseas life assurance business”—

- (a) in the case of life assurance business other than reinsurance business, means business with a policy holder or annuitant not residing in the United Kingdom the policy or contract for which was effected at or through a branch or agency outside the United Kingdom where life assurance business is carried on; and
- (b) in the case of reinsurance business, means business the contract for which was effected at or through a branch or agency outside the United Kingdom where none, or no significant part, of the reinsurance business carried on relates to life assurance business with policy holders or annuitants residing in the United Kingdom;”

““overseas life assurance fund” shall be construed in accordance with Schedule 19AA;”

““value”, in relation to assets of an insurance company, means the value of the assets as taken into account for the purposes of the company’s periodical return;”

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““with-profits liabilities” means liabilities in respect of policies or contracts under which the policy holders or annuitants are eligible to participate in surplus;”.

(3) After subsection (2) there shall be inserted—

“(2A) Linked assets shall be taken to be linked solely to long term business of a particular category if, and only if, all (or all but an insignificant proportion) of the policies or contracts providing for the benefits concerned are policies or contracts the effecting of which constitutes the carrying on of business of that category.”

(4) In subsection (3)(b), after the words “other annuity business” there shall be inserted the words “that is not overseas life assurance business”.

2 After section 431 of the Taxes Act 1988 there shall be inserted—

**“431A Amendment of Chapter etc.**

Where it is expedient to do so in consequence of the exercise of any power under the Insurance Companies Act 1982, the Treasury may by order amend the provisions of this Chapter and any other provision of the Tax Acts so far as relating to insurance companies.”

3 In section 432(2) of the Taxes Act 1988—

- (a) for the words “industrial life assurance” there shall be substituted the words “industrial assurance”; and
- (b) after the words “section 76” there shall be inserted the words “and where appropriate the provisions of this Chapter”.

4 After section 432 of that Act there shall be inserted—

**“432A Apportionment of income and gains.**

(1) This section has effect where—

- (a) an insurance company carries on in any period both ordinary long term business and industrial assurance business, or life assurance business and other long term business, or more than one class of life assurance business, and
- (b) it is necessary for the purposes of the Corporation Tax Acts to determine in relation to the period what parts of—
  - (i) income arising from the assets of the company’s long term business fund, or
  - (ii) gains or losses accruing on the disposal of such assets, are referable to any of the categories of business in question.

(2) The classes of life assurance business referred to in subsection (1) above are—

- (a) pension business;
- (b) general annuity business;
- (c) overseas life assurance business; and
- (d) basic life assurance business.

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- (3) Income arising from, and gains or losses accruing on the disposal of, assets linked solely to ordinary long term business, industrial assurance business, life assurance business, long term business other than life assurance business, pension business or basic life assurance business shall be referable to the category of business concerned.
- (4) Income arising from, and gains or losses accruing on the disposal of, assets of the overseas life assurance fund (and no other assets) shall be referable to overseas life assurance business.
- (5) There shall be referable to any category of business (apart from overseas life assurance business) the relevant fraction of any income, gains or losses not directly referable to any of the appropriate categories of business.
- (6) For the purposes of subsection (5) above “the relevant fraction”, in relation to a category of business, is the fraction of which—
- (a) the numerator is the aggregate of—
    - (i) the mean of the opening and closing liabilities of the category, reduced by the mean of the opening and closing values of any assets directly referable to the category, and
    - (ii) the mean of the appropriate parts of the opening and closing amounts of the investment reserve; and
  - (b) the denominator is the aggregate of—
    - (i) the mean of the opening and closing liabilities of the long term business, reduced by the mean of the opening and closing values of any assets directly referable to any of the appropriate categories of business, and
    - (ii) the mean of the opening and closing amounts of the investment reserve.
- (7) For the purposes of subsections (5) and (6) above—
- (a) references to appropriate categories of business—
    - (i) where the category of business in question is ordinary long term business or industrial assurance business, are references to those categories of business;
    - (ii) where the category of business in question is life assurance business or long term business other than life assurance business, are references to those categories of business; and
    - (iii) where the category of business in question is pension business, general annuity business or basic life assurance business, are references to pension business and basic life assurance business; and
  - (b) income, gains or losses are directly referable to a category of business if referable to the category by virtue of subsection (3) above and assets are directly referable to a category of business if income arising from the assets is, and gains or losses accruing on the disposal of the assets are, so referable.
- (8) In subsection (6) above “appropriate part”, in relation to the investment reserve, means—
- (a) where all of the liabilities of the long term business are linked liabilities, the part of that reserve which bears to the whole the same

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- proportion as the amount of the liabilities of the category of business in question bears to the whole amount of the liabilities of the long term business,
- (b) where any of the liabilities of the long term business are not linked liabilities but none (or none but an insignificant proportion) are with-profits liabilities, the part of that reserve which bears to the whole the same proportion as the amount of the liabilities of the category of business in question which are not linked liabilities bears to the whole amount of the liabilities of the long term business which are not linked liabilities, and
  - (c) in any other case, the part of that reserve which bears to the whole the same proportion as the amount of the with-profits liabilities of the category of business in question bears to the whole amount of the with-profits liabilities of the long term business;
- and in this subsection “linked liabilities” means liabilities in respect of benefits to be determined by reference to the value of linked assets.
- (9) Where the category of business in question is a class of life assurance business, for the purposes of this section—
    - (a) “liabilities” does not include liabilities of the overseas life assurance business; and
    - (b) assets of the overseas life assurance fund and liabilities of the overseas life assurance business shall be left out of account in determining the investment reserve.
  - (10) Subsection (5) above shall not apply in relation to gains or losses accruing on disposals deemed to have been made by virtue of section 46 of the Finance Act 1990 except where it is necessary to determine what parts are referable to different categories of business within subsection (3)(b) of that section (and shall apply in that case subject to appropriate modifications).

#### **432B Apportionment of receipts brought into account.**

- (1) This section and sections 432C to 432E have effect where it is necessary in accordance with section 83 of the Finance Act 1989 to determine what parts of any items brought into account in the revenue account prepared for the purposes of the Insurance Companies Act 1982 are referable to life assurance business or any class of life assurance business.
- (2) Where in addition to the revenue account prepared for the purposes of the Insurance Companies Act 1982 in respect of the whole of any business carried on by a company there are prepared for the purposes of that Act revenue accounts relating to parts of the business, amounts referred to in sections 432C to 432E shall, so far as they relate to those parts, be ascertained by reference to the latter accounts rather than by reference to the former.
- (3) Sections 432C and 432D apply where the business with which an account is concerned (“the relevant business”) relates exclusively to policies or contracts under which the policy holders or annuitants are not eligible to participate in surplus; and section 432E applies where the relevant business relates wholly or partly to other policies or contracts.

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### **432C Section 432B apportionment: income of non-participating funds.**

- (1) To the extent that the amount brought into account as income is attributable to assets linked solely to life assurance business, pension business or basic life assurance business, it shall be referable to the category of business concerned.
- (2) To the extent that that amount is attributable to assets of the overseas life assurance fund, it shall be referable to overseas life assurance business.
- (3) There shall be referable to any category of business (apart from overseas life assurance business) the relevant fraction of so much of the amount brought into account as income as is not directly referable to any of the appropriate categories of business.
- (4) For the purposes of subsection (3) above “the relevant fraction”, in relation to a category of business, is the fraction of which—
  - (a) the numerator is the mean of the opening and closing liabilities of the relevant business so far as referable to the category, reduced by the mean of the opening and closing values of any assets of the relevant business directly referable to the category; and
  - (b) the denominator is the mean of the opening and closing liabilities of the relevant business, reduced by the mean of the opening and closing values of any assets of the relevant business directly referable to any of the appropriate categories of business.
- (5) For the purposes of subsections (3) and (4) above—
  - (a) references to appropriate categories of business—
    - (i) where the category of business in question is life assurance business, are references to that category of business and long term business other than life assurance business; and
    - (ii) where the category of business in question is pension business, general annuity business or basic life assurance business, are references to pension business and basic life assurance business; and
  - (b) the part of the amount brought into account as income which is directly referable to a category of business is the part referable to the category by virtue of subsection (1) above and assets are directly referable to a category of business if such part of the amount brought into account as income as is attributable to them is so referable.
- (6) Where the category of business in question is a class of life assurance business, for the purposes of this section “liabilities” does not include liabilities of the overseas life assurance business.

### **432D Section 432B apportionment: value of non-participating funds.**

- (1) To the extent that the amount brought into account as the increase or decrease in the value of assets is attributable to assets linked solely to life assurance business, pension business or basic life assurance business, or to assets of the overseas life assurance fund which are linked solely to overseas



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life assurance business, it shall be referable to the category of business concerned.

- (2) There shall be referable to any category of business the relevant fraction of the amount brought into account as the increase or decrease in the value of assets except so far as the amount is attributable to assets which are directly referable to any of the appropriate categories of business.
- (3) Subsections (4) and (5) (but not (6)) of section 432C shall apply for the purposes of this section as if—
  - (a) each of the references to a subsection of that section were a reference to the corresponding subsection of this section, and
  - (b) in subsection (5)—
    - (i) a reference to overseas life assurance business were included after each of the references to pension business in paragraph (a)(ii), and
    - (ii) each of the references in paragraph (b) to income were a reference to the increase or decrease in the value of assets.

**432E Section 432B apportionment: participating funds.**

- (1) The part of the net amount of the items referred to in subsection (1) of section 83 of the Finance Act 1989 (that is to say the income referred to in paragraph (a) of that subsection increased or reduced by the increase or reduction in the value referred to in paragraph (b)) which is referable to a particular category of business shall be—
  - (a) the amount determined in accordance with subsection (2) below, or
  - (b) the amount determined in accordance with subsection (3) below, whichever is the greater.
- (2) For the purposes of subsection (1) above there shall be determined the amount which is such as to secure—
  - (a) in a case where the relevant business is mutual business, that

$$CAS = CS, \text{ and}$$

- (b) in any other case, that

$$CS - CAS = \left( S - AS \right) \times \frac{CAS}{AS}$$

where—

S is the surplus of the relevant business;

AS is so much of that surplus as is allocated to persons entitled to the benefits provided for by the policies or contracts to which the relevant business relates;

CAS is so much of the surplus so allocated as is attributable to policies or contracts of the category of business concerned; and

CS is so much of the surplus of the relevant business as would remain if the relevant business were confined to business of the category concerned.

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- (3) For the purposes of subsection (1) above there shall also be determined the aggregate of—
- (a) the applicable percentage of what is left of the mean of the opening and closing liabilities of the relevant business so far as referable to the category of business concerned after deducting from it the mean of the opening and closing values of any assets of the relevant business linked solely to that category of business, and
  - (b) the part of the net amount mentioned in subsection (1) above that is attributable to assets linked solely to that category of business.
- (4) For the purposes of subsection (3) above “the applicable percentage”, in any case, is such percentage as may be determined for that case by or in accordance with an order made by the Treasury.
- (5) Where the part of the net amount referable to a particular category or categories of business (“the subsection (3) category or categories”) is the amount determined in accordance with subsection (3) above, the amount determined in accordance with subsection (2) above in relation to any other category (“the relevant category”) shall be reduced by—

$$\frac{XY}{Z}$$

where—

X is the excess of the amount determined in accordance with subsection (3) above in the case of the subsection (3) category (or each of them) over the amount determined in its case (or the case of each of them) in accordance with subsection (2) above;

Y is so much of the surplus of the relevant business as is allocated to persons entitled to the benefits provided for by policies or contracts of the relevant category; and

Z is so much of the surplus of the relevant business as is allocated to persons entitled to the benefits provided for by policies or contracts of the category (or each of the categories) which is not a subsection (3) category.

- (6) Where the category of business concerned is overseas life assurance business—
- (a) if the part of the income brought into account that is attributable to assets of the overseas life assurance fund not linked solely to overseas life assurance business is greater than the amount arrived at under subsection (3)(a) above, this section shall have effect as if that part of that income were the amount so arrived at; and
  - (b) the amount which, apart from this paragraph, would be the part of the net amount referable to that category of business shall be—
    - (i) reduced by the part of the net amount attributable to distributions of companies resident in the United Kingdom relating to assets of the company’s overseas life assurance fund, and
    - (ii) increased by the amount which is income of the relevant business by virtue of section 441A.”

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- 5 In section 436 of the Taxes Act 1988, in subsection (3) for sub-paragraph (i) of paragraph (d) there shall be substituted—  
“(i) group income so far as referable to pension business shall be deducted from the receipts to be taken into account.”
- 6 In section 437 of that Act, in subsection (2) for paragraph (a) there shall be substituted—  
“(a) taxed income, group income and income attributable to offshore income gains, so far as referable to general annuity business, shall be deducted from the receipts to be taken into account;”
- 7 In section 439 of that Act, for the words from the beginning to “1982;” in subsection (5) there shall be substituted—  
“(1) For the purposes of this Chapter restricted government securities shall be treated as linked solely to pension business.  
(2) In this section”.
- 8 For section 440 of that Act there shall be substituted—

**“440 Transfers of assets etc.**

- (1) If at any time an asset (or a part of an asset) held by an insurance company ceases to be within one of the categories set out in subsection (4) below and comes within another of those categories, the company shall for the purposes of corporation tax be deemed to have disposed of and immediately re-acquired the asset (or part) for a consideration equal to its market value at that time.
- (2) Where—  
(a) an asset is acquired by a company as part of the transfer to it of the whole or part of the business of an insurance company (“the transferor”) in accordance with a scheme sanctioned by a court under section 49 of the Insurance Companies Act 1982, and  
(b) the asset (or part of it) is within one of the categories set out in subsection (4) below immediately before the acquisition and is within another of those categories immediately afterwards,  
the transferor shall for the purposes of corporation tax be deemed to have disposed of and immediately re-acquired the asset (or part) immediately before the acquisition for a consideration equal to its market value at that time.
- (3) Where, apart from this subsection, section 273 or 274 of the 1970 Act (transfers within a group) would apply to a disposal or acquisition by an insurance company of an asset (or part of an asset) which, immediately before the disposal or (as the case may be) immediately after the acquisition, is within one of the categories set out in paragraphs (a) to (d) of subsection (4) below, that section shall not apply to the disposal or acquisition.
- (4) The categories referred to in subsections (1) to (3) above are—  
(a) assets linked solely to basic life assurance business;  
(b) assets linked solely to pension business;

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- (c) assets of the overseas life assurance fund;
  - (d) assets of the long term business fund not within any of the preceding paragraphs;
  - (e) other assets.
- (5) In this section “market value” has the same meaning as in the 1979 Act.

#### **440A Securities.**

- (1) Subsection (2) below applies where the assets of an insurance company include securities of a class all of which would apart from this section be regarded for the purposes of corporation tax on chargeable gains as one holding.
- (2) Where this subsection applies—
- (a) so many of the securities as are identified in the company’s records as securities by reference to the value of which there are to be determined benefits provided for under policies the effecting of all (or all but an insignificant proportion) of which constitutes the carrying on of basic life assurance business shall be treated for the purposes of corporation tax as a separate holding linked solely to that business,
  - (b) so many of the securities as are identified in the company’s records as securities by reference to the value of which there are to be determined benefits provided for under contracts the effecting of all (or all but an insignificant proportion) of which constitutes the carrying on of pension business shall be treated for those purposes as a separate holding linked solely to that business,
  - (c) so many of the securities as are included in the overseas life assurance fund shall be treated for those purposes as a separate holding which is an asset of that fund,
  - (d) so many of the securities as are included in the company’s long term business fund but do not fall within any of the preceding paragraphs shall be treated for those purposes as a separate holding which is an asset of that fund (but not of any of the descriptions mentioned in those paragraphs), and
  - (e) any remaining securities shall be treated for those purposes as a separate holding which is not of any of the descriptions mentioned in the preceding paragraphs.
- (3) Subsection (2) above also applies where the assets of an insurance company include securities of a class and apart from this section some of them would be regarded as a 1982 holding, and the rest as a new holding, for the purposes of corporation tax on chargeable gains.
- (4) In a case within subsection (3) above—
- (a) the reference in any paragraph of subsection (2) above to a separate holding shall be construed, where necessary, as a reference to a separate 1982 holding and a separate new holding, and
  - (b) the questions whether such a construction is necessary in the case of any paragraph and, if it is, how many securities falling within the paragraph constitute each of the two holdings shall be determined in

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accordance with paragraph 12 of Schedule 6 to the Finance Act 1990 and the identification rules applying on any subsequent acquisitions and disposals.

(5) Section 66 of the 1979 Act shall have effect where subsection (2) above applies as if securities regarded as included in different holdings by virtue of that subsection were securities of different kinds.

(6) In this section—

“1982 holding” has the meaning given by Part II of Schedule 19 to the Finance Act 1985;

“new holding” has the meaning given by Part III of that Schedule; and

“securities” has the same meaning as in section 65 of the 1979 Act.”

9 (1) In section 724 of the Taxes Act 1988, after subsection (1) there shall be inserted—

“(1A) If at any time securities held by an insurance company cease to be within one of the categories set out in section 440(4) and come within another of those categories, the company shall be treated for the purposes of sections 710 to 728 as transferring the securities to itself at that time.”

