



# Finance Act 1992

## 1992 CHAPTER 20

An Act to grant certain duties, to alter other duties, and to amend the law relating to the National Debt and the Public Revenue, and to make further provision in connection with Finance. [16th March 1992]

Most Gracious Sovereign,

WE, Your Majesty's most dutiful and loyal subjects, the Commons of the United Kingdom in Parliament assembled, towards raising the necessary supplies to defray Your Majesty's public expenses, and making an addition to the public revenue, have freely and voluntarily resolved to give and grant unto Your Majesty the several duties hereinafter mentioned; and do therefore most humbly beseech Your Majesty that it may be enacted, and be it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

### *Excise duties*

#### **1 Spirits, beer, wine, made-wine and cider**

- (1) In section 5 of the Alcoholic Liquor Duties Act 1979 (spirits) for “£18.96” there shall be substituted “£19.81”.
- (2) In section 36 of that Act (beer) as that section has effect apart from section 7(1) of the Finance Act 1991 for “£1.06” there shall be substituted “£1.108”.
- (3) For the Table of rates of duty in Schedule 1 to that Act (wine and made-wine) there shall be substituted the Table in the Schedule to this Act.
- (4) In section 62(1) of that Act (cider) for “£20.40” there shall be substituted “£21.32”.
- (5) This section shall be deemed to have come into force at 6 o'clock in the evening of 10th March 1992.

**2 Tobacco products**

- (1) For the Table in Schedule 1 to the Tobacco Products Duty Act 1979 there shall be substituted—

“TABLE

1. Cigarettes	An amount equal to 21 per cent. of the retail price plus £44.32 per thousand cigarettes.
2. Cigars	£67.89 per kilogram.
3. Hand-rolling tobacco	£71.63 per kilogram.
4. Other smoking tobacco and chewing tobacco	£29.98 per kilogram.”

- (2) This section shall be deemed to have come into force at 6 o'clock in the evening of 10th March 1992.

**3 Hydrocarbon oil**

- (1) In section 6(1) of the Hydrocarbon Oil Duties Act 1979 for “£0.2585” (duty on light oil) and “£0.2187” (duty on heavy oil) there shall be substituted “£0.2779” and “£0.2285” respectively.
- (2) In section 11(1) of that Act (rebate on heavy oil) for “£0.0091” (fuel oil) and “£0.0129” (gas oil) there shall be substituted “£0.0095” and “£0.0135” respectively.
- (3) In section 13A(1) of that Act (rebate on unleaded petrol) for “£0.0344” there shall be substituted “£0.0437”.
- (4) In section 14(1) of that Act (rebate on light oil for use as furnace fuel) for “£0.0091” there shall be substituted “£0.0095”.
- (5) This section shall be deemed to have come into force at 6 o'clock in the evening of 10th March 1992.

**4 Vehicles excise duty**

- (1) The Vehicles (Excise) Act 1971 shall be amended as follows.
- (2) In the Table set out in Part II of Schedule 1 (annual rate of duty on certain vehicles not exceeding 450 kilograms in weight unladen) for paragraph 4 (£50 duty on tricycles) there shall be substituted—

“4. Tricycles of which the cylinder capacity of the engine does not exceed 150 cubic centimetres	15.00
5. Tricycles not included above	50.00”.

- (3) In Schedule 2 (annual rates of duty on hackney carriages) in the second column of the Table set out in Part II, for “100” (rate of duty on hackney carriages with seating capacity under nine) there shall be substituted “110”.

- (4) In Schedule 5 (annual rate of duty on vehicles not falling within Schedules 1 to 4) in the second column of the Table set out in Part II, for “100.00” (rate of duty on vehicles not constructed before 1947) there shall be substituted “110.00”.
- (5) This section shall apply in relation to licences taken out after 10th March 1992.

## **5 General betting duty**

- (1) In section 1(2) of the Betting and Gaming Duties Act 1981 (rate of general betting duty) for “8 per cent.” there shall be substituted “7.75 per cent.”
- (2) This section shall apply in relation to bets made on or after 1st April 1992.

### *Value added tax*

## **6 Payments on account**

- (1) In the Value Added Tax Act 1983 the following section shall be inserted after section 38B—

### **“38C Payments on account**

- (1) The Treasury may make an order under this section if they consider it desirable to do so in the interests of the national economy.
  - (2) An order under this section may provide that a taxable person of a description specified in the order shall be under a duty—
    - (a) to pay, on account of any tax he may become liable to pay in respect of a prescribed accounting period, amounts determined in accordance with the order, and
    - (b) to do so at such times as are so determined.
  - (3) Where an order is made under this section, the Commissioners may make regulations containing such supplementary, incidental or consequential provisions as appear to the Commissioners to be necessary or expedient.
  - (4) A provision of an order or regulations under this section may be made in such way as the Treasury or, as the case may be, the Commissioners think fit (whether by amending provisions of or made under the enactments relating to tax, or otherwise).
  - (5) An order or regulations under this section may make different provision for different circumstances.”
- (2) In section 45(4) of that Act (orders subject to Commons approval) in paragraph (a) after “3(4)” there shall be inserted “or 38C”.

## **7 Serious misdeclaration, default surcharge, etc**

- (1) In section 14(1) of the Finance Act 1985 (penalty equal to 20 per cent. of tax lost imposed for serious misdeclaration or neglect resulting in understatements or overclaims), for “20 per cent.” there shall be substituted “15 per cent.”

