

*Status: Point in time view as at 28/07/2000.*

*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1992. (See end of Document for details)*

## SCHEDULES

### SCHEDULE 1

Section 1.

#### AMENDMENTS RELATING TO EXCISE DUTIES ETC.

##### Commencement Information

- II** Sch. 1 wholly in force; Sch. 1 not in force at Royal Assent see s. 1(8); Sch. 1 partly in force at 1.12.1992 by S.I. 1992/2979, art. 4, Sch. Pt. II; Sch. 1, except paras. 9-11, in force insofar as not already in force at 1.1.1993 by S.I. 1992/3261, art. 3, Sch. (with transitional provisions in arts. 4, 5, 6, and 7) Sch. 1 paras. 9-11 in force at 1.6.1993 by S.I. 1993/1341, art. 2, Sch.

##### *The Customs and Excise Management Act 1979 (c. 2)*

- 1 In section 1(1) of the Customs and Excise Management Act 1979 (interpretation), after the definition of “examination station” there shall be inserted the following definition—

““excise duty point” has the meaning given by section 1 of the Finance (No. 2) Act 1992;”.

##### Commencement Information

- I2** Sch. 1 para. 1 wholly in force; Sch. 1 not in force at Royal Assent see s. 1(8); Sch. 1 partly in force at 1.12.1992 by S.I. 1992/2979, art. 4, Sch. Pt. II; Sch. 1, except paras. 9-11, in force insofar as not already in force at 1.1.1993 by S.I. 1992/3261, art. 3, Sch. (with transitional provisions in arts. 4, 5, 6, and 7).

- 2 In section 43 of that Act (duty on imported goods)—
- (a) in subsection (2), for “and (2C)” there shall be substituted “(2C) and (2D)”; and
  - (b) after subsection (2C) there shall be inserted the following subsection—

“(2D) Nothing in the provisions of subsections (1) and (2) above or of subsection (6) below or in any exception to any of those provisions made by or under any of sections 44 to 48 below shall have effect for the purposes of any duty of excise chargeable on any goods for which—

    - (a) the excise duty point is fixed by regulations under section 1 of the Finance (No. 2) Act 1992; and
    - (b) the applicable rate of duty is determined in accordance with subsection (2) of that section.”

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**Commencement Information**

- I3** Sch. 1 para. 2 wholly in force; Sch. 1 not in force at Royal Assent see s. 1(8); Sch. 1 partly in force at 1.12.1992 by S.I. 1992/2979, art. 4, Sch. Pt. II; Sch. 1, except paras. 9-11, in force insofar as not already in force at 1.1.1993 by S.I. 1992/3261, art. 3, Sch. (with transitional provisions in arts. 4, 5, 6, and 7).

- 3 In section 94 of that Act (deficiency in warehoused goods), after subsection (5) there shall be inserted the following subsection—

“(6) The preceding provisions of this section so far as they have effect for—

- (a) fixing the excise duty point for any goods chargeable with a duty of excise; or
- (b) determining the person on whom any liability to pay any such duty is to fall,

shall have effect subject to the provisions of any regulations under section 1 of the Finance (No. 2) Act 1992; and accordingly, the power to make regulations under that section shall include power, for the purposes of, or in connection with, the making of any provision falling within paragraph (a) or (b) above, to modify any of the preceding provisions of this section and the provisions of section 95 below.”

**Commencement Information**

- I4** Sch. 1 para. 3 wholly in force; Sch. 1 not in force at Royal Assent see s. 1(8); Sch. 1 partly in force at 1.12.1992 by S.I. 1992/2979, art. 4, Sch. Pt. II; Sch. 1, except paras. 9-11, in force insofar as not already in force at 1.1.1993 by S.I. 1992/3261, art. 3, Sch. (with transitional provisions in arts. 4, 5, 6, and 7).

- 4 In section 95(1) of that Act (application of section 94 to deficiencies in goods removed from warehouses), after “subsection (2) below” there shall be inserted “and to any such regulations as are mentioned in subsection (6) of that section”.

**Commencement Information**

- I5** Sch. 1 para. 4 wholly in force; Sch. 1 not in force at Royal Assent see s. 1(8); Sch. 1 partly in force at 1.12.1992 by S.I. 1992/2979, art. 4, Sch. Pt. II; Sch. 1, except paras. 9-11, in force insofar as not already in force at 1.1.1993 by S.I. 1992/3261, art. 3, Sch. (with transitional provisions in arts. 4, 5, 6, and 7).

- 5 In section 96 of that Act (deficiency in certain goods moved by pipeline), after subsection (5) there shall be inserted the following subsection—

“(6) The preceding provisions of this section so far as they have effect for—

- (a) fixing the excise duty point for any goods chargeable with a duty of excise; or
- (b) determining the person on whom any liability to pay any such duty is to fall,

shall have effect subject to the provisions of any regulations under section 1 of the Finance (No. 2) Act 1992; and, accordingly, the power to make regulations under that section shall include power, for the purposes of, or in connection with, the making of any provision falling within paragraph (a) or (b) above, to modify any of the preceding provisions of this section.”

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#### Commencement Information

**16** Sch. 1 para. 5 wholly in force; Sch. 1 not in force at Royal Assent see s. 1(8); Sch. 1 partly in force at 1.12.1992 by S.I. 1992/2979, art. 4, Sch. Pt. II; Sch. 1, except paras. 9-11, in force insofar as not already in force at 1.1.1993 by S.I. 1992/3261, art. 3, Sch. (with transitional provisions in arts. 4, 5, 6, and 7).

- 6 (1) Subject to sub-paragraph (2) below, section 100H(1) of that Act (liability to duty under REDS regulations) shall have effect—
- (a) with the omission of paragraph (f);
  - (b) with the substitution in paragraph (g) for the words from “for the payment” to “liable” of the words “ on goods which have been or may be the subject of a transaction involving a registered excise dealer and shipper ”; and
  - (c) with the substitution of the following paragraph for paragraph (h), that is to say—
    - “(h) for determining, in relation to goods which are the subject of a transaction involving a registered excise dealer and shipper, the duties of excise chargeable on those goods and the rates of those duties and, in that connection, the method of charging the duties;”.
- (2) Where apart from this sub-paragraph any provisions contained in regulations made by virtue of paragraph (f) or (h) of section 100H(1) of that Act would cease to have effect by virtue of sub-paragraph (1) above, those provisions shall continue in force, notwithstanding that sub-paragraph, as if contained in regulations made under section 1 of this Act and, accordingly, may be revoked, amended or re-enacted by regulations under that section.

