



Finance (No. 2) Act 1992

1992 CHAPTER 48

PART II

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER I

GENERAL

Miscellaneous

53 Car fuel: cash equivalents.

(1) Section 158 of the Taxes Act 1988 (car fuel) shall be amended as follows.

(2) For subsection (2) (cash equivalents) there shall be substituted—

“(2) Subject to the provisions of this section, the cash equivalent of that benefit shall be ascertained from—

- (a) Table A below where the car has an internal combustion engine with one or more reciprocating pistons and is not a diesel car;
- (b) Table AB below where the car has an internal combustion engine with one or more reciprocating pistons and is a diesel car;
- (c) Table B below where the car does not have an internal combustion engine with one or more reciprocating pistons.

TABLE A

Cylinder capacity of car in cubic centimetres	Cash equivalent
1,400 or less	£500

Status: Point in time view as at 29/04/1996.

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More than 1,400 but not more than 2,000	£630
More than 2,000	£940

TABLE AB

Cylinder capacity of car in cubic centimetres	Cash equivalent
2,000 or less	£460
More than 2,000	£590

TABLE B

Original market value of car	Cash equivalent
Less than £6,000	£500
£6,000 or more but less than £8,500	£630
£8,500 or more	£940

(2A) For the purposes of subsection (2) above a diesel car is a car which uses heavy oil as fuel; and “heavy oil” here means heavy oil as defined by section 1(4) of the Hydrocarbon Oil Duties Act 1979.

(2B) For the purposes of Tables A and AB in subsection (2) above a car’s cylinder capacity is the capacity of its engine calculated as for the purposes of the Vehicles (Excise) Act 1971.”

- (3) In subsection (4) (Treasury orders) for “either” there shall be substituted “ any ”.
- (4) This section shall have effect for the year 1992-93 and subsequent years of assessment.

54 Foreign earnings.

- (1) In Schedule 12 to the Taxes Act 1988 (foreign earnings: provisions supplemental to section 193(1)) after paragraph 1 there shall be inserted—

Amount of emoluments

“1A For the purposes of section 193(1) and this Schedule the amount of the emoluments for a year of assessment from any employment shall be taken to be the amount remaining after any capital allowance and after any deductions under section 192(3), 193(4), 194(1), 195(7), 198, 199, 201, 332, 592 or 594.”

- (2) This section shall have effect for the year 1992-93 and subsequent years of assessment.

55 Oil extraction activities: extended transportation.

- (1) In section 502 of the Taxes Act 1988 (defined expressions for Chapter V of Part XII of that Act - petroleum extraction activities), in subsection (1), in the definition of “oil extraction activities”, in paragraph (c)—

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- (a) the words “as far as dry land in the United Kingdom” shall be omitted; and
- (b) after the words “so held” there shall be inserted

“where the transportation is—

- (i) to the place where the oil is first landed in the United Kingdom, or
 - (ii) to the place in the United Kingdom or, in the case of oil first landed in another country, the place in that or any other country (other than the United Kingdom) at which the seller in a sale at arm’s length could reasonably be expected to deliver it or, if there is more than one such place, the one nearest to the place of extraction”.
- (2) Subsection (1) above has effect with respect to chargeable periods ending after 27th November 1991.
 - (3) In so far as the amendments made by paragraph 3 of Schedule 15 to this Act amend the definitions of “initial storage” and “initial treatment” as they have effect, by virtue of section 502(2) of the Taxes Act 1988, for the purposes of Chapter V of Part XII of that Act, those amendments have effect with respect to chargeable periods ending after 27th November 1991.

56 Friendly societies.

Schedule 9 to this Act (which makes provision in relation to friendly societies) shall have effect.

57 Rents or receipts between connected persons.

- (1) In the Taxes Act 1988, the following shall be inserted after section 33—

“ Connected persons

33A Rents or receipts payable by a connected person.

- (1) Subsection (2) below applies where—
 - (a) any rents or receipts in respect of which a person is chargeable to tax under Schedule A accrue in a chargeable period of his earlier than the one in which they are payable,
 - (b) the person by whom they are payable is entitled to a deduction in respect of them in computing his profits or gains for tax purposes, and
 - (c) the two persons are connected with one another when the rents or receipts accrue, or were connected with one another at any time before they accrue and after both 9th March 1992 and the making of the lease or other agreement under which they accrue.
- (2) The chargeable person shall be regarded for the purposes of Schedule A as becoming entitled to the rents or receipts in the chargeable period in which they accrue (rather than in the chargeable period in which they become payable).