(2) In section 711(6) of that Act, for the words “or 722(1) or (2)” there shall be substituted the words “, 722(1) or (2) or 724(1A) ”.

(3) In section 712(4) of that Act, for the words “and 722” there shall be substituted the words “, 722 and 724(1A) ”.

10 In section 58(10) of the <sup>M4</sup>Finance (No.2) Act 1975, the definition of “trading stock” shall cease to have effect.

#### Marginal Citations

M4 1975 c. 45.

11 (1) Paragraph 9 above shall be deemed to have come into force on 24th May 1990 but, subject to that,—

(a) in so far as it relates to determinations of profits in accordance with section 83 of the <sup>M5</sup>Finance Act 1989, this Schedule shall apply in relation to any period for which such a determination falls to be made, other than a period for which it falls to be made only by virtue of an election under section 83(5) of the Finance Act 1989, and

(b) in so far as it relates to section 432A of the Taxes Act 1988, this Schedule shall apply to income arising, and disposals occurring, on or after 1st January 1990.

(2) Subject to sub-paragraph (1) above, this Schedule shall be deemed to have come into force on 1st January 1990.

(3) The preceding provisions of this paragraph shall have effect subject to paragraph 12 below.

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### Marginal Citations

M5 1989 c. 26.

- 12 (1) Where at the end of 1989 the assets of an insurance company include securities of a class some of which are regarded as a single 1982 holding, and the rest of which are regarded as a single new holding, for the purposes of corporation tax on chargeable gains—
- (a) at the beginning of 1990 there shall be both a 1982 holding and a new holding of the description mentioned in any paragraph of section 440A(2) of the Taxes Act 1988 within which any of the securities fall at that time (whether or not there would be apart from this sub-paragraph), and
  - (b) the 1982 holding and the new holding of the description mentioned in any such paragraph shall at that time bear to one another the same proportions as the single 1982 holding and the single new holding at the end of 1989.
- (2) For the period beginning with 1st January 1990 and ending with 19th March 1990, section 440(4) of the Taxes Act 1988 (as substituted by paragraph 8 of this Schedule) and section 440A(2) of that Act shall have effect with the omission of paragraph (d) (so that all assets not within paragraphs (a) to (c) fall within paragraph (e)).
- (3) Sub-paragraph (4) below applies where—
- (a) at the end of 19th March 1990 the assets of an insurance company include securities of a class some of which are regarded as a relevant 1982 holding, and others of which are regarded as a relevant new holding, for the purposes of corporation tax on chargeable gains, and
  - (b) some of the securities are included in the company's long term business fund but others are not;
- and for the purposes of this sub-paragraph a holding is a “relevant” holding if it is not linked to pension business or basic life assurance business and is not an asset of the overseas life assurance fund.
- (4) Where this sub-paragraph applies—
- (a) at the beginning of 20th March 1990 there shall be both a 1982 holding and a new holding of each of the descriptions mentioned in paragraphs (d) and (e) of section 440A(2) of the Taxes Act 1988 (whether or not there would be apart from this sub-paragraph), and
  - (b) the 1982 holding and the new holding of each of those descriptions shall at that time bear to one another the same proportions as the 1982 holding and the new holding mentioned in sub-paragraph (3)(a) above at the end of 19th March 1990.
- (5) Except for the purposes of determining the assets of a company which are linked solely to basic life assurance business, the amendments made by this Schedule shall have effect in relation to a company with the omission of references to overseas life assurance business as respects any time before the provisions of Schedule 7 to this Act have effect in relation to the company.
- (6) Sub-paragraph (7) below applies where—
- (a) the first accounting period of an insurance company beginning on or after 1st January 1990 begins after 20th March 1990,

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- (b) at some time during the accounting period the company carries on overseas life assurance business, and
  - (c) immediately before the beginning of the accounting period the assets of the long term business fund of the company include both a relevant 1982 holding and a relevant new holding of securities of the same class;
- and for the purposes of this sub-paragraph a holding is a “relevant” holding if it is not linked to pension business or basic life assurance business.
- (7) Where this sub-paragraph applies—
- (a) at the beginning of the accounting period there shall be both a 1982 holding and a new holding of each of the descriptions mentioned in paragraphs (c) and (d) of section 440A(2) of the Taxes Act 1988 (whether or not there would be apart from this sub-paragraph), and
  - (b) the 1982 holding and the new holding of each of those descriptions shall at that time bear to one another the same proportions as the 1982 holding and the new holding mentioned in sub-paragraph (6)(c) above immediately before the beginning of the period.
- (8) No disposal or re-acquisition shall be deemed to occur by virtue of section 440 of the Taxes Act 1988 (as substituted by paragraph 8 of this Schedule) by reason only of the coming into force (in accordance with the provisions of paragraph 11 of this Schedule and this paragraph) of any provision of section 440A of that Act.
- (9) The substitution made by paragraph 8 of this Schedule shall not affect—
- (a) the operation of section 440 of the Taxes Act 1988 (as it has effect before the substitution) before 20th March 1990, or
  - (b) the operation of subsections (6) and (7) of that section (as they have effect before the substitution) in relation to the disposal of an asset which has not been deemed to be disposed of by virtue of section 440 (as it has effect after the substitution) before the time of the disposal.
- (10) In this paragraph—
- “1982 holding” has the meaning given by Part II of Schedule 19 to the <sup>M6</sup>Finance Act 1985;
  - “new holding” has the meaning given by Part III of that Schedule; and
  - “securities” has the same meaning as in section 65 of the <sup>M7</sup>Capital Gains Tax Act 1979.

**Marginal Citations**

**M6** 1985 c. 54.

**M7** 1979 c. 14.

SCHEDULE 7

Section 42.

OVERSEAS LIFE ASSURANCE BUSINESS

- 1 In section 76(1)(d) of the Taxes Act 1988, for the words “or pension business” there shall be substituted the words “, pension business or overseas life assurance business”.

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- 2 In section 231(1) of that Act, for the words “and 247” there shall be substituted the words “, 247 and 441A ”.
- 3 For section 441 of that Act there shall be substituted—

**“441 Overseas life assurance business.**

- (1) This section and section 441A shall apply for an accounting period of an insurance company resident in the United Kingdom if during the period the company carries on overseas life assurance business.
- (2) Subject to the provisions of this section and section 441A, profits arising to the company from the overseas life assurance business shall be treated as income within Schedule D, and be chargeable under Case VI of that Schedule, and for that purpose—
- (a) that business shall be treated separately, and
  - (b) subject to paragraph (a) above, the profits from it shall be computed in accordance with the provisions of this Act applicable to Case I of Schedule D.
- (3) Subsection (2) above shall not apply if the company is charged to corporation tax in accordance with the provisions applicable to Case I of Schedule D in respect of the profits of its life assurance business.
- (4) In making the computation referred to in subsection (2) above—
- (a) sections 82(1), (2) and (4) and 83 of the Finance Act 1989 shall apply with the necessary modifications and in particular with the omission of the words “tax or” in section 82(1)(a), and
  - (b) there may be set off against the profits any loss, to be computed on the same basis as the profits, which has arisen from overseas life assurance business in any previous accounting period beginning on or after 1st January 1990.
- (5) Section 396 shall not be taken to apply to a loss incurred by a company on overseas life assurance business.
- (6) Nothing in section 128 or 399(1) shall affect the operation of this section.
- (7) Notwithstanding section 337(2), there shall be deductible in computing the profits arising to a company from overseas life assurance business—
- (a) interest payable by the company under a liability of the long term business, so far as referable to overseas life assurance business, and
  - (b) annuities payable by the company, so far as so referable.
- (8) Gains accruing on the disposal by a company of assets of its overseas life assurance fund shall not be chargeable gains.

**441A Section 441: distributions.**

- (1) Section 208 shall not apply to a distribution in respect of any asset of an insurance company’s overseas life assurance fund.
- (2) Subject to subsection (3) below, an insurance company shall not be entitled under section 231 to a tax credit in respect of such a distribution.



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- (3) A company shall be entitled to such a tax credit if and to the extent that, were the recipient an individual resident in the territory in which the relevant branch or agency is situated, he would be entitled to the credit under arrangements having effect by virtue of section 788.
- (4) For the purposes of subsection (3) above the relevant branch or agency, in the case of a tax credit in respect of a distribution, is—
- (a) where the relevant asset is linked solely to overseas life assurance business—
    - (i) the branch or agency at or through which the company has effected policies or contracts the benefits under which are to be determined by reference to the value of the asset, or
    - (ii) in a case where there is more than one such branch or agency, the branches to which different parts of it are allocated by the company in accordance with subsection (5) below;
  - (b) subject to paragraph (a) above, where the management of the relevant asset is under the control of a person whose normal place of work is at a branch or agency, that branch or agency; and
  - (c) in any other case, the branch or agency to which it is allocated by the company.
- (5) Where policies or contracts the benefits under which are to be determined by reference to the value of an asset within subsection (4)(a) above have been effected at or through more than one branch or agency, different parts of the asset shall be allocated to them so as to secure as far as practicable that the part allocated to each is proportionate to the part of the liabilities in respect of those benefits represented by liabilities under policies or contracts effected at or through it.
- (6) Where the overseas life assurance business carried on at or through a branch or agency in a territory includes—
- (a) reinsurance business which consists of the reinsurance of liabilities of a person resident in another territory, or
  - (b) retrocession business,
- the amount of any tax credit in relation to which the branch or agency is the relevant branch or agency shall be reduced by the proportion which the liabilities of that reinsurance business bear to all the liabilities of the overseas life assurance business carried on at or through the branch or agency.
- (7) Where a company is entitled to an amount of tax credit by virtue of this section the company may claim to have that amount paid to it.
- (8) No franked investment income shall be used under Chapter V of Part VI of this Act to frank a company's distributions if the tax credit (or any part of the tax credit) comprised in it is payable to the company under subsection (7) above.”

4 In section 724 of that Act—

- (a) in subsection (3), for the words after “insurance company” there shall be substituted the words “ to the extent that the securities transferred are immediately before the transfer referable to a business the profits of which are computed in accordance with section 436 or 441. ”, and

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- (b) in subsection (4), for the words after “apply”, in the first place where it occurs, there shall be substituted the words “if the transferee is an insurance company to the extent that the securities transferred are immediately after the transfer referable to a business the profits of which are computed in accordance with section 436 or 441.”

5 After section 804 of that Act there shall be inserted—

**“804A Overseas life assurance business: restriction of credit.**

- (1) Subsection (2) below applies where credit for tax which is payable under the laws of a territory outside the United Kingdom and computed otherwise than wholly by reference to profits arising in that territory is to be allowed (in accordance with this Part) against corporation tax charged by virtue of section 441 in respect of the profits of a company’s overseas life assurance business for an accounting period.
- (2) Where this subsection applies, the amount of the credit shall not exceed the greater of—
- (a) any such part of the tax payable under the laws of the territory outside the United Kingdom as is charged by reference to profits arising in that territory, and
  - (b) the shareholders’ share of the tax so payable.
- (3) For the purposes of subsection (2) above the shareholders’ share of tax payable under the laws of a territory outside the United Kingdom is so much of that tax as is represented by the fraction

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

where—

A is an amount equal to the profits of the company for the period which are chargeable to tax under section 441; and

B is an amount equal to the excess of—

- (a) the amount taken into account as receipts of the company in computing those profits, apart from premiums and sums received by virtue of a claim under a reinsurance contract, over
  - (b) the amounts taken into account as expenses and interest in computing those profits.
- (4) Where there is no such excess as is mentioned in subsection (3) above, or where the profits are greater than any excess, the whole of the tax payable under the laws of the territory outside the United Kingdom shall be the shareholders’ share; and (subject to that) where there are no profits, none of it shall be the shareholders’ share.
- (5) Where, by virtue of this section, the credit for any tax payable under the laws of a territory outside the United Kingdom is less than it otherwise would be, section 795(2)(a) shall not prevent a deduction being made for the difference in computing the profits of the overseas life assurance business.”

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6 After Schedule 19 to the Taxes Act 1988 there shall be inserted—

“SCHEDULE 19AA

Section 431.

OVERSEAS LIFE ASSURANCE FUND

- 1 (1) This Schedule shall have effect for determining for the purposes of this Chapter the assets of a company which are the assets of its overseas life assurance fund.
- (2) The Treasury may by order amend any of the following provisions of this Schedule.
- 2 (1) Assets of a company at the end of a period of account which—
  - (a) were assets of the overseas life assurance fund at the end of the immediately preceding period of account, and
  - (b) are assets of the long term business fund of the company throughout the period,shall be assets of the overseas life assurance fund throughout the period.
- (2) Where in a period of account assets of a company which were assets of the overseas life assurance fund at the end of the immediately preceding period of account are disposed of by the company, or otherwise cease to be assets of the long term business fund of the company, they shall be assets of the overseas life assurance fund from the beginning of the period until they are disposed of or, as the case may be, they cease to be assets of the long term business fund.
- (3) Where—
  - (a) in any period of account assets are acquired by a company as assets of the long term business fund, or otherwise become assets of that fund,
  - (b) the assets are disposed of by the company, or otherwise cease to be assets of that fund, later in the same period,
  - (c) throughout the part of the period during which the assets are assets of the long term business fund they are either—
    - (i) linked solely to the overseas life assurance business of the company, or
    - (ii) assets within paragraph 5(5)(c) below, and
  - (d) it is appropriate having regard to all the circumstances (including a comparison between the relationship of the value of the assets of the overseas life assurance fund and the liabilities of the overseas life assurance business and that of the value of the assets of the long term business fund and the liabilities of the company’s long term business) that they be assets of the overseas life assurance fund,they shall be assets of the overseas life assurance fund for the part of the period during which they are assets of the long term business fund.
- 3 (1) Where the value of the assets mentioned in paragraph 2(1) above at the end of the period is less than the amount mentioned in paragraph 4 below (or where there are no assets within paragraph 2(1)), assets which—
  - (a) are assets of the long term business fund of the company at the end of the period,

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- (b) have a value at that time equal to the difference (or to that amount), and
  - (c) are designated in accordance with paragraph 5 below,

shall become assets of the overseas life assurance fund at the relevant time.
- (2) In sub-paragraph (1) above “the relevant time” means—
  - (a) where the asset is not an asset of the long term business fund of the company throughout the period, the time when it became such an asset, and
  - (b) in any other case, the end of the period.
- (3) Where the value of the assets mentioned in paragraph 2(1) above at the end of the period is greater than the amount mentioned in paragraph 4 below, assets which—
  - (a) are assets of the long term business fund of the company at the end of the period,
  - (b) have a value at that time equal to the difference, and
  - (c) are designated in accordance with paragraph 5 below,

shall cease to be assets of the overseas life assurance fund at the end of the period.
- 4 (1) The amount referred to in paragraph 3 above is the aggregate of—
  - (a) the liabilities of the company’s overseas life assurance business at the end of the period of account, and
  - (b) the appropriate part of the investment reserve at that time.
- (2) In sub-paragraph (1)(b) above the “appropriate part”, in relation to the investment reserve, means—
  - (a) where all of the liabilities of the long term business are linked liabilities, the part of that reserve which bears to the whole the same proportion as the amount of the liabilities of the overseas life assurance business bears to the whole amount of the liabilities of the long term business,
  - (b) where any of the liabilities of the long term business are not linked liabilities but none (or none but an insignificant proportion) are with-profits liabilities, the part of that reserve which bears to the whole the same proportion as the amount of the liabilities of the overseas life assurance business which are not linked liabilities bears to the whole amount of the liabilities of the long term business which are not linked liabilities, and
  - (c) in any other case, the part of that reserve which bears to the whole the same proportion as the amount of the with-profits liabilities of the overseas life assurance business bears to the whole amount of the with-profits liabilities of the long term business;

and in this sub-paragraph “linked liabilities” means liabilities in respect of benefits to be determined by reference to the value of linked assets.
- 5 (1) Any designation of assets required for the purposes of paragraph 3 above shall be made by a company in accordance with the following provisions of this paragraph.