#### Commencement Information

**17** Sch. 1 para. 6 wholly in force; Sch. 1 not in force at Royal Assent see s. 1(8); Sch. 1 partly in force at 1.12.1992 by S.I. 1992/2979, art. 4, Sch. Pt. II; Sch. 1, except paras. 9-11, in force insofar as not already in force at 1.1.1993 by S.I. 1992/3261, art. 3, Sch. (with transitional provisions in arts. 4, 5, 6, and 7).

- 7 In section 127A(1) of that Act (power to provide for deferred payment of excise duty), after “payment” there shall be inserted “ (in accordance, where any requirement to pay the duty takes effect, with that requirement) ”.

#### Commencement Information

**18** Sch. 1 para. 7 wholly in force; Sch. 1 not in force at Royal Assent see s. 1(8); Sch. 1 partly in force at 1.12.1992 by S.I. 1992/2979, art. 4, Sch. Pt. II; Sch. 1, except paras. 9-11, in force insofar as not already in force at 1.1.1993 by S.I. 1992/3261, art. 3, Sch. (with transitional provisions in arts. 4, 5, 6, and 7).

#### *The Customs and Excise Duties (General Reliefs) Act 1979 (c. 3)*

- 8 (1) In subsection (3) of section 13 of the Customs and Excise Duties (General Reliefs) Act 1979 (power to provide for reliefs in respect of duty and VAT subject to conditions)—
- (a) in paragraph (a), after “applies” there shall be inserted “ and conditions with respect to the conduct in relation to the goods of persons other than the person

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on whom the relief is conferred and of persons whose identity cannot be ascertained at the time of importation ”; and

- (b) in paragraph (b), after “including” there shall be inserted “ provisions requiring any person to whom a condition of the relief at any time relates to notify the Commissioners of any non-compliance with the condition and ”.

(2) After that subsection there shall be inserted the following subsections—

“(3A) An order under this section may provide, in relation to any relief which under such an order is made subject to a condition, for there to be a presumption that, in such cases as may be described in the order by reference—

- (a) to the quantity of goods in question; or  
 (b) to any other factor which the Commissioners consider appropriate, the condition is to be treated, unless the Commissioners are satisfied to the contrary, as not being complied with.

(3B) An order under this section may provide, in relation to any requirement of such an order for the Commissioners to be notified of non-compliance with a condition to which any relief from payment of any duty of excise is made subject, for goods to be exempt from forfeiture under section 124 of the Customs and Excise Management Act 1979 (forfeiture for breach of certain conditions) in respect of non-compliance with that condition if—

- (a) the non-compliance is notified to the Commissioners in accordance with that requirement;  
 (b) any duty which becomes payable on those goods by virtue of the non-compliance is paid; and  
 (c) the circumstances are otherwise such as may be described in the order.

(3C) If any person fails to comply with any requirement of an order under this section to notify the Commissioners of any non-compliance with a condition to which any relief is made subject-

- (a) he shall be liable, on summary conviction, to a penalty of an amount not exceeding level 5 on the standard scale; and  
 (b) the goods in respect of which the offence was committed shall be liable to forfeiture.”

(3) In subsection (4) of that section (definitions), after the definition of “Community relief” there shall be inserted the following definition—

““conduct”, in relation to any person who has or may acquire possession or control of any goods, includes that person’s intentions at any time in relation to those goods;”.

#### **Commencement Information**

**19** Sch. 1 para. 8 wholly in force; Sch. 1 not in force at Royal Assent see s. 1(8); Sch. 1 partly in force at 1.12.1992 by S.I. 1992/2979, art. 4, Sch. Pt. II; Sch. 1, except paras. 9-11, in force insofar as not already in force at 1.1.1993 by S.I. 1992/3261, art. 3, Sch. (with transitional provisions in arts. 4, 5, 6, and 7).

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*The Alcoholic Liquor Duties Act 1979 (c. 4)*

- 9 In section 36(2) of the Alcoholic Liquor Duties Act 1979 (charge of duty on beer), at the end there shall be inserted “ and with any regulations under section 1 of the Finance (No. 2) Act 1992 ”.
- 10 (1) Subject to sub-paragraph (2) below, paragraph (d) of section 41A(7) of that Act (power to impose liability for beer duty on prescribed persons) shall cease to have effect.
- (2) Where apart from this sub-paragraph any provisions contained in regulations made by virtue of paragraph (d) of section 41A(7) of that Act would cease to have effect by virtue of sub-paragraph (1) above, those provisions shall continue in force, notwithstanding that sub-paragraph, as if contained in regulations made under section 1 of this Act and, accordingly, may be revoked, amended or re-enacted by regulations under that section.
- 11 (1) Subsection (1) of section 49 of that Act (regulations as to the duty on beer) shall have effect with the substitution of the following paragraph for paragraph (e) (power to prescribe matters with respect to charge for beer duty), that is to say—
- “(e) for determining the duty and the rate thereof and, in that connection, prescribing the method of charging the duty;”.
- (2) Where apart from this sub-paragraph any provisions contained in regulations made by virtue of paragraph (e) of section 49(1) of that Act would cease to have effect by virtue of sub-paragraph (1) above, those provisions shall continue in force, notwithstanding that sub-paragraph, as if contained in regulations made under section 1 of this Act and, accordingly, may be revoked, amended or re-enacted by regulations under that section.
- 12 In section 54(1) of that Act (charge of duty on wine), at the end there shall be inserted “ and with any regulations under section 1 of the Finance (No. 2) Act 1992 ”.

**Commencement Information**

**I10** Sch. 1 para. 12 wholly in force; Sch. 1 not in force at Royal Assent see s. 1(8); Sch. 1 partly in force at 1.12.1992 by S.I. 1992/2979, art. 4, Sch. Pt. II; Sch. 1, except paras. 9-11, in force insofar as not already in force at 1.1.1993 by S.I. 1992/3261, art. 3, Sch. (with transitional provisions in arts. 4, 5, 6, and 7).