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*Status: This is the original version (as it was originally enacted).*

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- (2) In section 19(5) of that Act (specified percentages for default surcharge), for the words from “and” at the end of paragraph (b) to the end of the subsection there shall be substituted—
- “(c) in relation to the third such period, the specified percentage is 15 per cent.; and
- (d) in relation to each such period after the third, the specified percentage is 20 per cent.”
- (3) Subject to subsection (4) below, subsection (1) above shall apply where a penalty is assessed after 10th March 1992 in relation to a prescribed accounting period beginning on or after 1st April 1990.
- (4) Subsection (1) above shall not apply in the case of a supplementary assessment if the original assessment was made on or before 10th March 1992.
- (5) Subsection (2) above shall apply in relation to any liability to a surcharge arising on or after 1st April 1992.

#### *Car tax*

### **8 Reduction of rates**

- (1) In section 1(2) of the Car Tax Act 1983 (rates of tax) for “10 per cent.” in both places where the words occur there shall be substituted “5 per cent.”
- (2) This section shall apply in relation to vehicles on which car tax becomes due after 10th March 1992.

#### *Income tax*

### **9 Lower rate**

- (1) Section 1 of the Taxes Act 1988 (the charge to income tax) shall be amended as mentioned in subsections (2) to (8) below.
- (2) In subsection (2) the following paragraph shall be inserted before paragraph (a)—
- “(aa) in respect of so much of an individual’s total income as does not exceed £2,000, at such rate as Parliament may determine to be the lower rate for that year;”.
- (3) In paragraph (a) of subsection (2) after “within” there shall be inserted “paragraph (aa) above or”.
- (4) The following subsection shall be inserted after subsection (2)—
- “(2A) The amount up to which an individual’s income is by virtue of subsection (2) above chargeable for any year at the lower rate shall be known as the lower rate limit.”
- (5) In subsection (3) after “at the” there shall be inserted “lower rate or the”.
- (6) In subsection (4) for “the amount specified” there shall be substituted “each of the amounts specified”.

- (7) In subsection (6) for “amount” there shall be substituted “amounts”.
- (8) The following subsection shall be inserted after subsection (6)—
- “(6A) Where income tax at the basic rate has been borne on income chargeable at the lower rate any necessary repayment of tax shall be made on the making of a claim.”
- (9) In section 832(1) of the Taxes Act 1988 the following shall be inserted after the definition of “local authority association”—
- ““lower rate”, in relation to the charging of income tax for any year of assessment, means the rate of income tax determined in pursuance of section 1(2)(aa), and any reference to the lower rate limit shall be construed in accordance with section 1(2A);”.
- (10) This section shall apply for the year 1992-93 and subsequent years of assessment.
- (11) This section shall not require any change to be made in the amounts deductible or repayable under section 203 of the Taxes Act 1988 (PAYE) before 18th May 1992.

## **10 Charge etc. for 1992-93**

- (1) Income tax shall be charged for the year 1992-93, and for that year—
- (a) the lower rate shall be 20 per cent.,
- (b) the basic rate shall be 25 per cent., and
- (c) the higher rate shall be 40 per cent.
- (2) For the year 1992-93 the basic rate limit shall be £23,700, and for that year—
- (a) section 1(4) of the Taxes Act 1988 (indexation) shall not apply;
- (b) section 1(2)(b) of that Act (higher rate) shall apply as if the amount specified in it were £23,700.
- (3) Section 257C(1) of the Taxes Act 1988 (indexation), so far as relating to section 257A(1) of that Act (married couple’s allowance), shall not apply for the year 1992-93; and section 257A(1) of that Act shall apply for the year 1992-93 as if the amount specified in it were £1,720.
- (4) For the year 1992-93 the qualifying maximum defined in section 367(5) of the Taxes Act 1988 (limit on relief for interest on certain loans) shall be £30,000.
- (5) This section shall not require any change to be made in the amounts deductible or repayable under section 203 of the Taxes Act 1988 (PAYE) before 18th May 1992.

### *General*

## **11 Short title and interpretation**

- (1) This Act may be cited as the Finance Act 1992.
- (2) In this Act “the Taxes Act 1988” means the Income and Corporation Taxes Act 1988.

*Status: This is the original version (as it was originally enacted).*

SCHEDULE

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.	12.60
Wine or made-wine of a strength exceeding 2 per cent. but not exceeding 3 per cent.	20.99
Wine or made-wine of a strength exceeding 3 per cent. but not exceeding 4 per cent.	29.39
Wine or made-wine of a strength exceeding 4 per cent. but not exceeding 5 per cent.	37.80
Wine or made-wine of a strength exceeding 5 per cent. but not exceeding 5.5 per cent.	46.19
Wine or made-wine of a strength exceeding 5.5 per cent. but not exceeding 15 per cent. and not being sparkling	125.96
Sparkling wine or sparkling made-wine of a strength exceeding 5.5 per cent. but not exceeding 15 per cent.	208.00
Wine or made-wine of a strength exceeding 15 per cent. but not exceeding 18 per cent.	217.25
Wine or made-wine of a strength exceeding 18 per cent. but not exceeding 22 per cent.	250.59
Wine or made-wine of a strength exceeding 22 per cent.	250.59
	plus £19.81 for every 1 per cent. or part of 1 per cent. in excess of 22 per cent.