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- (2) When designating assets for the purposes of paragraph 3(1) above, a company shall not designate an asset falling within any paragraph of sub-paragraph (5) below unless it designates all assets falling within each of the preceding paragraphs of that sub-paragraph.
- (3) When designating assets for the purposes of paragraph 3(3) above, a company shall not designate an asset falling within any paragraph of sub-paragraph (5) below unless it designates all assets falling within each of the succeeding paragraphs of that sub-paragraph.
- (4) When an asset falls within more than one paragraph of sub-paragraph (5) below, it shall be taken for the purposes of this paragraph to fall only within the first of them.
- (5) The categories of assets referred to in sub-paragraphs (2) and (3) above are—
  - (a) assets linked solely to overseas life assurance business;
  - (b) so many of any assets denominated in an overseas currency, other than any non-overseas linked assets, as have a value at the end of the period not exceeding the amount of the company's liabilities in respect of benefits expressed in that currency so far as referable to overseas life assurance business;
  - (c) assets the management of which is under the control of a person whose normal place of work is at a branch or agency at or through which the company carries on overseas life assurance business;
  - (d) securities issued by the Treasury with a FOTRA condition and securities to which section 581 of this Act applies;
  - (e) assets not within paragraph (f) below;
  - (f) shares in companies resident in the United Kingdom;but assets linked solely to pension business or basic life assurance business are not within any paragraph of this sub-paragraph (and may not be designated for the purposes of paragraph 3 above).
- (6) For the purposes of sub-paragraph (5)(b) above assets are “non-overseas linked assets” if they are linked assets and none of the policies or contracts providing for the benefits concerned are policies or contracts the effecting of which constitutes the carrying on of overseas life assurance business.
- (7) For the purposes of sub-paragraph (5)(d) above securities are issued with a FOTRA condition if—
  - (a) they are issued with the condition that the interest on the securities shall not be liable to income tax so long as it is shown, in a manner directed by the Treasury, that the securities are in the beneficial ownership of persons who are not ordinarily resident in the United Kingdom, or
  - (b) they are issued with the condition mentioned in section 22(1) of the Finance (No.2) Act 1931 whether or not modified by virtue of section 60(1) of the Finance Act 1940.”

7 In paragraph 3(4) of Schedule 28 to the Taxes Act 1988, for the words from “life assurance business,” to “the unindexed gain,” there shall be substituted the words “life assurance business,—

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- (a) a profit arising from general annuity business and attributable to a material disposal falls (or would but for the reference to offshore income gains in section 437(2) fall) to be taken into account in the computation under section 436, or
- (b) a profit arising from overseas life assurance business and attributable to a material disposal falls to be taken into account in the computation under section 441,

the unindexed gain,”.

- 8 In section 84(1) of the <sup>M8</sup>Finance Act 1989, for the words “and pension business” there shall be substituted the words “, pension business and overseas life assurance business”.

**Marginal Citations**

**M8** 1989 c. 26.

- 9 In section 28 of the <sup>M9</sup>Capital Allowances Act 1990—
- (a) in subsection (1), after the words “subsection (2)” there shall be inserted the words “or (2A)”,
  - (b) in subsection (2), the words “Subject to subsection (2A) below,” shall be inserted at the beginning,
  - (c) after subsection (2) there shall be inserted—
    - “(2A) Where a company carrying on the business of life assurance is charged to tax under section 441 of the principal Act in respect of the profits of the overseas life assurance business for an accounting period—
    - (a) any allowance in respect of expenditure on the provision of machinery or plant for use for the management of the overseas life assurance business which falls to be made for the period by virtue of this section shall be given effect by treating it as an expense of that business for that period, and
    - (b) any charge in respect of such expenditure which falls to be so made shall be given effect by treating it as a receipt of that business for that period;

and sections 73, 144 and 145, and section 75(4) of the principal Act, shall not apply.”, and
  - (d) in subsection (5), after the words “subsection (2)” there shall be inserted the words “or (2A)”.

**Marginal Citations**

**M9** 1990 c. 1.

*Status: Point in time view as at 01/10/1991.*

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- 10 (1) This Schedule shall apply for accounting periods beginning on or after 1st January 1990; and paragraph 9 above shall apply for accounting periods beginning on or after that date and ending on or before 5th April 1990 as well as for later accounting periods.
- (2) In relation to the first period of account of an insurance company beginning on or after 1st January 1990, the assets of the company which—
- (a) are assets of the long term business fund of the company at the beginning of the period,
  - (b) have a value at that time equal to the amount mentioned in paragraph 4 of Schedule 19AA to the Taxes Act 1988, and
  - (c) are designated in accordance with paragraph 5 of that Schedule (on the same basis as a designation required for the purposes of paragraph 3(1) of that Schedule),

shall be treated for the purposes of sub-paragraphs (1) and (2) of paragraph 2 of that Schedule as if they were the assets of the overseas life assurance fund at the end of the immediately preceding period of account.

## SCHEDULE 8

Section 46.

### INSURANCE COMPANIES: HOLDINGS OF UNIT TRUSTS ETC.

#### *General*

- 1 In this Schedule—<sup>F4</sup>(1)
- (a) “section 46 assets” means rights under authorised unit trusts and relevant interests in offshore funds which are assets of a company’s long term business fund;
  - (b) “linked section 46 assets” means section 46 assets which are linked assets;
  - (c) “relevant linked liabilities”, in relation to a company, means such of the liabilities of its <sup>F5</sup>basic life assurance and general annuity business] as are liabilities in respect of benefits under pre-commencement policies <sup>F6</sup>or contracts] , being benefits to be determined by reference to the value of linked assets;
  - <sup>F7</sup>(d) “pre-commencement policies or contracts” means—
    - (i) policies issued in respect of insurances made before 1st April 1990, and
    - (ii) annuity contracts made before that date,but excluding policies or annuity contracts varied on or after that date so as to increase the benefits secured or to extend the term of the insurance or annuity (any exercise of rights conferred by a policy or annuity contract being regarded for this purpose as a variation);
  - <sup>F7</sup>(e) “basic life assurance and general annuity business” means life assurance business, other than pension business and overseas life assurance business.]

- <sup>F8</sup>(2) The assets which are to be regarded for the purposes of this Schedule as linked solely to an insurance company’s basic life assurance and general annuity business at any

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time before the first accounting period of the company which begins on or after 1st January 1992 are all the assets which at that time—

- (a) are or were linked solely to the company's basic life assurance business or general annuity business, or
- (b) although not falling within paragraph (a) above, would be, or would have been, regarded as linked solely to the company's basic life assurance business, were its general annuity business treated as forming, or having at all times formed, part of its basic life assurance business and as not being a separate category of business.]

#### Textual Amendments

- F4** Sch. 8 para. 1: "(1)" inserted(*retrospectively*) by Finance Act 1991 (c. 31, SIF 63:1), s. 48, **Sch. 7 para. 15(1)(2)**.
- F5** Words in Sch. 8 para. 1(c) substituted(*retrospectively*) by Finance Act 1991 (c. 31, SIF 63:1), s. 48, **Sch. 7 para. 15(1)(2)(a)**.
- F6** Words in Sch. 8 para. 1(c) inserted(*retrospectively*) by Finance Act 1991 (c. 31, SIF 63:1), s. 48, **Sch. 7 para. 15(1)(2)(b)**.
- F7** Sch. 8 para. 1(1)(d)(e) substituted(*retrospectively*) for para. (d) by Finance Act 1991 (c. 31, SIF 63:1), s. 48, **Sch. 7 para. 15(1)(3)**.
- F8** Sch. 8 para. 1(2) added(*retrospectively*) by Finance Act 1991 (c. 31, SIF 63:1), s. 48, **Sch. 7 para. 15(1)(4)**.

#### *Exemption for certain linked assets*

- 2 (1) Where within two years after the end of an accounting period an insurance company makes a claim for the purpose in relation to the period, section 46(1) of this Act shall not apply at the end of the period to so much of any class of linked assets as it would otherwise apply to and as represents relevant linked liabilities.
- (2) For the purposes of sub-paragraph (1) above assets of any class shall be taken to represent relevant linked liabilities only to the extent that their value does not exceed the fraction set out in sub-paragraph (3) below of such of the company's relevant linked liabilities as are liabilities in respect of benefits to be determined by reference to the value of assets of that class.
- (3) The fraction referred to in sub-paragraph (2) above is—

$$\frac{A \times C \times 110}{B \times D \times 100}$$

where—

A is the amount at the end of 1989 of such of the company's relevant linked liabilities as are liabilities in respect of benefits to be determined by reference to the value of linked section 46 assets;

B is the amount of the company's relevant linked liabilities at that time;

C is the amount of the company's relevant linked liabilities at the end of the accounting period for which the claim is made;



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D is the amount at the end of that period of such of the company's relevant linked liabilities as are liabilities in respect of benefits to be determined by reference to the value of linked section 46 assets.

#### *Replacement of assets*

- 3 (1) Subject to sub-paragraph (2) below, paragraph 4 below applies where—
- (a) after the end of 1989 an insurance company exchanges section 46 assets (“the old assets”) for other assets (“the new assets”) to be held as assets of the long term business fund,
  - (b) the new assets are not section 46 assets but are assets on the disposal of which any gains accruing would be chargeable gains,
  - (c) both the old assets and the new assets are linked solely to [F9]basic life assurance and general annuity business], or both are neither linked solely to [F9]basic life assurance and general annuity business] or pension business nor assets of the overseas life assurance fund, and
  - (d) the company makes a claim for the purpose within two years after the end of the accounting period in which the exchange occurs.
- (2) Sub-paragraph (1) above shall have effect in relation to old assets only to the extent that their amount, when added to the amount of any assets to which paragraph 4 below has already applied and which are assets of the same class, does not exceed the aggregate of—
- (a) the amount of the assets of the same class included in the long term business fund at the beginning of 1990, other than assets linked solely to pension business and assets of the overseas life assurance fund, and
  - (b) 110 per cent. of the amount of the assets of that class which represents any subsequent increases in the company's relevant linked liabilities in respect of benefits to be determined by reference to the value of assets of that class.
- (3) The reference in sub-paragraph (2)(b) above to a subsequent increase in liabilities is a reference to any amount by which the liabilities at the end of an accounting period ending after 31st December 1989 exceed those at the beginning of the period (or at the end of 1989 if that is later); and for the purposes of that provision the amount of assets which represents an increase in liabilities is the excess of—
- (a) the amount of assets whose value at the later time is equivalent to the liabilities at that time, over
  - (b) the amount of assets whose value at the earlier time is equivalent to the liabilities at that time.

#### **Textual Amendments**

**F9** Words in [Sch. 8 para. 3\(1\)\(c\)](#) substituted(*retrospectively*) by [Finance Act 1991 \(c. 31, SIF 63:1\)](#), s. 48, [Sch. 7 para. 15\(1\)\(5\)](#).

- 4 Where this paragraph applies, the insurance company (but not any other party to the exchange) shall be treated for the purposes of corporation tax on capital gains as if the exchange had not involved a disposal of the old assets or an acquisition

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of the new, but as if the old and the new assets were the same assets acquired as the old assets were acquired.

- 5      References in paragraphs 3 and 4 above to the exchange of assets include references to the case where the consideration obtained for the disposal of assets (otherwise than by way of an exchange within paragraph 3(1)) is applied in acquiring other assets within six months after the disposal; and for the purposes of those paragraphs the time when an exchange occurs shall be taken to be the time when the old assets are disposed of.

### *Supplementary*

- 6      (1) This paragraph applies where at any time after the end of 1989 there is a transfer of long term business of an insurance company (“the transferor”) to another company (“the transferee”) in accordance with a scheme sanctioned by a court under section 49 of the <sup>M10</sup>Insurance Companies Act 1982.
- (2) Where the transfer is of the whole of the long term business of the transferor, the preceding provisions of this Schedule shall have effect in relation to the assets of the transferee as if that business had at all material times been carried on by him.
- (3) Where the transfer is of part of the long term business of the transferor, those provisions shall have effect in relation to assets of the transferor and the transferee to such extent as is appropriate.
- (4) Any question arising as to the operation of sub-paragraph (3) above shall be determined by the Special Commissioners who shall determine the question in the same manner as they determine appeals; but both the transferor and the transferee shall be entitled to appear and be heard or to make representations in writing.

#### **Marginal Citations**

**M10** 1982 c. 50.

## SCHEDULE 9

Section 48.

### INSURANCE COMPANIES: TRANSFERS OF LONG TERM BUSINESS

#### *Capital gains*

- 1      After section 267 of the Taxes Act 1970 there shall be inserted—

**“267A Insurance companies: transfers of business.**

- (1) This section applies where there is a transfer of the whole or part of the long term business of an insurance company (“the transferor”) to another

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company (“the transferee”) in accordance with a scheme sanctioned by a court under section 49 of the Insurance Companies Act 1982.

(2) Subject to subsection (3) below, where this section applies section 267 above shall not be prevented from having effect in relation to any asset included in the transfer by reason that—

- (a) the transfer is not part of a scheme of reconstruction or amalgamation,
- (b) the condition in paragraph (c) of subsection (1) of that section is not satisfied, or
- (c) the asset is within subsection (2) of that section;

and where section 267 above applies by virtue of paragraph (a) above the references in subsection (3A) of that section to the reconstruction or amalgamation shall be construed as references to the transfer.

(3) Section 267 above shall not have effect in relation to an asset by virtue of subsection (2) above unless—

- (a) any gain accruing to the transferor—
  - (i) on the disposal of the asset in accordance with the scheme, or
  - (ii) where that disposal occurs after the transfer of business has taken place, on a disposal of the asset immediately before that transfer, and
- (b) any gain accruing to the transferee on a disposal of the asset immediately after its acquisition in accordance with the scheme,

would be a chargeable gain which would form part of its profits for corporation tax purposes (and would not be a gain on which, under any double taxation arrangements having effect by virtue of section 788 of the Taxes Act 1988, it would not be liable to tax).”

2 In section 127 of the <sup>M11</sup>Finance Act 1989, after subsection (3) (deemed disposal and reacquisition where a person ceases to carry on trade in United Kingdom through branch or agency) there shall be inserted—

“(3A) Subsection (3)

above shall not apply to an asset by reason of a transfer of the whole or part of the long term business of an insurance company to another company if section 267 of the Taxes Act 1970 has effect in relation to the asset by virtue of section 267A of that Act.”

**Marginal Citations**

M11 1989 c. 26.

*Accounting periods*

3 In section 12 of the Taxes Act 1988, after subsection (7) there shall be inserted—

“(7A) Notwithstanding anything in subsections (1) to (7) above, where there is a transfer of the whole or part of the long term business of an insurance

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company to another company in accordance with a scheme sanctioned by a court under section 49 of the Insurance Companies Act 1982, an accounting period of the company from which the business is transferred shall end with the day of the transfer.”

*Expenses of management and losses*

4 The following section shall be inserted after section 444 of the Taxes Act 1988—

**“444A Transfers of business.**

- (1) Subject to the following provisions of this section, this section applies where there is a transfer of the whole or part of the long term business of an insurance company (“the transferor”) to another company (“the transferee”) in accordance with a scheme sanctioned by a court under section 49 of the Insurance Companies Act 1982.
- (2) Any expenses of management which (assuming the transferor had continued to carry on the business transferred after the transfer) would have been deductible by the transferor under sections 75 and 76 in computing profits for an accounting period following the period which ends with the day on which the transfer takes place shall, instead, be treated as expenses of management of the transferee (and deductible in accordance with those sections, as modified in the case of acquisition expenses by section 86(6) to (9) of the Finance Act 1989 and in the case of expenses to which subsection (6) or (7) of section 87 of that Act applies by that subsection).
- (3) Any loss which (assuming the transferor had continued to carry on the business transferred after the transfer)—
  - (a) would have been available under section 436(3)(c) to be set off against profits of the transferor for the accounting period following that which ends with the day on which transfer takes place, or
  - (b) where in connection with the transfer the transferor also transfers the whole or part of any overseas life assurance business, would have been so available under section 441(4)(b),
 shall, instead, be treated as a loss of the transferee (and available to be set off against profits of the same class of business as that in which it arose).
- (4) Where acquisition expenses are treated as expenses of management of the transferee by virtue of subsection (2) above, the amount deductible for the first accounting period of the transferee ending after the transfer takes place shall be calculated as if that accounting period began with the day after the transfer.
- (5) Where the transfer is of part only of the transferor’s long term business, subsection (2) or (3) above shall apply only to such part of any amount to which it would otherwise apply as is appropriate.
- (6) Any question arising as to the operation of subsection (5) above shall be determined by the Special Commissioners who shall determine the question in the same manner as they determine appeals; but both the transferor and transferee shall be entitled to appear and be heard or to make representations in writing.

*Status: Point in time view as at 01/10/1991.*

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- (7) Subject to subsection (8) below, this section shall not apply unless the transfer is effected for bona fide commercial reasons and does not form part of a scheme or arrangements of which the main purpose, or one of the main purposes, is avoidance of liability to corporation tax.
- (8) Subsection (7) above shall not affect the operation of this section in any case where, before the transfer, the Board have, on the application of the transferee, notified the transferee that the Board are satisfied that the transfer will be effected for bona fide commercial reasons and will not form part of any scheme or arrangements such as are mentioned in that subsection; and subsections (2) to (5) of section 88 of the 1979 Act shall have effect in relation to this subsection as they have effect in relation to subsection (1) of that section.”

### *Capital allowances*

5 After section 152 of the <sup>M12</sup>Capital Allowances Act 1990 there shall be inserted—

#### **“152A Insurance companies: transfers of business.**

- (1) This section applies where assets are transferred as part of, or in connection with, a transfer of the whole or part of the long term business of an insurance company (“the transferor”) to another company (“the transferee”) in accordance with a scheme sanctioned by a court under section 49 of the Insurance Companies Act 1982.
- (2) Where this section applies—
- (a) there shall be made, in accordance with this Act, to or on the transferee (instead of the transferor) any such allowances and charges as would have fallen to be made to or on the transferor; and
  - (b) the amount of any such allowance or charge shall be computed as if everything done to or by the transferor had been done to or by the transferee (but so that no sale or transfer of assets which is made to the transferee by the transferor shall be treated as giving rise to any such allowance or charge).”