- 13 In section 55(1) of that Act (charge of duty on made-wine), at the end there shall be inserted “ and with any regulations under section 1 of the Finance (No. 2) Act 1992 ”.

**Commencement Information**

**I11** Sch. 1 para. 13 wholly in force; Sch. 1 not in force at Royal Assent see s. 1(8); Sch. 1 partly in force at 1.12.1992 by S.I. 1992/2979, art. 4, Sch. Pt. II; Sch. 1, except paras. 9-11, in force insofar as not already in force at 1.1.1993 by S.I. 1992/3261, art. 3, Sch. (with transitional provisions in arts. 4, 5, 6, and 7).

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## SCHEDULE 2

Section 3.

### PROTECTION OF REVENUES DERIVED FROM EXCISE DUTIES

#### Commencement Information

**I12** Sch. 2 wholly in force; Sch. 2 not in force at Royal Assent see s. 3(2); Sch. 2 partly in force at 9.12.1992 by S.I. 1992/3104, art. 2, Sch. 2 wholly in force at 1.6.1993 by S.I. 1993/1341, art. 2, Sch.

#### *The Customs and Excise Management Act 1979 (c. 2)*

- 1 In section 1(1) of the Customs and Excise Management Act 1979 (interpretation)—
- (a) in the definition of “occupier”, for “means the” there shall be substituted “includes any”;
  - (b) in the definition of “warehoused” and cognate expressions, after “that section” there shall be inserted “and any regulations made by virtue of section 93(2)(da)(i) or (ee) or (4) below”.

#### Commencement Information

**I13** Sch. 2 para. 1 wholly in force at 9.12.1992 see s. 3(2) and S.I. 1992/3104, art. 2(1).

- 2 (1) In section 93 of that Act (regulation of warehouses and warehoused goods), for subsection (1) there shall be substituted the following subsection—
- “(1) The Commissioners may by regulations under this section (referred to in this Act as “warehousing regulations”)—
- (a) prohibit the deposit or keeping of goods in a warehouse except where the occupier of the warehouse has been approved by the Commissioners in accordance with the regulations and where such conditions as may be prescribed in relation to that occupier are satisfied;
  - (b) otherwise regulate the deposit, keeping, securing and treatment of goods in a warehouse;
  - (c) make provision with respect to goods which are required to be deposited in a warehouse;
  - (d) regulate the removal of goods from a warehouse and make provision with respect to goods which have lawfully been permitted to be removed from a warehouse without payment of duty; and
  - (e) make provision, in relation to goods which have been warehoused or are required to be deposited in a warehouse with respect to the keeping, preservation and production of records and the furnishing of information.”
- (2) In subsection (2) of that section (further provision that may be made by warehousing regulations)—
- (a) after paragraph (d) there shall be inserted the following paragraphs—
    - “(da) providing for all or any prescribed purposes of the customs and excise Acts—
    - (i) for goods to be treated as warehoused where in a prescribed case they are in the custody or under the

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- control of an approved occupier of a warehouse;  
and
  - (ii) for goods to be treated, at such times before the excise duty point for those goods as may be prescribed or as may be determined under the regulations, as goods which are required to be deposited in a warehouse;
  - (db) providing for the revocation of the approval under regulations of any occupier of a warehouse and applying, with modifications, any of the provisions of section 98 below in relation to such a revocation or to cases where such an approval is not renewed;”
  - (b) in paragraph (ee), for “to be warehoused” there shall be substituted “ required to be deposited in a warehouse ”;
  - (c) after paragraph (f) there shall be inserted the following paragraphs—
    - “(fa) requiring goods which are required to be deposited in a warehouse or which have lawfully been permitted to be removed from a warehouse without payment of duty to be accompanied by such documents in such form and containing such particulars as may be prescribed;
    - (fb) imposing or providing for the imposition under the regulations of requirements on persons concerned in any prescribed respect with the carriage of such goods to keep and preserve the documents that are required to accompany the goods;
    - (fc) imposing or providing for the imposition under the regulations of requirements on a person so concerned to produce or cause to be produced any documents which are required to accompany any goods by virtue of paragraph (fa) above to an officer when required to do so for the purpose of allowing the officer to inspect them, to copy or take extracts from them or to remove them at a reasonable time and for a reasonable period;”
  - (d) in paragraph (g), after “are” there shall be inserted “ required ”;
  - (e) in the definition of “relevant business activity” after the word “are”, in the first place where it occurs, there shall be inserted “ required ”.
- (3) In subsection (2A) of that section (compensation where removed documents are lost)
- (a) after the word “documents”, in each place where it occurs, there shall be inserted “ or records ”; and
  - (b) for “(2)(j)” there shall be substituted “ (2)(fc) or (j) ”.
- (4) In subsection (3) of that section (power to make different provision for different warehouses and goods), after the word “for”, in the first place where it occurs, there shall be inserted “ different cases, including different provision for different occupiers or descriptions of occupier, for ”.
- (5) After subsection (5) of that section there shall be inserted the following subsection—
- “(5A) Warehousing regulations made by virtue of any of paragraphs (fa) to (fc) or (g) to (j) of subsection (2) above may also provide for the forfeiture of the

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goods in question in the event of any contravention of, or non-compliance with, any requirements imposed by or under the regulations with respect to any documents or records relating to prescribed goods.”

<sup>F1</sup>(6) .....

(7) In subsection (7)(b) of that section—

- (a) for “to be warehoused” there shall be substituted “ required to be deposited in a warehouse ”;
- (b) for “or which are to be warehoused on drawback” there shall be substituted “ which are to be warehoused on drawback or which are otherwise to be treated by virtue of subsection (2)(da)(ii) above as goods which are required to be deposited in a warehouse ”.

**Textual Amendments**

**F1** Sch. 2 para. 2(6) repealed (1.1.1995) by 1994 c. 9, ss. 19, 258, Sch. 26 Pt. III Note (with s. 19(3)); S.I. 1994/2679, art. 3

**Commencement Information**

**I14** Sch. 2 para. 2 wholly in force at 9.12.1992 see s. 3(2) and S.I. 1992/3104, art. 2(1).

3 In section 100(2) of that Act (forfeiture in respect of contraventions relating to warehousing)—

- (a) in paragraphs (a) and (b), after “for warehousing” there shall be inserted “ or are otherwise required to be deposited in a warehouse ”;
- (b) for paragraph (d) there shall be substituted the following paragraph—
  - “(d) any goods are concealed at a time before they are warehoused when they have been entered for warehousing or are otherwise required to be deposited in a warehouse or when they are required to be in the custody or under the control of the occupier of a warehouse; or”.