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- (3) For the purposes of this section, any rents or receipts shall be taken to accrue at the times at which, and in the amounts in which, they are taken to accrue for the purposes of calculating the deduction mentioned in subsection (1)(b) above.
- (4) Section 839 (connected persons) shall apply for the purposes of this section.

33B Rents or receipts relating to land in respect of which a connected person makes payments to a third party.

- (1) Subsection (2) below applies where—
- (a) any rents or receipts in respect of which a person is chargeable to tax under Schedule A accrue in a chargeable period of his earlier than the one in which they are payable,
 - (b) the land to which the rents or receipts relate is land in respect of which another person becomes entitled to a relevant tax deduction at any time before the rents or receipts become payable,
 - (c) the two persons are connected with one another when the rents or receipts accrue, or were connected with one another at any time before they accrue and after both 9th March 1992 and the making of the lease or other agreement referred to in subsection (4) below, and
 - (d) section 33A(2) does not apply.
- (2) The chargeable person shall be regarded for the purposes of Schedule A as becoming entitled to the rents or receipts in the chargeable period in which they accrue (rather than in the chargeable period in which they become payable).
- (3) For the purposes of this section, any rents or receipts payable to the chargeable person shall be taken to accrue at the times at which, and in the amounts in which, they would be taken to accrue for the purposes of calculating a deduction in respect of them in computing his profits or gains for tax purposes if—
- (a) they were payable by him instead of to him, and
 - (b) he were assessable to tax under Case I of Schedule D in respect of his profits or gains.
- (4) In this section, “relevant tax deduction”, in relation to a person and any land, means a deduction (in computing the person’s profits or gains for tax purposes) in respect of any rents or other sums payable after they accrue under a lease or other agreement relating to the land or any part of it.
- (5) For the purposes of this section—
- (a) a person shall be regarded as becoming entitled to a relevant tax deduction when the rents or other sums to which the deduction relates accrue, and
 - (b) any rents or other sums to which a relevant tax deduction relates shall be taken to accrue at the times at which, and in the amounts in which, they are taken to accrue for the purposes of calculating the deduction.
- (6) Section 839 (connected persons) shall apply for the purposes of this section.”

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- (2) This section shall have effect in relation to rents or receipts accruing on or after 10th March 1992.

58 Rent etc. chargeable under Case VI.

- (1) In section 15(1) of the Taxes Act 1988 (Schedule A) the following paragraph shall be substituted for paragraph 4—

in a case where—

- (a) a sum (whether rent or otherwise) is payable in respect of the use of premises (whether under a lease or otherwise),
- (b) the tenant or other person entitled to the use of the premises is entitled to the use of furniture, and
- (c) tax in respect of the payment for the use of the furniture is chargeable under Case VI of Schedule D,

tax in respect of the sum mentioned in sub-paragraph (a) above shall be charged under that Case instead of under this Schedule unless the person entitled to that sum elects that this paragraph shall not apply.”

- (2) This section shall apply in relation to chargeable periods beginning on or after 6th April 1992.

59 Furnished accommodation.

Schedule 10 to this Act (which makes provision about furnished accommodation) shall have effect.

60 Deduction on account of certain payments.

- (1) In section 347A(5) of the ^{M1}Taxes Act 1988 and in section 38(9) of the Finance Act 1988 (no deduction on account of certain payments) after “section 65(1)(b)” there shall be inserted “, 68(1)(b) or 192(3) ”.

- (2) This section shall have effect for the year 1992-93 and subsequent years of assessment.

Marginal Citations

M1 1988 c. 26.

61 Qualifying maintenance payments: extension to member States.

- (1) In section 347B(1)(a) of the Taxes Act 1988 (payments under certain court orders or written agreements)—

- (a) for “in the United Kingdom” there shall be substituted “ in a member State ”;
- (b) for “a part of the United Kingdom” there shall be substituted “ a member State or of a part of a member State ”.

- (2) This section shall have effect for the year 1992-93 and subsequent years of assessment.

Status: Point in time view as at 29/04/1996.

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62 Qualifying maintenance payments: maintenance assessments etc.

(1) In section 347B of the Taxes Act 1988 (qualifying maintenance payments), the following subsections shall be added at the end—

“(8) In subsections (1)(a) and (5)(a) above, the reference to an order made by a court in the United Kingdom includes a reference to a maintenance assessment.