#### **Marginal Citations**

**M12** 1990 c. 1.

### *Transfer to friendly society*

6 In section 460 of the Taxes Act 1988, after subsection (10) there shall be inserted—

- “(10A) Where at any time there is a transfer of the whole or part of the long term business of an insurance company to a friendly society in accordance with a scheme sanctioned by a court under section 49 of the Insurance Companies Act 1982, any life or endowment business which relates to contracts included in the transfer shall not thereafter be tax exempt life or endowment business for the purposes of this Chapter.”

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### *Commencement*

- 7 This Schedule shall apply to transfers of business taking place on or after 1st January 1990; and (subject to that) the amendment made by paragraph 5 of this Schedule shall apply in relation to accounting periods ending on or before 5th April 1990 as well as in relation to later accounting periods.

## SCHEDULE 10

Section 56.

### CONVERTIBLE SECURITIES

#### PART I

#### INTRODUCTION

#### *Qualifying provision for redemption*

- 1 For the purposes of this Schedule a qualifying provision for redemption, in relation to a security, is a provision which—
- (a) provides for redemption before maturity only at the option of the person holding the security for the time being,
  - (b) provides for such redemption on one occasion only,
  - (c) provides for such redemption to occur on the last day of an income period, and
  - (d) is such that the amount payable on redemption on exercise of the option is fixed (as opposed to variable), is determined at the time the security becomes subject to the provision, and constitutes a deep gain.

#### *Qualifying convertible securities*

- 2 (1) For the purposes of this Schedule a security is a qualifying convertible security at the time of its issue if—
- (a) it fulfils each of the first eight conditions mentioned below, and
  - (b) it fulfils the ninth condition mentioned below (where it applies) or it fulfils the ninth and tenth conditions mentioned below (where they apply).
- (2) The first condition is that the security was issued by a company on or after 9th June 1989.
- (3) The second condition is that the security—
- (a) is not a share in a company,
  - (b) is redeemable, and
  - (c) was not issued in circumstances such that, by virtue of section 209(2)(c) of the Taxes Act 1988, it (or part of it) constituted or fell within a distribution of a company.

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- (4) The third condition is that at the time the security was issued it was quoted in the official list of a recognised stock exchange.
- (5) The fourth condition is that under the terms of issue—
  - (a) the security can be converted into ordinary share capital in the company which issued it,
  - (b) the security either carries no right to interest, or carries a right to interest at a rate which is fixed (as opposed to variable) and determined at the time of issue, and
  - (c) any amount payable on redemption (at any time), and any amount payable by way of interest, is payable in the currency in which the issue price is denominated.
- (6) The fifth condition is that at the time of issue of the security it is subject to one (and one only) qualifying provision for redemption.
- (7) The sixth condition is that the yield to redemption for the relevant redemption period represents no more than a reasonable commercial return; and the relevant redemption period is the redemption period which ends with the day on which the occasion for redemption under the qualifying provision for redemption falls.
- (8) The seventh condition is that the security—
  - (a) is a deep discount security but would not be one if it were not for the qualifying provision for redemption, or
  - (b) is a deep gain security but would not be one if it were not for the qualifying provision for redemption;and paragraph 21 of Schedule 4 to the Taxes Act 1988, and paragraph 22B(1) of Schedule 11 to the <sup>M13</sup>Finance Act 1989, shall be ignored in construing paragraphs (a) and (b) above.
- (9) The eighth condition is that the obtaining of a tax advantage by any person was not the main benefit, or one of the main benefits, that might be expected to accrue from issuing the security.
- (10) The ninth condition applies where the security carries a right to interest, and is that—
  - (a) the first (or only) interest payment day falls on a day which bears the same date in the month as the day of issue bears, but which occurs in the sixth month after the month in which that day falls, or
  - (b) the first (or only) interest payment day falls on the first anniversary of the day of issue.
- (11) The tenth condition applies where there is more than one interest payment day, and is that—
  - (a) if sub-paragraph (10)(a) above applies, each interest payment day (other than the first) falls on a day which bears the same date in the month as the interest payment day immediately preceding it bears, but which occurs in the sixth month after the month in which that day falls;
  - (b) if sub-paragraph (10)(b) above applies, each interest payment day (other than the first) falls on the first anniversary of the interest payment day immediately preceding it.
- (12) If a security is 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-

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paragraph (4) above it shall be deemed to have been quoted in that list at the time it was issued; and the qualifying period is the period of one month beginning with the day on which the security was issued.

#### Marginal Citations

M13 1989 c. 26.

#### *Events after issue*

- 3 (1) A security which was a qualifying convertible security at the time of its issue shall continue to be a qualifying convertible security for the purposes of this Schedule.
- (2) But sub-paragraph (1) above shall have effect subject to paragraphs 4(2) and 5(2) below.

#### *Securities becoming subject to later options*

- 4 (1) This paragraph applies where—
- (a) a security becomes at any time (the time in question) subject to a qualifying provision for redemption (the new provision), and
  - (b) immediately before that time it was a qualifying convertible security.
- (2) If the relevant requirement is not satisfied, the security shall cease to be a qualifying convertible security for the purposes of this Schedule at the time in question.
- (3) For the purposes of this paragraph the relevant requirement is satisfied if—
- (a) the security becomes subject to the new provision on or after the relevant day but not after the day on which the occasion for redemption under the old provision falls,
  - (b) the person who issued the security did not indicate, at any time falling before the relevant day, that the security might become subject to a qualifying provision for redemption (in addition to any other such provision or provisions),
  - (c) the day on which the occasion for redemption under the new provision falls is not less than one year after the day on which the occasion for redemption under the old provision falls,
  - (d) the amount payable on redemption on exercise of the option for which the new provision provides is not less than the amount payable on redemption on exercise of the option for which the old provision provides,
  - (e) the yield to redemption for the relevant redemption period represents no more than a reasonable commercial return, and
  - (f) the obtaining of a tax advantage by any person is not the main benefit, or one of the main benefits, that might be expected to accrue from the new provision.
- (4) For the purposes of this paragraph the relevant day is the day falling 30 days before the day on which the occasion for redemption under the old provision falls.



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- (5) For the purposes of this paragraph the old provision is—
- (a) if the security became subject to one other qualifying provision for redemption before the time in question, that provision, or
  - (b) if the security became subject to more than one qualifying provision for redemption before the time in question, the one to which it last became subject.
- (6) For the purposes of this paragraph the relevant redemption period is the redemption period which ends with the day on which the occasion for redemption under the new provision falls.

*Other later events in relation to securities*

- 5 (1) This paragraph applies where—
- (a) a prohibited event occurs in relation to a security at any time (the time in question), and
  - (b) immediately before that time it was a qualifying convertible security.
- (2) The security shall cease to be a qualifying convertible security for the purposes of this Schedule at the time in question.
- (3) For the purposes of this paragraph, a prohibited event occurs in relation to a security if—
- (a) it ceases to be quoted in the official list of a recognised stock exchange,
  - (b) it becomes subject to a provision under which it carries a right to interest at a rate which is variable or falls to be determined at a time other than issue (or both),
  - (c) it becomes subject to a provision under which any amount payable on redemption (at any time) is payable in a currency different from that in which the issue price is denominated,
  - (d) it becomes subject to a provision under which any amount payable by way of interest is payable in a currency different from that in which the issue price is denominated,
  - (e) it becomes subject to a provision which would be a qualifying provision for redemption but for the fact that one or more of sub-paragraphs (b) to (d) of paragraph 1 above is (or are) not fulfilled as regards the provision, or
  - (f) there is a time when more than 10 per cent. of the securities issued under the relevant prospectus are held by companies which are linked companies at that time.
- (4) For the purposes of sub-paragraph (3)(f) above the relevant prospectus is the prospectus under which the security concerned was issued.
- (5) For the purposes of sub-paragraph (3)(f) above, the question whether companies are linked companies at a particular time shall be determined in accordance with paragraph 4 of Schedule 11 to the <sup>M14</sup>Finance Act 1988.

**Marginal Citations**

**M14** 1988 c. 39.

*Status: Point in time view as at 01/10/1991.*

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### *Deep gain*

- 6 (1) For the purposes of this Schedule the amount payable on redemption, on exercise of the option under a provision for redemption (the provision concerned), constitutes a deep gain if it constitutes such a gain by virtue of sub-paragraph (2) or (4) below (or both).
- (2) The amount payable on redemption (on exercise of the option under the provision concerned) constitutes a deep gain if the issue price of the security is less than the amount so payable, and the amount by which it is less represents more than—
- (a) 15 per cent. of the amount so payable, or
  - (b) half Y per cent. of the amount so payable, where Y is the number of complete years between the day of issue and the day on which the occasion for redemption under the provision concerned falls.
- (3) Sub-paragraph (4) below applies where the security became subject to—
- (a) a qualifying provision for redemption (the prior provision), or
  - (b) qualifying provisions for redemption (the prior provisions),
- before it became subject to the provision concerned.
- (4) The amount payable on redemption (on exercise of the option under the provision concerned) constitutes a deep gain if the base amount is less than the amount so payable, and the amount by which it is less represents more than—
- (a) 15 per cent. of the amount so payable, or
  - (b) half Y per cent. of the amount so payable, where Y is the number of complete years between the base day and the day on which the occasion for redemption under the provision concerned falls.
- (5) For the purposes of sub-paragraph (4) above—
- (a) the base amount is the amount payable on redemption on exercise of the option provided for by the prior provision (if there is only one) or the last of the prior provisions (if there are two or more), and
  - (b) the base day is the day on which the occasion for redemption falls under the prior provision (if there is only one) or the last of the prior provisions (if there are two or more).
- (6) For the purposes of sub-paragraph (5) above the last of the prior provisions is the one to which the security last became subject.

### *Income period*

- 7 (1) This paragraph applies for the purposes of this Schedule.
- (2) In relation to a security which carries a right to interest each of the following is an income period—
- (a) the period beginning with the day of issue and ending with the first (or only) interest payment day, and
  - (b) any period beginning with the day after one interest payment day and ending with the next interest payment day.

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- (3) In relation to a security which does not carry a right to interest each of the following is an income period—
- (a) the period beginning with the day of issue and ending with the first relevant day, and
  - (b) the period beginning with the day after one relevant day and ending with the next relevant day.
- (4) For the purposes of sub-paragraph (3) above each day on which an anniversary of the day of issue falls is a relevant day.

#### *Redemption period*

- 8 (1) For the purposes of this Schedule each of the following is a redemption period in relation to a security—
- (a) the period beginning with the day of issue and ending with the day on which the first (or only) relevant redemption occasion falls, and
  - (b) any period beginning with the day after the day on which one relevant redemption occasion falls and ending with the day on which the next relevant redemption occasion falls.
- (2) For the purposes of sub-paragraph (1) above a relevant redemption occasion is an occasion for redemption under a qualifying provision for redemption.

#### *Yield to redemption*

- 9 (1) For the purposes of this Schedule the yield to redemption for a redemption period is a rate (expressed as a percentage) such that if a sum equal to the relevant amount were to be invested at that rate on the assumption that—
- (a) the rate would be applied on a compounding basis at the end of each relevant income period, and
  - (b) the amount of any interest payable in respect of a relevant income period would be deducted after applying the rate,
- the value of that sum on the relevant redemption day would be equal to the amount payable on redemption of the security on that day under the relevant redemption provision.
- (2) For the purposes of this paragraph the relevant amount is the issue price, in a case where the redemption period concerned is the period falling within paragraph 8(1)(a) above.
- (3) For the purposes of this paragraph the relevant amount is the amount payable on redemption on the last relevant occasion, in a case where the redemption period concerned is one falling within paragraph 8(1)(b) above; and the last relevant occasion is the occasion for redemption, under a qualifying provision for redemption, last occurring before the redemption period begins.
- (4) For the purposes of this paragraph—
- (a) a relevant income period is any income period which consists of or falls within the redemption period,

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- (b) the relevant redemption day is the last day of the redemption period, and
- (c) the relevant redemption provision is the qualifying provision for redemption providing for redemption on that day.

*Transfer etc.*

- 10 (1) This paragraph applies for the purposes of this Schedule.
- (2) “Transfer”, in relation to a security, means transfer by way of sale, exchange, gift or otherwise.
- (3) But (notwithstanding sub-paragraph (2) above) “transfer” does not include a transfer made on a conversion of a security into ordinary share capital in a company.
- (4) Where an agreement for the transfer of a security is made, it is transferred, and the person to whom it is agreed to be transferred becomes entitled to it, when the agreement is made and not on a later transfer made pursuant to the agreement; and “entitled”, “transfer” and cognate expressions shall be construed accordingly.
- (5) A person holds a security at a particular time if he is entitled to it at the time.
- (6) A person acquires a security when he becomes entitled to it.
- (7) If an agreement is conditional (whether on the exercise of an option or otherwise) for the purposes of sub-paragraph (4) above it is made when the condition is satisfied.

*Miscellaneous*

- 11 (1) This paragraph applies for the purposes of this Schedule.
- (2) In relation to a security—
- (a) the amount payable (or paid) on redemption does not include any amount payable (or paid) by way of interest,
  - (b) the day of issue is the day on which the security is issued, and
  - (c) an interest payment day is a day on which interest is payable under the security.
- (3) A deep discount security is a security which is a deep discount security for the purposes of Schedule 4 to the Taxes Act 1988.
- (4) A deep gain security is a security which is a deep gain security for the purposes of Schedule 11 to the <sup>M15</sup>Finance Act 1989.
- (5) Ordinary share capital, in relation to a company, means any share capital (by whatever name called) of the company, other than capital the holders of which have a right to a dividend at a fixed rate but have no other right to share in the profits of the company.
- (6) “Tax advantage” has the meaning given by section 709(1) of the Taxes Act 1988.

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### Marginal Citations

M15 1989 c. 26.

## PART II

### CHARGE TO TAX

#### *The charge*

- 12 (1) For the purposes of this Part of this Schedule a chargeable event occurs if, on or after 9th June 1989, there is a transfer of a security and at the time of the transfer the security—
- (a) is a qualifying convertible security, and
  - (b) is subject to at least one qualifying provision for redemption under which the occasion for redemption has not arrived.
- (2) For the purposes of this Part of this Schedule a chargeable event also occurs if—
- (a) a person holding a security redeems it on or after 9th June 1989,
  - (b) immediately before the redemption the security is a qualifying convertible security, and
  - (c) the redemption is made in exercise of the option for redemption under a qualifying provision for redemption to which the security is subject.
- (3) For the purposes of this Part of this Schedule the chargeable person is the person making the transfer or exercising the option (as the case may be).
- (4) Where a chargeable event occurs—
- (a) the chargeable amount shall be treated as income of the chargeable person,
  - (b) the income shall be chargeable to tax under Case III or Case IV (as the case may be) of Schedule D,
  - (c) the income shall be treated as arising in the year of assessment in which the chargeable event occurs, and
  - (d) notwithstanding anything in sections 64 to 67 of the Taxes Act 1988, the tax shall be computed on the income arising in the year of assessment for which the computation is made.

#### *Chargeable amount*

- 13 (1) For the purposes of paragraph 12 above the chargeable amount is—
- (a) the amount obtained on transfer or redemption, in a case where that amount is equal to or less than the total income element;
  - (b) so much of the amount obtained on transfer or redemption as is equal to the total income element, in a case where that amount is greater than that element.

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- (2) For the purposes of this paragraph the amount obtained on transfer or redemption is the amount obtained, in respect of the transfer or redemption, by the person making the transfer or (as the case may be) the person who was entitled to the security immediately before redemption.
- (3) For the purposes of sub-paragraph (2) above the person concerned shall be treated as obtaining in respect of the transfer or redemption—
- (a) any amount he actually obtains in respect of it, and
  - (b) any amount he is entitled to obtain, but does not obtain, in respect of it.
- (4) Sub-paragraph (3) above shall not apply where paragraph 16, 17 or 18(2) below applies.

*Total income element*

- 14 (1) The total income element for the purposes of paragraph 13 above shall be determined by—
- (a) finding the income element for each income period (if any) the whole of which consists of or falls within the ownership period, and
  - (b) finding the partial income element for each income period (if any) a part of which consists of or falls within the ownership period.
- (2) The aggregate of the income elements and the partial income elements so found is the total income element.
- (3) The ownership period is the period which—
- (a) begins with the day on which the chargeable person acquired the security, and
  - (b) ends with the day on which the chargeable event occurs.