**Commencement Information**

**I15** Sch. 2 para. 3 wholly in force at 9.12.1992 see s. 3(2) and S.I. 1992/3104, art. 2(1).

4 In section 100H(1) of that Act (provision that may be contained in REDS regulations), after paragraph (m) there shall be inserted the following paragraph—

- “(ma) imposing requirements with respect to, or to the production of, the documents required to accompany goods which are the subject of a transaction involving a registered excise dealer and shipper on any person concerned in any prescribed respect with the carriage of those goods, or providing for the imposition under the regulations of any such requirements;”.

**Commencement Information**

**I16** Sch. 2 para. 4 wholly in force at 9.12.1992 see s. 3(2) and S.I. 1992/3104, art. 2(1).



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- 5 In section 117 of that Act (execution of distress against revenue traders in respect of relevant excise duty)—
- (a) the word “relevant”, in the first place where it occurs in subsection (1) and where it occurs in subsections (2)(a)<sup>F2</sup> . . ., shall be omitted;
  - (b) for the words “a relevant” in subsections (1)(a) and (3) there shall be substituted “any”; and
  - (c) the definition of “relevant excise duty” in subsection (8) shall be omitted.

#### Textual Amendments

**F2** Words in [Sch. 2 para. 5](#) repealed (1.7.1997) by [1997 c. 16, s. 113, Sch. 18 Pt. V\(2\)](#); [S.I. 1997/1433, art. 2](#)

#### Commencement Information

**I17** [Sch. 2 para. 5](#) wholly in force at 9.12.1992 see [s. 3\(2\)](#) and [S.I. 1992/3104, art. 2\(1\)](#).

- 6 In section 129 of that Act (power to remit or repay duty on denatured goods)—
- (a) in paragraph (b) of subsection (1) for “warehoused” there shall be substituted “chargeable with a duty the requirement to pay which has not yet taken effect”; and
  - (b) after that subsection there shall be inserted the following subsection—

“(1A) The reference in subsection (1) above to goods which are chargeable with a duty the requirement to pay which has not yet taken effect shall be construed as a reference to any goods which are warehoused or, in the application of that section in relation to a duty of excise, to any goods at a time, before the excise duty point for those goods, when they are chargeable with such a duty.”

#### Commencement Information

**I18** [Sch. 2 para. 6](#) wholly in force at 9.12.1992 see [s. 3\(2\)](#) and [S.I. 1992/3104, art. 2\(1\)](#).

- 7 In section 170 of that Act (fraudulent evasion of duty), after subsection (5) there shall be inserted the following subsection—
- “(6) Where any person is guilty of an offence under this section, the goods in respect of which the offence was committed shall be liable to forfeiture.”

#### Commencement Information

**I19** [Sch. 2 para. 7](#) wholly in force at 9.12.1992 see [s. 3\(2\)](#) and [S.I. 1992/3104, art. 2\(1\)](#).

- 8 After section 170 of that Act there shall be inserted the following sections—

#### “170A Offence of handling goods subject to unpaid excise duty.

- (1) Subject to subsection (2) below, if—
  - (a) after the excise duty point for any goods which are chargeable with a duty of excise, a person acquires possession of those goods or is concerned in carrying, removing, depositing, keeping or otherwise dealing with those goods; and

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- (b) at the time when he acquires possession of those goods or is so concerned, the duty on the goods has not been paid and its payment has not been deferred,
- that person shall be liable, on summary conviction, to a penalty of an amount not exceeding level 5 on the standard scale.
- (2) In proceedings for an offence under this section it shall be a defence to show that the person who acquired possession of the goods or was concerned in carrying, removing, depositing, keeping or otherwise dealing with them—
- (a) acted in accordance with the directions of, or with the consent of, the proper officer; or
- (b) was not himself the person, or one of the persons, liable to pay the unpaid duty and at the time when he acted either—
- (i) had no grounds for suspecting that the goods were chargeable with a duty of excise that had not yet been paid; or
- (ii) believed on reasonable grounds that the duty had been paid or its payment deferred or that the liability to pay the duty had not yet taken effect.

### **170B Offence of taking preparatory steps for evasion of excise duty.**

- (1) If any person is knowingly concerned in the taking of any steps with a view to the fraudulent evasion, whether by himself or another, of any duty of excise on any goods, he shall be liable—
- (a) on summary conviction, to a penalty of the prescribed sum or of three times the amount of the duty, whichever is the greater, or to imprisonment for a term not exceeding six months or to both; and
- (b) on conviction on indictment, to a penalty of any amount or to imprisonment for a term not exceeding seven years or to both.
- (2) Where any person is guilty of an offence under this section, the goods in respect of which the offence was committed shall be liable to forfeiture.”

#### **Commencement Information**

**I20** Sch. 2 para. 8 wholly in force; Sch. 2 para. 8 not in force at Royal Assent see s. 3(2); Sch. 2 para. 8 partly in force at 9.12.1992 by S.I. 1992/3104, art. 2(1)(2), Sch. 2 para. 8 wholly in force at 1.6.1993 by S.I. 1993/1341, art. 2, Sch.

- 9 In section 171(5) of that Act (which provides for the time at which duty is to be treated as payable where that cannot be ascertained for the purposes of any offence)
- 
- (a) after “43 above” there shall be inserted “ or the relevant excise duty point ”; and
- (b) at the end there shall be inserted “ or, as the case may be, as if the time when the proceedings were commenced was the relevant excise duty point. ”

#### **Commencement Information**

**I21** Sch. 2 para. 9 wholly in force at 9.12.1992 see s. 3(2) and S.I. 1992/3104, art. 2(1).

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*The Customs and Excise Duties (General Reliefs) Act 1979 (c. 3)*

10 In section 13C of the Customs and Excise Duties (General Reliefs) Act 1979 (offence where relieved goods used in breach of condition), after subsection (4) there shall be inserted the following subsection—

“(5) Where any person is guilty of an offence under this section, the goods in respect of which the offence was committed shall be liable to forfeiture.”