(9) Where—

- (a) any periodical payment is made under a maintenance assessment by one of the parties to a marriage (including a marriage which has been dissolved or annulled),
 - (b) the other party to the marriage is, for the purposes of the Child Support Act 1991 or (as the case may be) the Child Support (Northern Ireland) Order 1991, a parent of the child or children with respect to whom the assessment has effect,
 - (c) the assessment was not made under section 7 of the Child Support Act 1991 (right of child in Scotland to apply for maintenance assessment), and
 - (d) any of the conditions mentioned in subsection (10) below is satisfied,
- this section shall have effect as if the payment had been made to the other party for the maintenance by that other party of that child or (as the case may be) those children.

(10) The conditions are that—

- (a) the payment is made to the Secretary of State in accordance with regulations made under section 29 of the Child Support Act 1991, by virtue of subsection (3)(a)(ii) of that section;
- (b) the payment is made to the Department of Health and Social Services for Northern Ireland in accordance with regulations made under Article 29 of the Child Support (Northern Ireland) Order 1991, by virtue of paragraph (3)(a)(ii) of that Article;
- (c) the payment is retained by the Secretary of State in accordance with regulations made under section 41 of that Act;
- (d) the payment is retained by the Department of Health and Social Services for Northern Ireland in accordance with regulations made under Article 38 of that Order.

(11) In this section “maintenance assessment” means a maintenance assessment made under the Child Support Act 1991 or the Child Support (Northern Ireland) Order 1991.

(12) Where any periodical payment is made to the Secretary of State or to the Department of Health and Social Services for Northern Ireland—

- (a) by one of the parties to a marriage (including a marriage which has been dissolved or annulled), and
- (b) under an order made under section 106 of the Social Security Administration Act 1992 or section 101 of the Social Security Administration (Northern Ireland) Act 1992 (recovery of expenditure on benefit from person liable for maintenance) in respect of income support claimed by the other party to the marriage,

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this section shall have effect as if the payment had been made to the other party to the marriage to or for the benefit, and for the maintenance, of that other party or (as the case may be) to that other party for the maintenance of the child or children concerned.”

- (2) In section 36 of the ^{M2}Finance Act 1988 (annual payments), the following subsection shall be inserted after subsection (5)—

“(5A) The reference in subsection (4)(d) above to an order made by a court, and the reference in subsection (5)(b) above to an order, in each case includes a reference to a maintenance assessment made under the Child Support Act 1991 or the Child Support (Northern Ireland) Order 1991.”

- (3) In section 38 of the ^{M3}Finance Act 1988 (maintenance payments under existing obligations), the following subsection shall be inserted after subsection (8)—

“(8A) The reference in subsection (1)(a) above to an order made by a court includes a reference to a maintenance assessment made under the Child Support Act 1991 or under the Child Support (Northern Ireland) Order 1991.”

- (4) This section shall come into force on such date as the Secretary of State may by order provide.

- (5) The power conferred by subsection (4) above shall be exercisable by statutory instrument.

- (6) The provision made by this section shall have effect, so far as it concerns orders under section 106 of the ^{M4}Social Security Administration Act 1992 or section 101 of the ^{M5}Social Security Administration (Northern Ireland) Act 1992, only in relation to payments which fall due after the coming into force of this section.

Subordinate Legislation Made

P1 [S. 62\(4\)](#) power fully exercised (26.10.1992); 6.4.1993 appointed day by [S.I. 1992/2642, art. 2](#).

Commencement Information

I1 [S. 62](#) wholly in force at 6.4.1993 see [s. 62\(4\)](#) and [S.I. 1992/2642, art. 2](#).

Marginal Citations

M2 [1988 c. 39](#).

M3 [1988 c. 39](#).

M4 [1992 c. 5](#).

M5 [1992 c. 8](#).

63 Paying and collecting agents etc.

Schedule 11 to this Act (which makes provision in relation to the payment of income tax on foreign dividends etc.) shall have effect.

64 Reduced and composite rate.

- (1) For the purposes of this section each of the following is a relevant order—

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- (a) the ^{M6}Income Tax (Reduced and Composite Rate) Order 1985 (which sets out 25.25 per cent. as the reduced rate for building societies and the composite rate for deposit-takers for the year 1986-87);
 - (b) the ^{M7}Income Tax (Reduced and Composite Rate) Order 1986 (which sets out 24.75 per cent. as the rate for the year 1987-88);
 - (c) the ^{M8}Income Tax (Reduced and Composite Rate) Order 1987 (which sets out 23.25 per cent. as the rate for the year 1988-89);
 - (d) the ^{M9}Income Tax (Reduced and Composite Rate) Order 1988 (which sets out 21.75 per cent. as the rate for the year 1989-90).
- (2) If apart from this section a relevant order would not be so taken, it shall be taken to be and always to have been effective to determine the rate set out in the order as the reduced rate and the composite rate for the year of assessment for which the order was made.