*Income elements*

- 15 (1) This paragraph has effect for the purposes of paragraph 14 above.
- (2) The income element for an income period shall be determined in accordance with the formula—

$$\frac{A \times B}{100} - C$$

- (3) For the purposes of sub-paragraph (2) above—
- (a) A is the adjusted issue price of the security,
  - (b) B is the figure included in the percentage representing the yield to redemption for the redemption period which consists of the income period or in which the income period falls, and
  - (c) C is the amount of interest (if any) payable in respect of the income period.
- (4) The partial income element for an income period a part of which consists of or falls within the ownership period shall be determined in accordance with the formula—

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$$D \times \frac{E}{F}$$

- (5) For the purposes of sub-paragraph (4) above—
- (a) D is the income element for the income period (determined in accordance with the formula mentioned in sub-paragraph (2) above),
  - (b) E is the number of days in the income period which consist of or fall within the ownership period, and
  - (c) F is the number of days in the income period.
- (6) The adjusted issue price of a security, in relation to a particular income period, is the aggregate of the issue price of the security and the income elements for all previous income periods of the security (determined in accordance with the formula mentioned in sub-paragraph (2) above).

#### *Death*

- 16 (1) Where an individual who is entitled to a security dies, for the purposes of this Part of this Schedule he shall be treated as—
- (a) transferring it immediately before his death, and
  - (b) obtaining in respect of the transfer an amount equal to the market value of the security at the time of the transfer.
- (2) Where a security is transferred by personal representatives to a legatee, for the purposes of paragraph 13 above they shall be treated as obtaining in respect of the transfer an amount equal to the market value of the security at the time of the transfer.
- (3) In sub-paragraph (2) above “legatee” includes any person taking (whether beneficially or as trustee) under a testamentary disposition or on an intestacy or partial intestacy, including any person taking by virtue of an appropriation by the personal representatives in or towards satisfaction of a legacy or other interest or share in the deceased’s property.

#### **Modifications etc. (not altering text)**

- C1** Sch. 10 para. 16(1) excluded (27.07.1993 with effect for the year 1992-93 and subsequent years of assessment) by 1993 c. 34, ss. 176(3)(d), 184(3).

#### *Market value*

- 17 (1) This paragraph applies where a security is transferred from one person to another and—
- (a) they are connected with each other,
  - (b) the transfer is made for a consideration which consists of or includes consideration not in money or money’s worth, or
  - (c) the transfer is made otherwise than by way of a bargain made at arm’s length.

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- (2) For the purposes of paragraph 13 above the person making the transfer shall be treated as obtaining in respect of it an amount equal to the market value of the security at the time of the transfer.
- (3) Section 839 of the Taxes Act 1988 (connected persons) shall apply for the purposes of this paragraph.

#### *Underwriters*

- 18 (1) An underwriting member of Lloyd's shall be treated for the purposes of this Part of this Schedule as absolutely entitled as against the trustees to the securities forming part of his premiums trust fund, his special reserve fund (if any) and any other trust fund required or authorised by the rules of Lloyd's, or required by the underwriting agent through whom his business or any part of it is carried on, to be kept in connection with the business.
- (2) Where a security forms part of a premiums trust fund at the end of 31st December of any relevant year, for the purposes of this Part of this Schedule—
  - (a) the trustees of the fund shall be treated as transferring the security at that time, and
  - (b) they shall be treated as obtaining in respect of the transfer an amount equal to the market value of the security at the time of the transfer;
 and for this purpose relevant years are 1989 and subsequent years.
- (3) Where a security forms part of a premiums trust fund at the beginning of 1st January of any relevant year, for the purposes of this Part of this Schedule the trustees of the fund shall be treated as acquiring the security at that time; and for this purpose relevant years are 1990 and subsequent years.
- (4) Sub-paragraph (5) below applies where the following state of affairs exists at the beginning of 1st January of any year or the end of 31st December of any year—
  - (a) securities have been transferred by the trustees of a premiums trust fund in pursuance of an arrangement mentioned in section 129(1) or (2) of the Taxes Act 1988,
  - (b) the transfer was made to enable another person to fulfil a contract or to make a transfer,
  - (c) securities have not been transferred in return, and
  - (d) section 129(3) of that Act applies to the transfer made by the trustees.
- (5) The securities transferred by the trustees shall be treated for the purposes of sub-paragraphs (2) and (3) above as if they formed part of the premiums trust fund at the beginning of 1st January concerned or the end of 31st December concerned (as the case may be).
- (6) Paragraph 16(1) above shall not apply where—
  - (a) the individual concerned is an underwriting member of Lloyd's, and
  - (b) the security concerned forms part of a premiums trust fund, a special reserve fund or any other trust fund required or authorised by the rules of Lloyd's, or required by the underwriting agent through whom the individual's business or any part of it is carried on, to be kept in connection with the business.



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- (7) In a case where an amount treated as income chargeable to tax by virtue of paragraph 12 above constitutes profits or gains mentioned in section 450(1) of the Taxes Act 1988—
- (a) section 450(1)(b) shall apply, and
  - (b) paragraph 12(4)(c) above shall not apply.
- (8) For the purpose of computing income tax for the year 1987-88 sub-paragraph (7) above shall have effect as if—
- (a) the reference to section 450(1) of the Taxes Act 1988 were to paragraph 2 of Schedule 16 to the <sup>M16</sup>Finance Act 1973, and
  - (b) the reference to section 450(1)(b) were to paragraph 2(b) of that Schedule.
- (9) In this paragraph “business” and “premiums trust fund” have the meanings given by section 457 of the Taxes Act 1988.

**Marginal Citations**  
M16 1973 c. 51.

*Trustees*

- 19 (1) Where on a transfer or redemption of a security by trustees an amount is treated as income chargeable to tax by virtue of paragraph 12 above, the rate at which it is chargeable shall be a rate equal to the sum of the basic rate and the additional rate for the year of assessment in which the transfer or redemption is made.
- (2) Where the trustees are trustees of a scheme to which section 469 of the Taxes Act 1988 applies, sub-paragraph (1) above shall not apply if or to the extent that the amount is treated as income in the accounts of the scheme.

*Receipts in United Kingdom*

- 20 (1) Sub-paragraph (2) below applies where—
- (a) by virtue of paragraph 12(4) above an amount is treated as income of a person and as chargeable to tax under Case IV of Schedule D, and
  - (b) the person satisfies the Board, on a claim in that behalf, that he is not domiciled in the United Kingdom, or that (being a Commonwealth citizen or a citizen of the Republic of Ireland) he is not ordinarily resident in the United Kingdom.
- (2) In such a case—
- (a) any amounts received in the United Kingdom in respect of the amount treated as income shall be treated as income arising in the year of assessment in which they are so received, and
  - (b) paragraph 12(4) above shall have effect with the substitution of paragraph (a) above for paragraph 12(4)(c).
- (3) For the purposes of sub-paragraph (2) above—

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- (a) there shall be treated as received in the United Kingdom all amounts paid, used or enjoyed in, or in any manner or form transmitted or brought to, the United Kingdom, and
- (b) subsections (6) to (9) of section 65 of the Taxes Act 1988 shall apply as they apply for the purposes of subsection (5) of that section.

*Charities*

- 21 (1) In a case where—
- (a) paragraph 12 above would apply (apart from this paragraph) in the case of a transfer or redemption of a security,
  - (b) immediately before the transfer or redemption was made the security was held by a charity, and
  - (c) the amount which would (apart from this paragraph) be treated as income by virtue of paragraph 12 above is applicable and applied for charitable purposes,
- that paragraph shall not apply in the case of the transfer or redemption.
- (2) In this paragraph “charity” has the same meaning as in section 506 of the Taxes Act 1988.

*Retirement benefit schemes*

- 22 In a case where—
- (a) paragraph 12 above would apply (apart from this paragraph) in the case of a transfer or redemption of a security, and
  - (b) immediately before the transfer or redemption was made the security was held for the purposes of an exempt approved scheme (within the meaning of Chapter I of Part XIV of the Taxes Act 1988),
- that paragraph shall not apply in the case of the transfer or redemption.

*Stock lending*

- 23 In a case where—
- (a) a security is the subject of a transfer which falls within section 129(3) of the Taxes Act 1988, and
  - (b) paragraph 12 above would apply in the case of the transfer (apart from this paragraph),
- that paragraph shall not apply in the case of the transfer.

*Identification of securities*

- 24 Section 88 of the <sup>M17</sup>Finance Act 1982 shall apply to the identification, for the purposes of this Part of this Schedule, of qualifying convertible securities

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transferred or redeemed as it applies to the identification, for the purposes of capital gains tax, of deep discount securities disposed of.

**Marginal Citations**

M17 1982 c. 39.

**PART III**

THE ISSUING COMPANY

- 25 (1) In a case where—
- (a) a qualifying convertible security is redeemed, and
  - (b) the circumstances are such that paragraph 12 above applies in the case of the redemption,
- sub-paragraph (2) below shall apply in relation to the company which issued the security.
- (2) For the purposes of sections 338 and 494 of the Taxes Act 1988 (allowance of charges on income) the relevant amount shall be treated as if it were interest—
- (a) falling within section 338(3)(b), and
  - (b) paid by the company in the accounting period in which the redemption occurs (and not as mentioned in the words of section 338(3) which follow paragraph (b)).
- (3) In this paragraph “the relevant amount” means so much of the amount paid on the redemption as exceeds the issue price of the security.

**PART IV**

AMENDMENTS

*(1) Deep discount securities*

- 26 (1) Schedule 4 to the Taxes Act 1988 (deep discount securities) shall be amended as follows.
- (2) In paragraph 1 (interpretation) the following sub-paragraph shall be inserted after sub-paragraph (1)—
- “(1A) 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 by a company on or after 1st August 1990, and
  - (b) under the terms of issue it can be converted into share capital in a company (whether or not the company is the one which issued the security).”
- (3) The following shall be inserted after paragraph 20—

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### **Convertible securities: special rules**

“21 In a case where—

- (a) a security is a qualifying convertible security, for the purposes of Schedule 10 to the Finance Act 1990, at the time of its issue, and
- (b) apart from this paragraph it would be a deep discount security at that time,

the security shall be treated, at the time of its issue and at all subsequent times, as not being a deep discount security.”

#### *(2) Deep gain securities*

- 27 (1) Schedule 11 to the <sup>M18</sup> Finance Act 1989 (deep gain securities) shall be amended as follows.
- (2) In paragraph 4 (meaning of transfer etc.) the following sub-paragraph shall be inserted after sub-paragraph (2)—
- “(2A) But (notwithstanding sub-paragraph (2) above) “transfer” does not include a transfer made on a conversion of a security into share capital in a company.”
- (3) The following shall be inserted after paragraph 22—

### **Convertible securities: special rules (1)**

“22A(1) Sub-paragraph (2) below applies where—

- (a) a security is a qualifying convertible security, for the purposes of Schedule 10 to the Finance Act 1990, at the time of its issue,
- (b) apart from paragraph 21 of Schedule 4 to the Taxes Act 1988, it would be a deep discount security at that time, and
- (c) at a later time it ceases to be a qualifying convertible security for the purposes of Schedule 10 to the Finance Act 1990.

(2) As regards any event occurring in relation to the security after the time mentioned in sub-paragraph (1)(c) above, paragraphs 5 to 19 above shall have effect as if—

- (a) the security were a deep gain security, and
- (b) it had been acquired as such (whatever the time it was acquired).

(3) For the purposes of sub-paragraph (2) above events, in relation to a security, include anything constituting a transfer or acquisition for the purposes of this Schedule.

### **Convertible securities: special rules (2)**

22B (1) In a case where—

- (a) a security is a qualifying convertible security, for the purposes of Schedule 10 to the Finance Act 1990, at the time of its issue, and
- (b) apart from this sub-paragraph it would be a deep gain security at that time,

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then (subject to sub-paragraph (3) below) the security shall be treated, at the time of its issue and at all subsequent times, as not being a deep gain security.

- (2) Sub-paragraph (3) below applies where—
  - (a) sub-paragraph (1) above applies in the case of a security, and
  - (b) at a time after its issue it ceases to be a qualifying convertible security for the purposes of Schedule 10 to the Finance Act 1990.
- (3) As regards any event occurring in relation to the security after the time mentioned in sub-paragraph (2)(b) above, paragraphs 5 to 19 above shall have effect as if—
  - (a) the security were a deep gain security, and
  - (b) it had been acquired as such (whatever the time it was acquired).
- (4) For the purposes of sub-paragraph (3) above events, in relation to a security, include anything constituting a transfer or acquisition for the purposes of this Schedule.”

**Marginal Citations**

**M18** 1989 c. 26.

*(3) Corporate bonds*

28 (1) The <sup>M19</sup> Finance Act 1984 (qualifying corporate bonds) shall be amended as follows.

(2) The following subsection shall be inserted after subsection (3C)—

“(3D) For the purposes of this section “corporate bond” also includes a security—

- (a) which is not included in the definition in subsection (2) above, and
- (b) which, by virtue of paragraph 22A(2) or 22B(3) of Schedule 11 to the Finance Act 1989, falls to be treated as a deep gain security as mentioned in the paragraph concerned.”

(3) The following subsection shall be inserted after subsection (5C)—

“(5D) Subject to subsection (6)

below, for the purposes of this section and Schedule 13 to this Act a corporate bond which falls within subsection (3D) above is a qualifying corporate bond as regards a disposal made after the time mentioned in paragraph 22A(1)(c) or 22B(2)(b) (as the case may be) of Schedule 11 to the Finance Act 1989.”

**Marginal Citations**

**M19** 1984 c. 43.

*Status: Point in time view as at 01/10/1991.*

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## PART V

### APPLICATION OF SCHEDULE

- 29 (1) The amendment made by paragraph 27(2) above shall be deemed always to have had effect.
- (2) Paragraph 28 above shall have effect in relation to disposals after the relevant time (and, in relation to such disposals, shall be regarded as always having had effect).
- (3) In sub-paragraph (2) above “the relevant time” means the time referred to, as regards the security concerned, in section 64(5D) of the <sup>M20</sup>Finance Act 1984.
- (4) Subject to sub-paragraphs (1) to (3) above, this Schedule shall be deemed to have come into force on 9th June 1989.

#### Marginal Citations

M20 1984 c. 43.

## SCHEDULE 11

Section 69.

### EUROPEAN ECONOMIC INTEREST GROUPINGS

#### Taxation

- 1 After section 510 of the Taxes Act 1988 there shall be inserted—

#### “510A European Economic Interest Groupings.

- (1) In this section “grouping” means a European Economic Interest Grouping formed in pursuance of Council Regulation (EEC) No. 2137/85 of 25th July 1985, whether registered in Great Britain, in Northern Ireland, or elsewhere.
- (2) Subject to the following provisions of this section, for the purposes of charging tax in respect of income and gains a grouping shall be regarded as acting as the agent of its members.
- (3) In accordance with subsection (2) above—
- for the purposes mentioned in that subsection the activities of the grouping shall be regarded as those of its members acting jointly and each member shall be regarded as having a share of its property, rights and liabilities; and
  - for the purposes of charging tax in respect of gains a person shall be regarded as acquiring or disposing of a share of the assets of the grouping not only where there is an acquisition or disposal of assets by the grouping while he is a member of it, but also where he becomes or ceases to be a member of a grouping or there is a change in his share of the property of the grouping.

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- (4) Subject to subsection (5) below, for the purposes of this section a member's share of any property, rights or liabilities of a grouping shall be determined in accordance with the contract under which the grouping is established.
- (5) Where the contract does not make provision as to the shares of members in the property, rights or liabilities in question a member's share shall be determined by reference to the share of the profits of the grouping to which he is entitled under the contract (and if the contract makes no provision as to that, the members shall be regarded as having equal shares).
- (6) Subject to subsection (7) below, where any trade or profession is carried on by a grouping it shall be regarded for the purposes of charging tax in respect of income and gains as carried on in partnership by the members of the grouping.
- (7) Sections 111 and 114(4) shall not apply to the members of a grouping and section 112 shall have effect in relation to the members of a grouping as if the second reference in subsection (2) to the firm were a reference to the members and subsection (3) were omitted.
- (8) Notwithstanding subsection (7) above, where a trade or profession is carried on by a grouping, the amount on which the members are chargeable to income tax in respect of it shall be computed (but not assessed) jointly."

#### *Management*

2 After section 12 of the <sup>M21</sup>Taxes Management Act 1970 there shall be inserted—

#### *“ European Economic Interest Groupings*

### **12A European Economic Interest Groupings.**

- (1) In this section “grouping” means a European Economic Interest Grouping formed in pursuance of Council Regulation (EEC) No. 2137/85 of 25th July 1985 (“the Council Regulation”), whether registered in Great Britain, in Northern Ireland, or elsewhere.
- (2) For the purposes of making assessments to income tax, corporation tax and capital gains tax on members of a grouping, an inspector may act under subsection (3) or (4) below.
- (3) In the case of a grouping which is registered in Great Britain or Northern Ireland or has an establishment registered in Great Britain or Northern Ireland, an inspector may by a notice given to the grouping require the grouping—
  - (a) to make and deliver to the inspector within the time limited by the notice a return containing such information as may be required in pursuance of the notice, and
  - (b) to deliver with the return such accounts and statements as may be required in pursuance of the notice.
- (4) In the case of any other grouping, an inspector may by a notice given to any member of the grouping resident in the United Kingdom, or if none is to any member of the grouping, require the member—

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- (a) to make and deliver to the inspector within the time limited by the notice a return containing such information as may be required in pursuance of the notice, and
  - (b) to deliver with the return such accounts and statements as may be required in pursuance of the notice,
- and a notice may be given to any one of the members concerned or separate notices may be given to each of them or to such of them as the inspector thinks fit.
- (5) Every return under this section shall include a declaration by the grouping or member making the return to the effect that the return is to the best of the maker's knowledge correct and complete.
  - (6) A notice under this section may require different information, accounts and statements for different periods, in relation to different descriptions of income or gains or in relation to different descriptions of member.
  - (7) Notices under this section may require different information, accounts and statements in relation to different descriptions of grouping.
  - (8) Subject to subsection (9) below, where a notice is given under subsection (3) above, everything required to be done shall be done by the grouping acting through its manager or, where there is more than one, any of them; but where the manager of a grouping (or each of them) is a person other than an individual, the grouping shall act through the individual, or any of the individuals, designated in accordance with the Council Regulation as the representative of the manager (or any of them).
  - (9) Where the contract for the formation of a grouping provides that the grouping shall be validly bound only by two or more managers acting jointly, any declaration required by subsection (5) above to be included in a return made by a grouping shall be given by the appropriate number of managers."