**Commencement Information**

**I22** Sch. 2 para. 10 wholly in force at 9.12.1992 see s. 3(2) and S.I. 1992/3104, art. 2(1).

SCHEDULE 3

Section 14.

VALUE ADDED TAX: ABOLITION OF FISCAL FRONTIERS ETC.

**Commencement Information**

**I23** Sch. 3 wholly in force; Sch. 3 not in force at Royal Assent see s. 14(3); Sch. 3 partly in force at 1.8.1992 by S.I. 1992/1867, art. 3, Sch. Pt. I; Sch. 3 partly in force at 1.12.1992 S.I. 1992/2979, art. 4, Sch. Pt. II; Sch. 3 in force, insofar as not already in force, at 1.1.1993 by S.I. 1992/3261, art. 3, Sch. (with transitional provisions in arts. 4, 5, 6, and 7).

<sup>F3</sup>PART I

**Textual Amendments**

**F3** Sch. 3 Pt. I repealed (1.9.1994) by 1994 c. 23, ss. 100(2), 101(1), Sch. 15

<sup>F5</sup>PART II

**Textual Amendments**

**F5** Sch. 3 Pt. II repealed (1.9.1994) by 1994 c. 23, ss. 100(2), 102(1), Sch. 15

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### PART III

#### CONSEQUENTIAL AMENDMENTS OF OTHER ENACTMENTS

##### *The Diplomatic Privileges Act 1964 (c. 81)*

- 87 In section 2(5A) of the Diplomatic Privileges Act 1964 (construction of references to certain duties), at the end there shall be inserted “ and to value added tax charged in accordance with section 2A or 2B of the Value Added Tax Act 1983 (acquisitions from other member States and importations from outside the European Community) ”.

#### Commencement Information

**I110** Sch. 3 para. 87 wholly in force; Sch. 3 not in force at Royal Assent see s. 14(3); Sch. 3 partly in force at 1.12.1992 by S.I. 1992/2979, art. 4, Sch. Pt. II; Sch. 3 in force, insofar as not already in force, at 1.1.1993 by S.I. 1992/3261, art. 3, Sch. (with transitional provisions in arts. 4, 5, 6, and 7).

##### *The Commonwealth Secretariat Act 1966 (c. 10)*

- 88 In paragraph 10 of the Schedule to the Commonwealth Secretariat Act 1966 (immunities and privileges), after sub-paragraph (1) there shall be inserted the following sub-paragraph—
- “(1A) References in this Schedule to importation, in relation to value added tax, shall include references to anything charged with tax in accordance with section 2A or 2B of the Value Added Tax Act 1983 (acquisitions from other member States and importations from outside the European Community), and, in this Schedule, “imported” shall be construed accordingly.”

#### Commencement Information

**I111** Sch. 3 para. 88 wholly in force; Sch. 3 not in force at Royal Assent see s. 14(3); Sch. 3 partly in force at 1.12.1992 by S.I. 1992/2979, art. 4, Sch. Pt. II; Sch. 3 in force, insofar as not already in force, at 1.1.1993 by S.I. 1992/3261, art. 3, Sch. (with transitional provisions in arts. 4, 5, 6, and 7).

##### *The Consular Relations Act 1968 (c. 18)*

- 89 (1) In section 1(8A) of the Consular Relations Act 1968 (references to customs duties), at the end there shall be inserted “ and to value added tax charged in accordance with section 2A or 2B of the Value Added Tax Act 1983 (acquisitions from other member States and importations from outside the European Community) ”.
- (2) In section 8(1) of that Act (refund of duty on hydrocarbon oils), after “importation” there shall be inserted “ or acquisition from another member State ”.

*Status: Point in time view as at 28/07/2000.*

*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1992. (See end of Document for details)*

**Commencement Information**

**I112** Sch. 3 para. 89 wholly in force; Sch. 3 not in force at Royal Assent see s. 14(3); Sch. 3 partly in force at 1.12.1992 by S.I. 1992/2979, art. 4, Sch. Pt. II; Sch. 3 in force, insofar as not already in force, at 1.1.1993 by S.I. 1992/3261, art. 3, Sch. (with transitional provisions in arts. 4, 5, 6, and 7).

*The International Organisations Act 1968 (c. 48)*

90 In Schedule 1 to the International Organisations Act 1968 (privileges and immunities), in paragraph 19 (interpretation), after paragraph (b) there shall be inserted the following paragraph—

“(c) references to importation, in relation to value added tax, shall include references to anything charged with tax in accordance with section 2A or 2B of the Value Added Tax Act 1983 (acquisitions from other member States and importations from outside the European Community), and “imported” shall be construed accordingly.”

**Commencement Information**

**I113** Sch. 3 para. 90 wholly in force; Sch. 3 not in force at Royal Assent see s. 14(3); Sch. 3 partly in force at 1.12.1992 by S.I. 1992/2979, art. 4, Sch. Pt. II; Sch. 3 in force, insofar as not already in force, at 1.1.1993 by S.I. 1992/3261, art. 3, Sch. (with transitional provisions in arts. 4, 5, 6, and 7).

*The Vehicles (Excise) Act 1971 (c. 10)*

F<sup>6</sup>91 .....

**Textual Amendments**

**F6** Sch. 3 para. 91 repealed (1.9.1994) by 1994 c. 22, ss. 65, 66(1), Sch. 5 Pt. I (with s. 57(4))

*The Diplomatic and other Privileges Act 1971 (c. 64)*

92 In section 1 of the Diplomatic and other Privileges Act 1971 (refunds in respect of hydrocarbon oil), after subsection (4) there shall be inserted the following subsection—

“(5) In this section references to importation, in relation to value added tax, shall include references to anything charged with tax in accordance with section 2A or 2B of the Value Added Tax Act 1983 (acquisitions from other member States and importations from outside the European Community), and, in this section, “imported” shall be construed accordingly.”

**Commencement Information**

**I114** Sch. 3 para. 92 wholly in force; Sch. 3 not in force at Royal Assent see s. 14(3); Sch. 3 partly in force at 1.12.1992 by S.I. 1992/2979, art. 4, Sch. Pt. II; Sch. 3 in force, insofar as not already in force, at 1.1.1993 by S.I. 1992/3261, art. 3, Sch. (with transitional provisions in arts. 4, 5, 6, and 7).