Marginal Citations

- M6** [S.I. 1985/1836.](#)
M7 [S.I. 1986/2147.](#)
M8 [S.I. 1987/2075.](#)
M9 [S.I. 1988/2145.](#)

65 Life assurance business: I minus E basis.

- (1) For the purposes of this section a claim is a relevant claim if it is made under or by virtue of any of the following provisions—
- (a) section 393(1) of the Taxes Act 1988 (claim for carry forward of trading losses);
 - (b) section 393A(1) of the Taxes Act 1988 (claim for carry sideways and backwards of trading losses);
 - (c) section 402(2) of the Taxes Act 1988 (surrender of relief between members of groups and consortia: group claim);
 - (d) section 402(3) of the Taxes Act 1988 (surrender of relief between members of groups and consortia: consortium claim);
 - (e) any provision reproduced in any of the provisions mentioned in paragraphs (a) to (d) above (whether directly or indirectly and whether with or without modification).
- (2) For the purposes of this section the following are relevant provisions—
- [^{F1}(a) section 434A(1) of the Taxes Act 1988 (profits derived from investments held for purposes of life assurance business treated as profits of that business in ascertaining loss);]
 - (b)
 - (c)
 - [^{F2}(d) section 83(2) of the ^{M10}Finance Act 1989 (amounts to be taken into account as receipts or expenses);]
 - (e) section 37(1) of the ^{M11}Taxation of Chargeable Gains Act 1992 (exclusion from consideration for disposal of asset of any money or moneys worth taken into account in computing profits or losses etc.);

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- (f) any provision reproduced in any of the provisions mentioned in paragraphs (a) ^{F3} . . . and (e) above (whether directly or indirectly and whether with or without modification).
- (3) For the purposes of this section—
- (a) the I minus E basis is the basis commonly so called (under which a company carrying on life assurance business is charged to tax in respect of that business otherwise than under Case I of Schedule D);
- (b) life assurance business includes annuity business.
- (4) Neither the making of a relevant claim in respect of a trading loss incurred by a company in an accounting period nor the application of any commercial or accounting principle or practice in computing that loss—
- (a) shall prevent the I minus E basis being applied for that or any other accounting period in respect of the company's life assurance business;
- (b) shall affect the calculation of the income or gains of that business for that or any other accounting period in applying that basis.
- (5) The application of a relevant provision as regards a company for an accounting period shall not—
- (a) prevent the I minus E basis being applied for that or any other accounting period in respect of its life assurance business;
- (b) affect the calculation of the income or gains of that business for that or any other accounting period in applying that basis.
- (6) This section—
- (a) shall apply in relation to accounting periods beginning on or after the day on which this Act is passed;
- (b) shall apply and be deemed always to have applied in relation to accounting periods beginning before that day^{F4}but, in relation to any case in which by virtue of section 99 of the Finance Act 1990 losses may be set off under subsection (1) of section 393 of the Taxes Act 1988 without the making of a claim, this section shall have effect as if references to the making of a claim under that subsection were references to the setting off of any loss under that subsection.]

Textual Amendments

- F1** S. 65(2)(a) substituted (1.5.1995 with effect as mentioned in Sch. 8 paras. 55(2), 57(1) of the amending Act) by 1995 c. 4, s. 51, Sch. 8 paras. 20(2), 55(2), **57(1)**
- F2** S. 65(2)(d) substituted (1.5.1995 with effect as mentioned in Sch. 8 paras. 55(2), 57(1) of the amending Act) by 1995 c. 4, s. 51, Sch. 8 paras. 16(6), 55(2), **57(1)**
- F3** S. 65(2)(b)(c) and words in s. 65(2)(f) repealed (29.4.1996 with effect in accordance with ss. 80-105 of the repealing Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. V(3)**, Note
- F4** Words in s. 65(6) inserted (27.7.1993) by 1993 c. 34, s. 120, **Sch. 14 para. 9**

Marginal Citations

- M10** 1989 c. 26.
M11 1992 c. 12.

Status: Point in time view as at 29/04/1996.

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66 Banks etc. in compulsory liquidation.

Schedule 12 to this Act (which makes provision in relation to companies that are or have been carrying on a deposit-taking business and are in compulsory liquidation) shall have effect.

Status:

Point in time view as at 29/04/1996.

Changes to legislation:

There are currently no known outstanding effects for the Finance (No. 2) Act 1992, Cross
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