#### Marginal Citations

M21 1970 c. 9.

- 3 (1) After section 98A of the <sup>M22</sup>Taxes Management Act 1970 there shall be inserted—

#### “98B European Economic Interest Groupings.

- (1) In this section “grouping” means a European Economic Interest Grouping formed in pursuance of Council Regulation (EEC) No. 2137/85 of 25th July 1985, whether registered in Great Britain, in Northern Ireland, or elsewhere.
- (2) Subject to subsections (3) and (4) below, where a grouping or member of a grouping required by a notice given under section 12A above to deliver a return or other document fails to comply with the notice, the grouping or member shall be liable—
  - (a) to a penalty not exceeding £300; and
  - (b) if the failure continues after a penalty is imposed under paragraph (a) above, to a further penalty or penalties not exceeding £60 for each day on which the failure continues after the day on which the penalty



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under paragraph (a) above was imposed (but excluding any day for which a penalty under this paragraph has already been imposed).

- (3) No penalty shall be imposed under subsection (2) above in respect of a failure at any time after the failure has been remedied.
  - (4) If a grouping to which, or member to whom, a notice is given proves that there was no income or chargeable gain to be included in the return, the penalty under subsection (2) above shall not exceed £100.
  - (5) Where a grouping or member fraudulently or negligently delivers an incorrect return, accounts or statement, or makes an incorrect declaration in a return delivered, under section 12A above, the grouping or member shall be liable to a penalty not exceeding £3000 multiplied by the number of members of the grouping at the time of delivery.”
- (2) In section 100(2) of that Act (penalties which are imposed by Commissioners), after paragraph (d) there shall be inserted “or
- (e) section 98B(2)(a) above.”

#### Marginal Citations

M22 1970 c. 9.

- 4 (1) At the end of section 36 of the Taxes Management Act 1970 (extension of time for assessment in case of fraudulent or negligent conduct), there shall be added—
- “(4) Any act or omission such as is mentioned in section 98B below on the part of a grouping (as defined in that section) or member of a grouping shall be deemed for the purposes of subsection (1) above to be the act or omission of each member of the grouping.”
- (2) At the end of section 40 of that Act (extension of time for assessment in case of fraudulent or negligent conduct of person who has died), there shall be added—
- “(4) Any act or omission such as is mentioned in section 98B below on the part of a grouping (as defined in that section) or member of a grouping shall be deemed for the purposes of subsection (2) above to be the act or omission of each member of the grouping.”

#### Commencement

- 5 This Schedule shall be deemed to have come into force on 1st July 1989.

## SCHEDULE 12

Section 80.

### BROADCASTING: TRANSFER OF UNDERTAKINGS OF INDEPENDENT BROADCASTING AUTHORITY AND CABLE AUTHORITY

#### *Transfer of IBA's transmission activities to nominated company: corporation tax*

- 1 (1) Subject to sub-paragraph (2), the following provisions shall apply for the purposes of the Corporation Tax Acts, namely—

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- (a) the part of the trade carried on by the IBA which is transferred to the nominated company under the Broadcasting Act 1990 (“the principal Act”) shall be treated as having been, at the time when it began to be carried on by the IBA and at all times since that time, a separate trade carried on by that company;
  - (b) the trade carried on by that company after the transfer date shall be treated as the same trade as that which, by virtue of paragraph (a) above, it is treated as having carried on before that date;
  - (c) all property, rights and liabilities of the IBA which are transferred under the principal Act to that company shall be treated as having been, at the time when they became vested in the IBA and at all times since that time, property, rights and liabilities of that company; and
  - (d) anything done by the IBA in relation to any such property, rights and liabilities as are mentioned in paragraph (c) above shall be deemed to have been done by that company.
- (2) There shall be apportioned between the IBA and the nominated company—
- (a) the unallowed tax losses of the IBA, and
  - (b) any expenditure which they have incurred before the transfer date and by reference to which capital allowances may be made,
- in such manner as is just and reasonable having regard—
- (i) to the extent to which such losses and expenditure are attributable to the part of the trade carried on by them which is transferred to that company under the principal Act, and
  - (ii) as respects the apportionment of such expenditure, to the division of their assets between the relevant transferees which is effected under that Act.
- (3) In this paragraph—
- “the IBA’s final accounting period” means the last complete accounting period of the IBA ending before the transfer date;
  - “unallowed tax losses” means losses, allowances or amounts which, as at the end of the IBA’s final accounting period, are tax losses within the meaning given by section 400(2) of the Taxes Act 1988, excluding losses which are allowable capital losses within the meaning of paragraph 6 below.
- (4) This paragraph shall have effect in relation to accounting periods beginning after the IBA’s final accounting period.

*Transfer of IBA’s assets to Commission and Radio Authority: chargeable gains*

- 2
- (1) For the purposes of the <sup>M23</sup>Capital Gains Tax Act 1979 (“the 1979 Act”) the transfer under the principal Act of any asset from the IBA to the Commission or the Radio Authority shall be deemed to be for a consideration such that no gain or loss accrues to the IBA; and Schedule 5 to that Act (assets held on 6th April 1965) shall have effect in relation to an asset so transferred as if the acquisition or provision of it by the IBA had been the acquisition or provision of it by the Commission or (as the case may be) by the Authority.
  - (2) In paragraph 1(3) of Schedule 8 to the <sup>M24</sup>Finance Act 1988 (capital gains: assets held on 31st March 1982), there shall be added after paragraph (g) “; and

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(h) paragraph 2(1) of Schedule 12 to the Finance Act 1990.”

- (3) Where the benefit of any debt in relation to which the IBA are, for the purposes of section 134 of the 1979 Act (debts), the original creditor is transferred under the principal Act to the Commission or the Radio Authority, the Commission or (as the case may be) the Radio Authority shall be treated for those purposes as the original creditor in relation to the debt in place of the IBA.

**Marginal Citations**

**M23** 1979 c. 14.

**M24** 1988 c. 39.

*Disposal by IBA of DBS assets to DBS programme contractor: chargeable gains*

- 3 (1) For the purposes of the 1979 Act the disposal under the principal Act of any relevant asset by the IBA to a DBS programme contractor shall be deemed to be for a consideration such that no gain or loss accrues to the IBA.
- (2) In this paragraph—
- (a) “relevant asset” means any equipment or other asset (of whatever description) which has been used or held by the IBA in connection with the transmission of DBS services; and
- (b) “DBS programme contractor” and “DBS service” have the meaning given by section 37(3) of the <sup>M25</sup>Cable and Broadcasting Act 1984.

**Marginal Citations**

**M25** 1984 c. 46.

*Transfer of Cable Authority’s assets to Commission: chargeable gains*

- 4 For the purposes of the 1979 Act the transfer by the principal Act of any asset from the Cable Authority to the Commission shall be deemed to be for a consideration such that no gain or loss accrues to that Authority.

*Transfer of shares from Commission to Channel 4 company: chargeable gains*

- 5 (1) For the purposes of the 1979 Act the transfer by the principal Act of shares in the Channel 4 company from the Commission to the Channel Four Television Corporation shall be deemed to be for a consideration such that no gain or loss accrues to the Commission.
- (2) In sub-paragraph (1) “the Channel 4 company” means the body corporate referred to in section 12(2) of the <sup>M26</sup>Broadcasting Act 1981.

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#### Marginal Citations

M26 1981 c. 68.

#### *Apportionment of unallowed capital losses between relevant transferees*

- 6 (1) The unallowed capital losses of the IBA shall be apportioned between the relevant transferees in such manner as is just and reasonable having regard to the purposes, or principal purposes, for which the relevant assets were respectively used or held by the IBA and the activities which are to be carried on by those transferees respectively as from the transfer date.
- (2) Any unallowed capital losses of the IBA which are apportioned to one of the relevant transferees under sub-paragraph (1) shall be treated as allowable capital losses accruing to that transferee on the disposal of an asset on the transfer date.
- (3) In this paragraph—
- “allowable capital losses” means losses which are allowable for the purposes of the 1979 Act;
- “relevant assets”, in relation to unallowed capital losses of the IBA, means the assets on whose disposal by the IBA those losses accrued;
- “unallowed capital losses”, in relation to the IBA, means allowable capital losses which have accrued to the IBA before the transfer date, in so far as they have not been allowed as deductions from chargeable gains.

#### *Roll-over relief in connection with nominated company*

- 7 Where the IBA have before the transfer date disposed of (or of their interest in) any assets used, throughout the period of ownership, wholly or partly for the purposes of the part of their trade transferred to the nominated company under the principal Act, sections 115 to 119 of the 1979 Act (roll-over relief on replacement of business assets) shall have effect in relation to that disposal as if the IBA and the nominated company were the same person.

#### *Disputes as to apportionments etc.*

- 8 (1) This paragraph applies where any apportionment or other matter arising under the foregoing provisions of this Schedule appears to be material as respects the liability to tax (for whatever period) of two or more relevant transferees.
- (2) Any question which arises as to the manner in which the apportionment is to be made or the matter is to be dealt with shall be determined, for the purposes of the tax of both or all of the relevant transferees concerned—
- (a) in a case where the same body of General Commissioners have jurisdiction with respect to both or all of those transferees, by those Commissioners, unless those transferees agree that it shall be determined by the Special Commissioners;
- (b) in a case where different bodies of Commissioners have jurisdiction with respect to those transferees, by such of those bodies as the Board may direct,

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unless those transferees agree that it shall be determined by the Special Commissioners; and

(c) in any other case, by the Special Commissioners.

- (3) The Commissioners by whom the question falls to be determined shall make the determination in like manner as if it were an appeal except that both or all of the relevant transferees concerned shall be entitled to appear and be heard by the Commissioners or to make representations to them in writing.

#### *Securities of nominated company*

- 9 (1) Any share issued by the nominated company to the Secretary of State in pursuance of the principal Act shall be treated for the purposes of the Corporation Tax Acts as if it had been issued wholly in consideration of a subscription paid to that company of an amount equal to the nominal value of the share.
- (2) Any debenture issued by the nominated company to the Secretary of State in pursuance of the principal Act shall be treated for the purposes of the Corporation Tax Acts as if it had been issued—
- (a) wholly in consideration of a loan made to that company of an amount equal to the principal sum payable under the debenture; and
  - (b) wholly and exclusively for the purposes of the trade carried on by that company.

#### *Interpretation*

- 10 (1) In this Schedule—
- “the 1979 Act” means the <sup>M27</sup>Capital Gains Tax Act 1979;
  - “the Commission” means the Independent Television Commission;
  - “the IBA” means the Independent Broadcasting Authority;
  - “the nominated company” and “the transfer date” have the same meaning as in the provisions of the principal Act relating to the transfer of the undertakings of the IBA and the Cable Authority;
  - “the principal Act” means the Broadcasting Act 1990;
  - “the relevant transferees” means the Commission, the Radio Authority and the nominated company.
- (2) References in this Schedule to things transferred under the principal Act are references to things transferred in accordance with a scheme made under that Act.

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#### **Marginal Citations**

M27 1979 c. 14.

*Status: Point in time view as at 01/10/1991.*

*Changes to legislation: Finance Act 1990 is up to date with all changes known to be in force on or before 13 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

## SCHEDULE 13

Section 88.

### CAPITAL ALLOWANCES: MISCELLANEOUS AMENDMENTS

#### *Hotels in enterprise zones: initial allowances*

- 1
- (1) In section 1(2) of the <sup>M28</sup>Capital Allowances Act 1990, after the words “shall include a reference to” there shall be inserted the words “a qualifying hotel and to”.
  - (2) In section 7(1) of that Act, for the words “this Part, except Chapter I,” there shall be substituted the words “this Chapter and Chapter III as it applies for the purposes of this Chapter”.
  - (3) This paragraph shall apply in relation to any chargeable period or its basis period ending on or after 6th April 1990.

#### **Marginal Citations**

**M28** 1990 c. 1.

#### *Scientific research allowance: writing off of expenditure*

- 2
- (1) In section 8(5)(b) of that Act, for the words “ceases to be used by the person in question for scientific research connected with the trade” there shall be substituted the words “ceases to belong to the person in question”.
  - (2) This paragraph shall apply where an asset ceases to belong to a person on or after 6th April 1990.

#### *Disposal value of machinery or plant after succession to trade*

- 3
- (1) In section 78 of that Act, after subsection (2) there shall be inserted—
 

“(2A) Where the disposal value of any machinery or plant in relation to which an election under subsection (2) above has effect falls to be ascertained in accordance with section 26, that section shall apply as if the person mentioned in subsection (2) of that section were the deceased.”
  - (2) This paragraph shall apply to machinery or plant in relation to which an election under section 78(2) is made on or after 6th April 1990.

#### *Non-resident companies: use of allowances*

- 4
- (1) In section 149 of that Act, subsection (2) shall be omitted.
  - (2) This paragraph shall apply in relation to chargeable periods beginning on or after 6th April 1990.

*Status: Point in time view as at 01/10/1991.*

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*Contributions: machinery and plant*

- 5 (1) In section 154(2) of that Act, for the words from “as if” to “and for” there shall be substituted the words “as if—
- (a) the reference to expenditure in respect of which an allowance would have been made under Part I included a reference to expenditure in respect of which a first-year allowance would have been made under Part II or which would have been taken into account in determining qualifying expenditure for the purpose of any allowance or charge under section 24; and
  - (b) the reference to the making to the contributor to expenditure on the provision of an asset of such initial and writing-down allowances as would have been made to him if his contribution had been expenditure on the provision of a similar asset included a reference to his being treated under Part II as if his contribution had been expenditure on the provision of that asset;
- and for ”.
- (2) This paragraph shall apply to contributions made on or after 6th April 1990.

*Sale of machinery or plant*

- 6 (1) In section 161(10) of that Act, the words “and of subsection (8)” shall be omitted.
- (2) This paragraph shall apply in relation to a sale of an asset when both the time of completion and the time when possession of the asset is given are on or after 6th April 1990.

*Assured tenancies allowance*

- 7 (1) In section 832(1) of the Taxes Act 1988, in the definition of “the Capital Allowances Acts”, the words “, but excluding Part III of that Act” shall be omitted.
- (2) This paragraph shall apply for chargeable periods beginning on or after 6th April 1990.

SCHEDULE 14

Section 89.

AMENDMENTS CORRECTING ERRORS IN THE TAXES ACT 1988

**PART I**

AMENDMENTS OF THE TAXES ACT 1988

- 1 The Taxes Act 1988 shall have effect, and shall be deemed always to have had effect, subject to the amendments made by this Part of this Schedule.

*Status: Point in time view as at 01/10/1991.*

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- 2 In section 37(1)—
  - (a) for the words “subsection (2) below” there shall be substituted the words “subsection (2) or (3) below”;
  - (b) for the words “this subsection” there shall be substituted the words “subsection (2) or (3) below”; and
  - (c) for the words “the amount of that tax” there shall be substituted the words “that amount”.
- 3 In section 213(6), for “(3)(1)(a)” there shall be substituted “ (3)(a) ”.
- 4 (1) In sections 322(1)(a) and (2) and 323(1), after the words “a British Dependent Territories citizen” there shall be inserted the words “ , a British National (Overseas) ”.
- (2) In section 323(7), after the words “British Dependent Territories citizens” there shall be inserted the words “ , British Nationals (Overseas) ”.
- 5 In section 326(2)(a), for the words from “12” to “1969” there shall be substituted the words “ 11 of the <sup>M29</sup>National Debt Act 1972 ”.

**Marginal Citations**  
**M29** 1972 c. 65.

- 6 In section 377(1)(b), for “(5)” there shall be substituted “(8)”.
- F10**<sup>7</sup> .....

**Textual Amendments**  
**F10** Sch. 14 para. 7 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.

- 8 In section 478(3), for the words “section (2)” there shall be substituted the words “ subsection (2) ”.
- 9 In section 751(1)(a), for the words “the persons” there shall be substituted the word “ persons ”.
- 10 In section 757(7), before the words “the earliest date” there shall be inserted the words “ any time on or after ”.
- 11 In section 761(1), for the words “and Schedule” there shall be substituted the words “ or Schedule ”.
- 12 In section 773(2), for the words “this section” there shall be substituted the words “section 770”.
- 13 In paragraph 4(1) of Schedule 16, for “(4)” there shall be substituted “(3)”.