*Status: Point in time view as at 28/07/2000.*

*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1992. (See end of Document for details)*

*The Customs and Excise Duties (General Reliefs) Act 1979 (c. 3)*

- 93 In section 13(4) of the Customs and Excise Duties (General Reliefs) Act 1979 (personal reliefs), in the definition of “value added tax”, after “on the importation of goods” there shall be inserted “ from places outside the member States or on the acquisition of goods from member States other than the United Kingdom ”.

**Commencement Information**

**I115** Sch. 3 para. 93 wholly in force; Sch. 3 not in force at Royal Assent see s. 14(3); Sch. 3 partly in force at 1.12.1992 by S.I. 1992/2979, art. 4, Sch. Pt. II; Sch. 3 in force, insofar as not already in force, at 1.1.1993 by S.I. 1992/3261, art. 3, Sch. (with transitional provisions in arts. 4, 5, 6, and 7).

*The Finance Act 1986 (c. 41)*

- 94 In section 9 of the Finance Act 1986 (fuel for private use)—
- (a) in subsection (3), after paragraph (a) there shall be inserted the following paragraph—
- “(aa) any reference to fuel supplied to a taxable person shall include a reference to fuel acquired by a taxable person from another member State and any reference to fuel imported by a taxable person shall be confined to a reference to fuel imported by that person from a place outside the member States;”
- (b) in subsection (5), after “supply” there shall be inserted “ acquisition ”.

**Commencement Information**

**I116** Sch. 3 para. 94 wholly in force; Sch. 3 not in force at Royal Assent see s. 14(3); Sch. 3 partly in force at 1.12.1992 by S.I. 1992/2979, art. 4, Sch. Pt. II; Sch. 3 in force, insofar as not already in force, at 1.1.1993 by S.I. 1992/3261, art. 3, Sch. (with transitional provisions in arts. 4, 5, 6, and 7).

*The Income and Corporation Taxes Act 1988 (c. 1)*

- 95 In section 827(1)(a) of the Income and Corporation Taxes Act 1988 (deduction of VAT penalties under sections 13 to 17 of the <sup>M2</sup>Finance Act 1985), for “17” there shall be substituted “ 17A ”.

**Commencement Information**

**I117** Sch. 3 para. 95 wholly in force; Sch. 3 not in force at Royal Assent see s. 14(3); Sch. 3 partly in force at 1.12.1992 by S.I. 1992/2979, art. 4, Sch. Pt. II; Sch. 3 in force, insofar as not already in force, at 1.1.1993 by S.I. 1992/3261, art. 3, Sch. (with transitional provisions in arts. 4, 5, 6, and 7).

**Marginal Citations**

**M2** 1985 c. 54.

*Status: Point in time view as at 28/07/2000.*

*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1992. (See end of Document for details)*

[<sup>F7</sup>SCHEDULE 4

Section 18.

CAR TAX: ABOLITION OF FISCAL FRONTIERS]

**Textual Amendments**

**F7** Sch. 4 deemed never to have been enacted by virtue of Car Tax (Abolition) Act 1992 (c. 58), ss. 4, 5

[<sup>F8</sup>1 The <sup>M3</sup>Car Tax Act 1983 shall be amended in accordance with the following provisions of this Schedule.]

**Textual Amendments**

**F8** Sch. 4 deemed never to have been enacted by virtue of Car Tax (Abolition) Act 1992 (c. 58), ss. 4, 5

**Marginal Citations**

**M3** 1983 c. 53.

[<sup>F9</sup>2 (1) In subsection (1) of section 1 (vehicles charged to tax), for the words from “all” to the end of the subsection there shall be substituted—

- “(a) every chargeable vehicle made in the United Kingdom;
- (b) every chargeable vehicle imported into the United Kingdom from outside the Community;
- (c) every chargeable vehicle acquired in the United Kingdom from another member State; and
- (d) every chargeable vehicle not charged with tax under any of the preceding paragraphs which—
  - (i) is registered, or
  - (ii) without being registered becomes registrable after having been brought into the United Kingdom from another member State by a person who is not registered under this Act.”

(2) For subsection (3) of that section there shall be substituted the following subsection—

“(3) For the purposes of this section—

- (a) a vehicle is imported into the United Kingdom from a place outside the Community if it is brought into the United Kingdom otherwise than from another member State;
- (b) a vehicle is acquired in the United Kingdom from another member State if it is treated as acquired from another member State for the purposes of the Value Added Tax Act 1983 and the acquisition falls, by virtue of section 8C(2) of that Act, to be treated for those purposes as taking place in the United Kingdom;
- (c) a vehicle is registered if it is registered under the Vehicles (Excise) Act 1971; and
- (d) a vehicle which has been brought into the United Kingdom becomes registrable where it becomes chargeable, for the first time after its arrival in the United Kingdom, with a duty of excise under that Act of 1971.”]

*Status: Point in time view as at 28/07/2000.*

*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1992. (See end of Document for details)*

#### Textual Amendments

**F9** Sch. 4 deemed never to have been enacted by virtue of Car Tax (Abolition) Act 1992 (c. 58), ss. 4, 5

- [<sup>F103</sup> In section 4 (registration of makers and importers of chargeable vehicles)—
- (a) in subsection (1), for “imports” there shall be substituted “ brings into the United Kingdom ”; and
  - (b) in subsection (3), for “import” there shall be substituted “ bring into the United Kingdom ”.]