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## PART II

### AMENDMENTS OF OTHER ENACTMENTS

#### *The Taxes Management Act 1970 (c. 9)*

- 14 In section 31(3) of the Taxes Management Act 1970, for the words “Part XV or XVI” there shall be substituted the words “any of sections 660 to 685 and 695 to 702”.
- 15 In section 98 of that Act, in the first column of the Table, in the entry relating to Schedule 9 to the Taxes Act 1988, for the words “paragraphs 6 and 25” there shall be substituted the words “paragraph 6”.

#### *The Oil Taxation Act 1975 (c. 22)*

- 16 In paragraph 5(2) of Schedule 3 to the Oil Taxation Act 1975, for the words “section 17 of this Act” and the words “the said section 17” there shall be substituted the words “section 500 of the Taxes Act”.

#### *The Capital Gains Tax Act 1979 (c. 14)*

- 17 In section 149C of the Capital Gains Tax Act 1979—
- (a) in subsection (2), after the word “given” there shall be inserted the words “to him”; and
  - (b) in subsection (7), after the words “shares” there shall be inserted the words “issued after 18th March 1986”.

#### *The Finance Act 1981 (c. 35)*

- 18 In section 83(3) of the Finance Act 1981, for the words “section 45(2)(b) above” there shall be substituted the words “section 740(2)(b) of the Taxes Act”.

#### *Commencement*

- 19 (1) Subject to the following provisions of this paragraph, the amendments made by this Part of this Schedule shall be treated for the purposes of their commencement as if they had been made by the Taxes Act 1988.
- (2) An individual may elect that in relation to him the amendment made by paragraph 17(b) of this Schedule shall not have effect with respect to exchanges (and similar events) taking place before 1st January 1990.
- (3) An election under sub-paragraph (2) above shall be irrevocable and shall be made by notice in writing to the inspector at any time before 6th April 1991.
- (4) There may be made any such adjustment, whether by way of discharge or repayment of tax, the making of an assessment or otherwise, as is appropriate in consequence

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of the amendment made by paragraph 17(b) of this Schedule or an election under sub-paragraph (2) above.

## SCHEDULE 15

Section 100.

### CLAIMS FOR GROUP RELIEF

#### “SCHEDULE 17A

Section 412.

#### GROUP RELIEF: CLAIMS

##### *Introductory*

- 1 (1) This Schedule has effect as respects claims for group relief.
- (2) Section 42 of the Management Act (procedure for making claims) shall not apply to such claims.

##### *Time limits*

- 2 (1) No claim for an accounting period of a company may be made if—
  - (a) the company has been assessed to corporation tax for the period, and
  - (b) the assessment has become final and conclusive.
- (2) Sub-paragraph (1) above shall not apply in the case of a claim made before the end of 2 years from the end of the period.
- (3) This paragraph applies to the withdrawal of a claim as it applies to the making of a claim.
- 3 (1) No claim for an accounting period of a company may be made after the end of 6 years from the end of the period, except under paragraph 5 below.
- (2) This paragraph applies to the withdrawal of a claim as it applies to the making of a claim.
- 4 Where under paragraph 2 or 3 above a claim may not be made after a certain time, it may be made within such further time as the Board may allow.
- 5 (1) A claim for an accounting period of a company may be made after the end of 6 years from the end of the period if—
  - (a) the company has been assessed to corporation tax for the period before the end of 6 years from the end of the period,
  - (b) the company has appealed against the assessment, and
  - (c) the assessment has not become final and conclusive.
- (2) No claim for an accounting period of a company may be made under this paragraph after the end of 6 years and 3 months from the end of the period.

##### *Method of making claim*

- 6 (1) A claim shall be made by being included in a return under section 11 of the Management Act (corporation tax return) for the period for which the claim is made.

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- (2) In sub-paragraph (1) above the reference to a claim being included in a return includes a reference to a claim being included by virtue of an amendment of the return.
- (3) This paragraph applies to the withdrawal of a claim as it applies to the making of a claim.

#### *Nature of claim*

- 7 A claim may be made for less than the full amount available.
- 8 A claim, other than one under paragraph 5 above, shall be for an amount which is quantified at the time the claim is made.
- 9 (1) A claim under paragraph 5 above shall be expressed to be conditional, as to the amount claimed, on, and only on, the outcome of one or more relevant matters specified in the claim.  
(2) For the purposes of this paragraph a matter is relevant if it is relevant to the determination of the assessment of the claimant company to corporation tax for the period for which the claim is made.

#### *Consent to surrender*

- 10 (1) A claim shall require the consent of the surrendering company.  
(2) A consortium claim shall require the consent of each member of the consortium in addition to the consent of the surrendering company.  
(3) Consent to surrender shall be of no effect unless, at or before the time the claim is made, notice of consent is given by the consenting company to the inspector to whom the surrendering company makes its returns under section 11 of the Management Act.  
(4) Notice of consent to surrender, in the case of consent by the surrendering company, shall be of no effect unless it contains the following particulars—
  - (a) the name of the surrendering company;
  - (b) the name of the company to which relief is being surrendered;
  - (c) the amount of relief being surrendered;
  - (d) the accounting period of the surrendering company to which the surrender relates;
  - (e) the tax district references of the surrendering company and the company to which relief is being surrendered.
- (5) Where notice of the surrendering company's consent to surrender is given to the inspector after the surrendering company has made a return under section 11 of the Management Act for the period to which the relief being surrendered relates, the notice shall be of no effect unless the surrendering company at the same time amends the return.
- (6) Where consent to surrender relates to a loss in respect of which relief has been given under section 393(1), notice of consent to surrender, in the case of the surrendering company, shall be of no effect unless, at the same time as giving the notice to the inspector, the company amends its return under section 11 of the Management Act for the period, or, if more than one, each of the periods, in which relief for the loss has been given under section 393(1).

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- (7) For the purposes of sub-paragraph (6) above relief under section 393(1) shall be treated as given for losses incurred in earlier accounting periods before losses incurred in later accounting periods.
- (8) A claim shall require to be accompanied by a copy of the notice of consent to surrender given for the purposes of this paragraph by the surrendering company.
- (9) A consortium claim shall in addition require to be accompanied by a copy of the notice of consent to surrender given for the purposes of this paragraph by each member of the consortium.
- 11 (1) This paragraph applies in relation to claims under paragraph 5 above.
- (2) In the case of consent to surrender by the surrendering company, consent which relates to relief which is the subject of more than one claim under paragraph 5 above shall be of no effect unless it specifies an order of priority in relation to the claims.

*Adjustments*

- 12 (1) All such assessments or adjustments of assessments shall be made as may be necessary to give effect to a claim or the withdrawal of a claim.
- (2) An assessment under this paragraph shall not be out of time if it is made—
- (a) in the case of a claim, within one year from the date on which an assessment of the claimant company to corporation tax for the period for which the claim is made becomes final and conclusive, and
  - (b) in the case of the withdrawal of a claim, within one year from the date on which the claim is withdrawn.”

SCHEDULE 16

Section 102.

CAPITAL ALLOWANCES: CLAIMS BY COMPANIES

“SCHEDULE A1

Section 145A.

CORPORATION TAX ALLOWANCES: CLAIMS

*Introductory*

- 1 (1) This Schedule has effect as respects claims for allowances which fall to be made under the provisions of this Act as they apply for the purposes of corporation tax.
- (2) Section 42 of the Taxes Management Act 1970 (procedure for making claims) shall not apply to such claims.

*Time limits*

- 2 (1) No claim for an accounting period of a company may be made if—
- (a) the claim affects an amount for the period which is determinable under section 41A of the Taxes Management Act 1970, and
  - (b) a determination of the amount under that section has become final.

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- (2) Sub-paragraph (1) above shall not apply in the case of a claim made before the end of 2 years from the end of the period.
  - (3) Sub-paragraph (1) above shall not apply where—
    - (a) the company has been assessed to corporation tax for the period, and
    - (b) the assessment has not become final and conclusive.
  - (4) This paragraph applies to the withdrawal of a claim as it applies to the making of a claim.
- 3
- (1) No claim for an accounting period of a company may be made if—
    - (a) the company has been assessed to corporation tax for the period, and
    - (b) the assessment has become final and conclusive.
  - (2) Sub-paragraph (1) above shall not apply in the case of a claim made before the end of 2 years from the end of the period.
  - (3) Sub-paragraph (1) above shall not apply where—
    - (a) the claim affects an amount for the period which is determinable under section 41A of the Taxes Management Act 1970, and
    - (b) a determination of the amount under that section has either not been made or, if made, has not become final.
  - (4) This paragraph applies to the withdrawal of a claim as it applies to the making of a claim.
- 4
- (1) No claim for an accounting period of a company may be made after the end of 6 years from the end of the period, except under paragraph 6 below.
  - (2) This paragraph applies to the withdrawal of a claim as it applies to the making of a claim.
- 5
- Where under paragraph 2, 3 or 4 above a claim may not be made after a certain time, it may be made within such further time as the Board may allow.
- 6
- (1) A claim for an accounting period of a company may be made after the end of 6 years from the end of the period if—
    - (a) the company has been assessed to corporation tax for the period before the end of 6 years from the end of the period,
    - (b) the company has appealed against the assessment, and
    - (c) the assessment has not become final and conclusive.
  - (2) No claim for an accounting period of a company may be made under this paragraph after the end of 6 years and 3 months from the end of the period.

#### *Method of making claim*

- 7
- (1) A claim shall be made by being included in a return under section 11 of the Taxes Management Act 1970 (corporation tax return) for the period for which the claim is made.
  - (2) In sub-paragraph (1) above the reference to a claim being included in a return includes a reference to a claim being included by virtue of an amendment of the return.
  - (3) This paragraph applies to the withdrawal of a claim as it applies to the making of a claim.

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### *Nature of claim*

- 8 A claim, other than one under paragraph 6 above, shall be for an amount which is quantified at the time the claim is made.
- 9 (1) A claim under paragraph 6 above shall be expressed to be conditional, as to the amount claimed, on, and only on, the outcome of one or more relevant matters specified in the claim.
- (2) For the purposes of this paragraph a matter is relevant if it is relevant to the determination of the assessment of the claimant company to corporation tax for the period for which the claim is made.

### *Adjustments*

- 10 (1) All such assessments or adjustments of assessments shall be made as may be necessary to give effect to a claim or the withdrawal of a claim.
- (2) An assessment under this paragraph shall not be out of time if it is made—
- (a) in the case of a claim, within one year from the date mentioned in subparagraph (3) below, and
  - (b) in the case of the withdrawal of a claim, within one year from the date on which the claim is withdrawn.
- (3) The date referred to above is—
- (a) in a case where the claim affects an amount for the period for which the claim is made which is determinable under section 41A of the Taxes Management Act 1970, the date on which a determination of the amount under that section becomes final;
  - (b) in any other case, the date on which an assessment of the claimant company to corporation tax for the period for which the claim is made becomes final and conclusive.
- 11 Where a claim affecting an amount determinable under section 41A of the Taxes Management Act 1970 is made or withdrawn after a determination of the amount under that section has become final, the determination shall be adjusted accordingly.”

## SCHEDULE 17

Section 103.

### CAPITAL ALLOWANCES: ASSIMILATION OF CLAIMS BY COMPANIES TO CLAIMS BY INDIVIDUALS

#### *Introductory*

- 1 The <sup>M30</sup>Capital Allowances Act 1990 shall be amended as follows.

#### **Marginal Citations**

**M30** 1990 c. 1.

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*Status: Point in time view as at 01/10/1991.*

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### *Industrial buildings and structures*

- 2 In section 1 (initial allowances: enterprise zones) in subsection (5) the words “as it applies for income tax purposes” and the words from “and” to the end shall be omitted.

### *Machinery and plant: general*

- 3 (1) Section 22 (first-year allowances: transitional relief for regional projects) shall be amended as follows.
- (2) The following subsection shall be substituted for subsection (7)—
- “(7) A claim for one or more first-year allowances to be made for any chargeable period may require that the amount of the allowance, or aggregate amount of the allowances, be reduced to an amount specified in that behalf in the claim.”
- (3) In subsection (8) the words “disclaimer or” shall be omitted.
- (4) Subsection (9) shall cease to have effect.
- 4 (1) Section 23 (information relating to first-year allowances) shall be amended as follows.
- (2) In subsection (1) the words “by a person other than a company”, the words from “, and a” to “an allowance,” and, in paragraphs (b) and (c), the words “or deduction” shall be omitted.
- (3) In subsection (2) the words “other than a company” and the words from “, or a” to “company,” shall be omitted.
- 5 (1) Section 24 (writing-down allowances and balancing adjustments) shall be amended as follows.
- (2) In subsection (3) the words “in connection with a trade carried on by a person other than a company” shall be omitted.
- (3) Subsection (4) shall cease to have effect.
- 6 (1) Section 25 (qualifying expenditure) shall be amended as follows.
- (2) In subsection (1)(a)(ii) the words from “in the case of a person” to “of a company” shall be omitted.
- (3) Subsection (2) shall be omitted.
- (4) In subsection (3) the words “, but not being a company,” shall be omitted.
- (5) In subsection (4)—

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- (a) in paragraph (a) the words “(whether a company or not)” shall be omitted; and
- (b) in paragraph (b) the words “, in the case of a person other than a company,” shall be omitted.

*Machinery and plant: ships*

7 In section 30 (first-year allowances) in subsection (1)(a) the words “or, in the case of a company, disclaim it” shall be omitted.

8 In section 31 (writing-down allowances) the following subsection shall be substituted for subsection (6)—

“(6) For any chargeable period of the single ship trade for which the amount of a writing-down allowance is reduced by virtue of a requirement in a claim made by virtue of section 24(3), any reference in subsections (3) to (5) above to the writing-down allowance is a reference to the reduced amount of the allowance, as specified in the claim.”

*Machinery and plant: leased assets and inexpensive cars*

9 In section 41 (writing-down allowances) in subsection (3) the words “or is disclaimed under subsection (4) of that section”, the words “or under subsection (4)” and the words “or as disclaimed” shall be omitted.

10 In section 46 (recovery of excess relief: new expenditure) in subsection (6) the words “or was disclaimed” shall be omitted.

11 In section 47 (recovery of excess relief: old expenditure) in subsection (6)(a) the words “or was disclaimed” shall be omitted.

12 In section 48 (information relating to allowances made in respect of new expenditure) in subsection (1) the words “by a person other than a company” and the words from “and a” to “allowance” shall be omitted.

13 In section 49 (information relating to allowances made in respect of old expenditure) in subsection (2) the words “other than a company” and the words from “, or a” to “company,” shall be omitted.



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*Machinery and plant: supplementary*

- 14 In section 79 (effect of use partly for trade etc. and partly for other purposes) in subsection (6) the words “or is disclaimed under subsection (4) of that section”, the words “or (4)” and the words “or as disclaimed” shall be omitted.
- 15 In section 80 (effect of subsidies towards wear and tear) in subsection (6) the words “or is disclaimed under subsection (4) of that section”, the words “or (4)” and the words “or as disclaimed” shall be omitted.

SCHEDULE 18

Section 127.

DEFINITION OF “LOCAL AUTHORITY”

- 1 In section 74(4) of the <sup>M31</sup>Finance Act 1952 for “519” there shall be substituted “842A”.

**Marginal Citations**

**M31** 1952 c. 33.

- 2 Section 52 of the <sup>M32</sup>Finance Act 1974 shall cease to have effect.

**Marginal Citations**

**M32** 1974 c. 30.

- 3 In section 149B of the <sup>M33</sup>Capital Gains Tax Act 1979 the following subsections shall be substituted for subsection (3)—

“(3) A local authority, a local authority association and a health service body shall be exempt from capital gains tax.

(3A) In subsection (3) above—

- (a) “local authority association” has the meaning given by section 519 of the Taxes Act 1988, and
- (b) “health service body” has the meaning given by section 519A of that Act.”.

**Marginal Citations**

**M33** 1979 c. 14.

- 4 In section 272 of the <sup>M34</sup>Inheritance Tax Act 1984, in the definition of “local authority”, for “519” there shall be substituted “842A”.

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### Marginal Citations

**M34** 1984 c. 51.

- 5 (1) The Taxes Act 1988 shall be amended as follows.  
(2) Section 519(4) shall cease to have effect.

## SCHEDULE 19

Section 132.

### REPEALS

#### PART I

#### CUSTOMS AND EXCISE

Chapter	Short title	Extent of repeal
1979 c. 2.	The Customs and Excise Management Act 1979.	In section 37A(1)(b), the word "may".
1979 c. 4.	The Alcoholic Liquor Duties Act 1979.	Section 12(6) to (9).