#### Textual Amendments

**F10** Sch. 4 deemed never to have been enacted by virtue of Car Tax (Abolition) Act 1992 (c. 58), ss. 4, 5

- [<sup>F114</sup> (1) In subsection (1) of section 5 (person by whom car tax payable)—
- (a) in paragraph (a), for “imported” there shall be substituted “ brought into the United Kingdom ”;
  - (b) in paragraph (b), after “imported” there shall be inserted “ into the United Kingdom from outside the Community ”; and
  - (c) after paragraph (b) there shall be inserted the following paragraphs—
    - “(ba) if (in a case not falling within paragraph (a) above) the vehicle is acquired in the United Kingdom from another member State in pursuance of a taxable supply, the person who makes that supply;
    - (bb) if (in a case not falling within paragraph (a) above) the vehicle is acquired in the United Kingdom from another member State otherwise than in pursuance of such a supply, the person by whom it is so acquired; and”.
- (2) After subsection (5) of that section there shall be inserted the following subsections—
- “(5A) Subject to section 6(2) below, where tax is charged otherwise than by virtue of section 1(1)(b) above and the person by whom it is payable is not registered under this Act—
    - (a) it shall become due at the same time as the vehicle in question is charged with the tax; but
    - (b) it shall not become payable until the time provided for by regulations under this Act.
  - (5B) The time when a chargeable vehicle is to be treated for the purposes of this section as acquired from another member State shall—
    - (a) where the acquisition is in pursuance of a taxable supply, be the time when that supply is treated for the purposes of the Value Added Tax Act 1983 as taking place; and
    - (b) in any other case, be determined in accordance with the provisions of section 8B(1) and (2) of that Act (time of acquisition).
  - (5C) Subsection (3) of section 1 above shall apply for the purposes of this section as it applies for the purposes of that section and, in this section, “taxable supply” has the same meaning as in the Value Added Tax Act 1983.”]



*Status: Point in time view as at 28/07/2000.*

*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1992. (See end of Document for details)*

#### Textual Amendments

**F11** Sch. 4 deemed never to have been enacted by virtue of Car Tax (Abolition) Act 1992 (c. 58), ss. 4, 5

- [<sup>F125</sup> (1) In section 7 (remission of tax on certain vehicles), for the word “exported”, in each place where it occurs, there shall be substituted “ removed from the United Kingdom ”.
- (2) In subsection (1) of that section—
- (a) for “exportation” there shall be substituted “ its removal from the United Kingdom ”;
  - (b) for the word “imported”, in the first place where it occurs, there shall be substituted “ brought into the United Kingdom ”; and
  - (c) for “and not previously imported” there shall be substituted “ in respect of which tax has not previously been paid. ”
- (3) In subsection (2) of that section, for “acquires” there shall be substituted “ obtains ”.
- (4) In subsection (3) of that section, for “acquired” there shall be substituted “ obtained ”.
- (5) In subsection (4)(a) of that section, for “imported” there shall be substituted “ brought into the United Kingdom ”.
- (6) In subsection (4B) of that section—
- (a) in paragraph (b), for “imports” there shall be substituted “ brings ”; and
  - (b) in paragraph (c) and in the words after that paragraph, for the word “acquires”, in each place where it occurs, there shall be substituted “ obtains ”.]

#### Textual Amendments

**F12** Sch. 4 deemed never to have been enacted by virtue of Car Tax (Abolition) Act 1992 (c. 58), ss. 4, 5

- [<sup>F136</sup> In section 9 (interpretation), after “in this Act-” there shall be inserted the following definition—
- ““another member State” means any member State other than the United Kingdom;”.]

#### Textual Amendments

**F13** Sch. 4 deemed never to have been enacted by virtue of Car Tax (Abolition) Act 1992 (c. 58), ss. 4, 5

- [<sup>F147</sup> (1) In Schedule 1 (administration and collection), after paragraph 1 there shall be inserted the following paragraph—

*“ Notification of liability to tax*

- 1A (1) The Commissioners may by regulations make provision in relation to persons who are not registered for requiring any such person from whom tax has become due to furnish to them such a document notifying them of his liability, at such time after the liability arose and in such form and manner, as may be specified in or determined under the regulations.

*Status: Point in time view as at 28/07/2000.*

*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1992. (See end of Document for details)*

- (2) Regulations under this paragraph may—
- (a) require the document which is to be furnished to the Commissioners to contain such particulars relating to the circumstances in which the tax has become due as may be described in the regulations;
  - (b) provide, in prescribed cases, for the obligation to furnish that document to the Commissioners to fall on the personal representative, trustee in bankruptcy, receiver, liquidator or person otherwise acting in a representative capacity in relation to the person from whom the tax has become due; and
  - (c) make different provision for different cases.”
- (2) In paragraph 2(2)(a) of that Schedule (time limits for assessments), for the words “the time when the amount became payable” there shall be substituted
- (i) where the person by whom that amount is payable is required by regulations under paragraph 1A above to notify the Commissioners of his liability, the time when notification of the liability in question was given to the Commissioners by that person; and
  - (ii) in any other case, the time when that amount became payable”.
- (3) In paragraph 6(1) of that Schedule—
- (a) in sub-paragraph (1), after “chargeable vehicles ” there shall be inserted “ or with the movement of such vehicles between member States ”; and
  - (b) in sub-paragraph (2), after “who” there shall be inserted “ in a case in relation to which he is not required to furnish to the Commissioners any document in accordance with regulations under paragraph 1A above, ”.
- (4) In paragraph 7 of that Schedule—
- (a) in sub-paragraph (1), after “chargeable vehicles” there shall be inserted “ or with the movement of such vehicles between member States ”; and
  - (b) in sub-paragraph (2), after paragraph (a) there shall be inserted the following paragraph—
    - “(aa) the movement of chargeable vehicles between member States; or”.
- (5) In paragraph 9 of that Schedule (forfeiture), after “vehicle” there shall be inserted “ which for the purposes of section 1 of this Act is treated as having been imported into the United Kingdom from outside the Community ”.
- (6) In paragraph 10(1) of that Schedule (matters that may be proved by certificate), after paragraph (b) there shall be inserted the following paragraph—
- “(ba) that a document has not been furnished to the Commissioners in accordance with regulations under paragraph 1A above or had not been so furnished at any date; or”.
- (7) In paragraph 12(c) and (d) of that Schedule (regulation-making power), for “acquiring”, in each place where it occurs, there shall be substituted “ obtaining ”.]

*Status: Point in time view as at 28/07/2000.*

*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1992. (See end of Document for details)*

#### Textual Amendments

**F14** Sch. 4 deemed never to have been enacted by virtue of Car Tax (Abolition) Act 1992 (c. 58), ss. 4, 5

[<sup>F158</sup> In paragraph 6 of Schedule 2 (transitional provisions for vehicles exported before 1st April 1981), for “on the importation of any vehicle” there shall be substituted “in respect of any vehicle by virtue of section 1(1)(b) or (c) of this Act”.]