Chapter	Short title	Extent of repeal
1979 c. 5.	The Hydrocarbon Oil Duties Act 1979.	In section 6, in subsection (1), " (2A)" and subsection (2A).
1981 c. 63.	The Betting and Gaming Duties Act 1981.	In section 7, in subsection (1) the words "in the case of pool competitions bets to 33½ per cent. and in any other case" and subsection (2).
1982 c. 39.	The Finance Act 1982.	Section 8(1)(a). Section 9(1) and (2). In Schedule 6, paragraph 2.
1986 c. 41.	The Finance Act 1986.	In Schedule 5, paragraph 3(4) and (5).
1988 c. 39.	The Finance Act 1988.	Section 6(3).
1989 c. 26.	The Finance Act 1989.	Section 1(1) and (3).

The repeals in the Hydrocarbon Oil Duties Act 1979 and the Finance Act 1989 have effect in accordance with section 3(6) of this Act.

*Status: Point in time view as at 01/10/1991.*

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## PART II

### VEHICLES EXCISE DUTY

Chapter	Short title	Extent of repeal
1971 c. 10.	The Vehicles (Excise) Act 1971.	In Schedule 1, in the first column of Part II, the words from "tricycles", in the second place where it occurs, to "passenger". In Schedule 4, paragraph 7.
1972 c. 10 (N.I.).	The Vehicles (Excise) Act (Northern Ireland) 1972.	In Schedule 1, in column 1 of Part II, the words from "tricycles", in the second place where it occurs, to "passenger". In Schedule 4, paragraph 7.
1983 c. 28.	The Finance Act 1983.	In Schedule 3, paragraph 8(4).
1985 c. 54.	The Finance Act 1985.	In Schedule 2, paragraphs 3, 4 and 9.
1987 c. 16.	The Finance Act 1987.	Section 2(2)(b). In Schedule 1, Part I and, in Part II, paragraph 3.
1989 c. 26.	The Finance Act 1989.	Section 6(3) and (4). In Schedule 1, Part II. In Schedule 2, paragraph 3.

1. The repeals in Schedule 1 to each of the Vehicles (Excise) Act 1971 and the Vehicles (Excise) Act (Northern Ireland) 1972 are deemed to have come into force on 21st March 1990.

2. The repeals in Schedule 4 to each of the Vehicles (Excise) Act 1971 and the Vehicles (Excise) Act (Northern Ireland) 1972, the repeal in the Finance Act 1983 and the repeal of paragraph 9 of Schedule 2 to the Finance Act 1985 have effect in relation to licences taken out after 30th September 1990.

3. The remaining repeals have effect in relation to licences taken out after 20th March 1990.

## PART III

### VALUE ADDED TAX

Chapter	Short title	Extent of repeal
1983 c. 55.	The Value Added Tax Act 1983.	Section 22. Section 33(1A). In Schedule 6, in Group 4, Note (3).
1985 c. 54.	The Finance Act 1985.	In section 13(2), the word "and" at the end of paragraph (b). Section 18(4) and (5). Section 32.
1987 c. 16.	The Finance Act 1987.	Section 14(4) and (5). In Schedule 2, paragraph 3.

1. The repeals of section 22 of the Value Added Tax Act 1983 and section 32 of the Finance Act 1985 have effect in relation to supplies made after the day on which this Act is passed.

2. The repeal of section 18(4) and (5) of that Act has effect in relation to assessments made on or after the day on which this Act is passed.

3. The repeals of section 33(1A) of the Value Added Tax Act 1983 and the repeals in the Finance Act 1987 have effect in relation to persons who become liable to be registered after 20th March 1990.

*Status: Point in time view as at 01/10/1991.*

*Changes to legislation: Finance Act 1990 is up to date with all changes known to be in force on or before 13 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

## PART IV

### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

Chapter	Short title	Extent of repeal
1969 c. 32.	The Finance Act 1969.	Section 52.
1970 c. 10.	The Income and Corporation Taxes Act 1970.	In section 272(1)(a), the words “, subject to section 280(7) below.”.
1974 c. 30.	The Finance Act 1974.	Section 52.
1975 c. 45.	The Finance (No.2) Act 1975.	In section 58(10), the definition of “trading stock”.
1988 c. 1.	The Income and Corporation Taxes Act 1988.	Section 257C(4). In section 339, in subsection (2) the words “and is not a close company” and subsection (5). In section 349(3)(d), the words “or 479(1)”.

Chapter	Short title	Extent of repeal
		In section 431(2), the definitions of “policy holders’ fraction” and “shareholders’ fraction”. In section 439, in subsection (7)(b), the words “(subject to subsection (8) below)” and subsection (8). Section 445(6). Section 446(4). Section 468(5). Sections 468A to 468D. Sections 476 and 477. Sections 479 and 480. In section 481, in subsection (1) the words “sections 479 and 480”, in subsection (2) paragraphs (d) and (e), and in subsection (6) the words “479(2) to (7), 480”. In section 482, in subsection (1) the words “479, 480 and” and in subsection (6) the words from “In relation” to the end. In section 483, subsections (1) to (3) and (5). Section 519(4). Section 659. Section 686(5). In section 687(3) the words following paragraph (i). Section 724(2). In section 772(8), the words “or, in Northern Ireland, to a county court”. In section 832(1), in the definition of “the Capital Allowances Acts”, the words “, but excluding Part III of that Act”. In Schedule 25, paragraph 2(1)(c) and the word “and” immediately following it and paragraph 4(1)(c) and the word “and” immediately following it.
1988 c. 39.	The Finance Act 1988.	In Schedule 4, paragraph 13(3). In Schedule 8, in paragraph 1(3), the word “and” at the end of paragraph (f).
1989 c. 26.	The Finance Act 1989.	Sections 78 and 79. In Schedule 8, paragraphs 1, 3(3) and 7.

*Status: Point in time view as at 01/10/1991.*

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Chapter	Short title	Extent of repeal
1990 c. 1.	The Capital Allowances Act 1990.	In Schedule 11, in paragraph 2(13)(d), the words "before 9th June 1989". Section 149(2). In section 161(10), the words "and of subsection (8)".
1990 c. 19.	The National Health Service and Community Care Act 1990.	Section 61(2).

1. The repeal in the Income and Corporation Taxes Act 1970 applies to disposals on or after 20th March 1990.

2. The repeals of section 52 of the Finance Act 1974 and section 519(4) of the Income and Corporation Taxes Act 1988 are deemed to have come into force on 1st April 1990.

3. The repeals in the Finance (No.2) Act 1975 and in sections 439, 445 and 446 of the Income and Corporation Taxes Act 1988 have effect in accordance with Schedule 6 to this Act.

4. The repeal in section 339(2) of the Income and Corporation Taxes Act 1988 has effect in relation to payments made on or after 1st October 1990.

5. The repeal of section 339(5) of the Income and Corporation Taxes Act 1988 has effect in relation to accounting periods ending on or after 1st October 1990.

6. The repeal in section 431(2) of that Act and the repeal of paragraphs 1 and 3(3) of Schedule 8 to the Finance Act 1989 are deemed always to have had effect.

7. The repeal of sections 468(5) and 468A to 468D of the Income and Corporation Taxes Act 1988, and of sections 78 and 79 of the Finance Act 1989, have effect in accordance with section 52 of this Act.

8. The repeals of section 476 (apart from the repeal in subsection (4) of the words from the beginning to "affecting" and the words "and that paragraph") and sections 477, 479 and 480 of the Income and Corporation Taxes Act 1988, and the repeals in sections 349, 481, 482, 483, 686 and 687 of that Act, have effect in accordance with Schedule 5 to this Act.

9. The repeal of section 659 of the Income and Corporation Taxes Act 1988 has effect in accordance with section 81 of this Act.

10. The repeal in section 772 of that Act does not affect any proceedings instituted before 3rd April 1989.

11. The repeals in section 832 of that Act and section 149 of the Capital Allowances Act 1990 apply for chargeable periods beginning on or after 6th April 1990.

12. The repeals in Schedule 25 to the Income and Corporation Taxes Act 1988 apply to dividends paid on or after 20th March 1990.

13. The repeal in Schedule 4 to the Finance Act 1988 applies where the valuation date is on or after 20th March 1990.

14. The repeal of paragraph 7 of Schedule 8 to the Finance Act 1989 applies for accounting periods beginning on or after 1st January 1990.

15. The repeal in Schedule 11 to that Act has effect in accordance with section 58 of this Act.

16. The repeal in section 161(10) of the Capital Allowances Act 1990 applies in relation to a sale of an asset when both the time of completion and the time when possession of the asset is given are on or after 6th April 1990.

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## PART V

### MANAGEMENT

Chapter	Short title	Extent of repeal
1970 c. 9.	The Taxes Management Act 1970.	In section 11, subsection (7) and, in subsection (8), the words from "or different" to the end. In section 12(4), the words "of income of a partnership". In section 17(1), paragraph (a) of the proviso.
1971 c. 68.	The Finance Act 1971.	In Schedule 6, paragraph 82.
1972 c. 41.	The Finance Act 1972.	In Schedule 24, paragraph 4.
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In section 7(2), the words from "and accordingly" to the end. In section 11(3), the words from "and accordingly" to the end. In section 393(11), the words from the beginning to "of six years; and". Section 396(3). In Schedule 29, paragraph 4, and in the Table in paragraph 32 the entries relating to sections 8(8) and (9) and 9(4) of the Taxes Management Act 1970.
1990 c. 1.	The Capital Allowances Act 1990.	In section 1(5), the words "as it applies for income tax purposes" and the words from "and" to the end. In section 22, in subsection (8) the words "disclaimer or" and subsection (9). In section 23, in subsection (1) the words "by a person other than a company", the words from ", and a" to "an allowance," and, in paragraphs (b) and (c), the words "or deduction" and in subsection (2) the words "other than a company" and the words from ", or a" to "company,".

*Status: Point in time view as at 01/10/1991.*

**Changes to legislation:** Finance Act 1990 is up to date with all changes known to be in force on or before 13 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Chapter	Short title	Extent of repeal
		<p>In section 24, in subsection (3) the words "in connection with a trade carried on by a person other than a company" and subsection (4).</p> <p>In section 25, in subsection (1)(a)(ii) the words from "in the case of a person" to "of a company", subsection (2), in subsection (3) the words "but not being a company," and in subsection (4), in paragraph (a), the words "(whether a company or not)" and, in paragraph (b), the words "in the case of a person other than a company,".</p> <p>In section 30(1)(a), the words "or, in the case of a company, disclaim it".</p> <p>In section 41(3), the words "or is disclaimed under subsection (4) of that section", the words "or under subsection (4)" and the words "or as disclaimed".</p> <p>In section 46(6), the words "or was disclaimed".</p> <p>In section 47(6)(a), the words "or was disclaimed".</p> <p>In section 48(1), the words "by a person other than a company" and the words from "and a" to "allowance".</p> <p>In section 49(2), the words "other than a company" and the words from "or a" to "company,".</p> <p>In section 79(6), the words "or is disclaimed under subsection (4) of that section", the words "or (4)" and the words "or as disclaimed".</p> <p>In section 80(6), the words "or is disclaimed under subsection (4) of that section", the words "or (4)" and the words "or as disclaimed".</p>

1. The repeals in section 11 of the Taxes Management Act 1970 have effect in accordance with section 91 of this Act.

2. The repeals in section 12 of the Taxes Management Act 1970, the Finance Act 1971, the Finance Act 1972 and Schedule 29 to the Income and Corporation Taxes Act 1988 have effect in accordance with section 90 of this Act.

3. The repeal in section 17 of the Taxes Management Act 1970 has effect as regards a case where interest is paid or credited in the year 1991–92 or a subsequent year of assessment.

4. The repeals in sections 7 and 11 of the Income and Corporation Taxes Act 1988 have effect in relation to income tax falling to be set off against corporation tax for accounting periods ending after the day appointed for the purposes of section 10 of that Act.

5. The repeals in sections 393 and 396 of that Act apply in relation to accounting periods ending after that day.

6. The remaining repeals have effect in relation to allowances and charges falling to be made for chargeable periods ending after that day.

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## PART VI

### STAMP DUTY

Chapter	Short title	Extent of repeal
1891 c. 39.	The Stamp Act 1891.	In section 59(1), the words "or stock, or marketable securities." Section 83. Section 109(1). In Schedule 1, the whole of the heading beginning "Bearer Instrument", and paragraph (1) of the general exemptions at the end of the Schedule.
1899 c. 9.	The Finance Act 1899.	Section 5(2).
1946 c. 64.	The Finance Act 1946.	Section 54(3) and (4). Section 56. Section 57(2) to (4).
1946 c. 17 (N.I.).	The Finance (No.2) Act (Northern Ireland) 1946.	Section 25(3) and (4). Section 27. Section 28(2) to (4).
1947 c. 35.	The Finance Act 1947.	Section 57.
1948 c. 49.	The Finance Act 1948.	Section 74.
1950 c. 32 (N.I.).	The Finance (No.2) Act (Northern Ireland) 1950.	Section 3(1).
1951 c. 43.	The Finance Act 1951.	Section 42.
1963 c. 18.	The Stock Transfer Act 1963.	In section 2(3), in paragraph (a) the words "and section 56(4) of the Finance Act 1946", and paragraph (c) and the word "and" immediately preceding it.
1963 c. 25.	The Finance Act 1963.	Section 55(1A).



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Chapter	Short title	Extent of repeal
1963 c. 22 (N.I.).	The Finance Act (Northern Ireland) 1963.	In section 59, subsections (1) to (4). Section 60. Section 61. In section 62, in subsection (1) the words from “and any” to the end, and subsection (4). Section 65(1). Section 67.
1963 c. 24 (N.I.).	The Stock Transfer Act (Northern Ireland) 1963.	Section 4(1A). In section 8, subsections (1) to (4). Section 9. Section 10. In section 11, in subsection (1) the words from “and any” to the end, and subsection (3). Section 14(1). Section 16.
1967 c. 54.	The Finance Act 1967.	Section 30.
1967 c. 20 (N.I.).	The Finance Act (Northern Ireland) 1967.	Section 7.
1970 c. 24.	The Finance Act 1970.	Section 33. In Schedule 7, paragraph 6.
1970 c. 21 (N.I.).	The Finance Act (Northern Ireland) 1970.	In Schedule 2, paragraph 6.
1974 c. 30.	The Finance Act 1974.	In Schedule 11, paragraphs 2 and 12.
1975 c. 80.	The OECD Support Fund Act 1975.	Section 4(2).
1976 c. 40.	The Finance Act 1976.	In section 127, subsections (1) and (4) to (7). Section 131(3).
1980 c. 48.	The Finance Act 1980.	Section 101.
1984 c. 43.	The Finance Act 1984.	Section 126(3)(c) and (5).
1985 c. 6.	The Companies Act 1985.	In Schedule 14, in paragraph 8 the words from “and, unless” to the end.
1985 c. 54.	The Finance Act 1985.	Section 81.
1986 c. 41.	The Finance Act 1986.	Section 64(1). Sections 65 to 72. Section 77.

*Status: Point in time view as at 01/10/1991.*

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Chapter	Short title	Extent of repeal
S.I. 1986/1032 (N.I.6).	The Companies (Northern Ireland) Order 1986.	In section 79, subsections (2) to (8), and in subsection (12) the words "(7), (9),". Sections 80 to 85.
1987 c. 16.	The Finance Act 1987.	In Schedule 14, in paragraph 7 the words from "and unless" to the end.
1987 c. 51.	The Finance (No.2) Act 1987.	Sections 50 to 53.
1988 c. 39.	The Finance Act 1988.	Section 99.
1989 c. 26.	The Finance Act 1989.	Section 143. In Schedule 13, paragraph 19. Sections 174 and 175.

1. So far as these repeals relate to bearer instruments, they have effect in accordance with section 107 of this Act.

2. So far as these repeals relate to instruments other than bearer instruments, they have effect in accordance with section 108 of this Act.

3. So far as these repeals relate to—

(a) any provision mentioned in subsection (1), (2), (3), (4) or (5) of section 109 of this Act, or

(b) any other provision to the extent that it is ancillary to or dependent on any provision so mentioned,

the repeals have effect in accordance with the subsection concerned.

4. So far as these repeals relate to—

(a) any provision mentioned in section 109(6) of this Act, or

(b) any other provision to the extent that it is ancillary to or dependent on any provision so mentioned,

the repeals have effect in accordance with any order under section 109(7) of this Act.

5. Paragraphs 1 and 2 above have effect subject to paragraphs 3 and 4 above.

## PART VII

### STAMP DUTY RESERVE TAX

Chapter	Short title	Extent of repeal
1986 c. 41.	The Finance Act 1986.	Part IV.
1987 c. 16.	The Finance Act 1987.	Section 56. Schedule 7.
1987 c. 51.	The Finance (No. 2) Act 1987.	Section 100.
1988 c. 39.	The Finance Act 1988.	Section 144. In Schedule 13, paragraph 23.
1989 c. 26.	The Finance Act 1989.	Sections 176 and 177.

These repeals have effect in accordance with section 110 of this Act.

## PART VIII

### NATIONAL SAVINGS

Chapter	Short title	Extent of repeal
1972 c. 65.	The National Debt Act 1972.	Section 5(3)(b).

**Status:**

Point in time view as at 01/10/1991.

**Changes to legislation:**

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