#### Textual Amendments

**F15** Sch. 4 deemed never to have been enacted by virtue of Car Tax (Abolition) Act 1992 (c. 58), ss. 4, 5

## SCHEDULE 5

Section 20.

### MARRIED COUPLE'S ALLOWANCE ETC.

- 1 The Taxes Act 1988 shall be amended in accordance with paragraphs 2 to 8 below.
- 2 The following sections shall be substituted for section 257B (transfer of relief under section 257A)—

#### “257BA Elections as to transfer of relief under section 257A.

- (1) A woman may elect that for any year of assessment for which her husband is entitled to relief under section 257A—
  - (a) she shall be entitled (on making a claim) to deduct from her total income one half of the amount specified in section 257A(1) for that year, and
  - (b) the amount that he is entitled to deduct under section 257A shall be reduced accordingly.
- (2) A husband and wife may jointly elect that for any year of assessment for which the husband is entitled to relief under section 257A—
  - (a) she shall be entitled (on making a claim) to deduct from her total income the amount specified in section 257A(1) for that year, and
  - (b) the amount that he is entitled to deduct under section 257A shall be reduced accordingly (to nil, unless section 257A(2) or (3) applies to him).
- (3) A man may elect that for any year of assessment for which his wife is entitled to relief by virtue of an election under subsection (2) above—
  - (a) he shall be entitled (on making a claim) to deduct from his total income one half of the amount specified in section 257A(1) for that year (in addition to the amount, if any, that he is already entitled to deduct under section 257A), and
  - (b) the amount that she is entitled to deduct by virtue of that election shall be reduced accordingly.
- (4) An election under this section shall be made by giving notice to the inspector in such form as the Board may determine and—

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*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1992. (See end of Document for details)*

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- (a) subject to subsections (5) and (7) below, shall be made before the first year of assessment for which it is to have effect, and
  - (b) shall have effect for that and each succeeding year of assessment for which the husband is entitled to relief under section 257A, subject to its withdrawal under subsection (8) below or a subsequent election under this section.
- (5) An election may be made during the first year of assessment for which it is to have effect if that is the year of assessment in which the marriage takes place.
- (6) Where subsection (5) above applies, the references in subsections (1)(a), (2)(a) and (3)(a) above to the amount specified for the year of assessment in section 257A(1) shall be read as references to that amount reduced in accordance with section 257A(6).
- (7) An election may be made within the first thirty days of the first year of assessment for which it is to have effect if before that year the inspector has been given written notification that it is intended to make the election.
- (8) The person or persons by whom an election was made may withdraw it by giving notice to the inspector in such form as the Board may determine; but the withdrawal shall not have effect until the year of assessment after the one in which the notice is given.
- (9) A woman shall not be entitled by virtue of an election under this section to more than one deduction for any year of assessment.

**257BB Transfer of relief under section 257A where relief exceeds income.**

- (1) Where—
- (a) a man is entitled to relief under section 257A, but
  - (b) the amount that he is entitled to deduct exceeds what is left of his total income after all other deductions have been made from it,
- his wife shall be entitled to deduct from her total income the amount of the excess (in addition to any amount she is entitled to deduct by virtue of an election under section 257BA).
- (2) Subsection (1) above shall not apply for a year of assessment unless the claimant's husband gives notice to the inspector that it is to apply.
- (3) Where—
- (a) a woman is entitled to relief by virtue of an election under section 257BA, but
  - (b) the amount that she is entitled to deduct exceeds what is left of her total income after all other deductions have been made from it,
- her husband shall be entitled to deduct from his total income the amount of the excess (in addition to the amount, if more than nil, that he is already entitled to deduct under section 257A).
- (4) Subsection (3) above shall not apply for a year of assessment unless the claimant's wife gives notice to the inspector that it is to apply.
- (5) Any notice under subsection (2) or (4) above—

*Status: Point in time view as at 28/07/2000.*

*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1992. (See end of Document for details)*

- (a) shall be given not later than six years after the end of the year of assessment to which it relates,
  - (b) shall be in such form as the Board may determine, and
  - (c) shall be irrevocable.
- (6) In determining for the purposes of this section the amount that is left of a person's total income for a year of assessment after other deductions have been made from it, there shall be disregarded any deduction made—
- (a) on account of any payments of loan interest which become due in that year and to which section 369 applies,
  - (b) under section 289,
  - (c) on account of any payments to which section 593(2) or 639(3) applies,
  - (d) on account of any payments to which section 54(5) of the Finance Act 1989 applies, or
  - (e) on account of any payments to which section 32(4) of the Finance Act 1991 applies.”

F163 .....

**Textual Amendments**

**F16** Sch. 5 para. 3 repealed (27.7.1999 with effect for the year 2000-01 and subsequent years of assessment) by 1999 c. 16, s. 139, Sch. 20 Pt. III(3)

F174 .....

**Textual Amendments**

**F17** Sch. 5 para. 4 repealed (27.7.1999 with effect for the year 2000-01 and subsequent years of assessment) by 1999 c. 16, s. 139, Sch. 20 Pt. III(3)

F185 .....

**Textual Amendments**

**F18** Sch. 5 para. 5 repealed (27.7.1999 with effect for the year 2000-01 and subsequent years of assessment) by 1999 c. 16, s.139, Sch. 20 Pt. III(4)

F196 .....

**Textual Amendments**

**F19** Sch. 5 para. 6 repealed (27.7.1999 with effect for the year 2000-01 and subsequent years of assessment) by 1999 c. 16, s. 139, Sch. 20 Pt. III(4)

F207 .....

*Status: Point in time view as at 28/07/2000.*

*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1992. (See end of Document for details)*

#### Textual Amendments

**F20** Sch. 5 para. 7 repealed (27.7.1999 with effect for the year 2001-02 and subsequent years of assessment) by 1999 c. 16, s. 139, Sch. 20 Pt. III(5), Note 2

- 8 (1) Section 265 (blind person's allowance) shall be amended as follows.
- <sup>F21</sup>(2) . . . . .
- (3) In subsection (4), the words from "(and" onwards shall be omitted.
- (4) In subsection (6) for "section 257B(3)" there shall be substituted " section 257BB(2) "

#### Textual Amendments

**F21** Sch. 5 para. 8(2) repealed (3.5.1994 with effect in accordance with s. 77(7) of the repealing Act) by 1994 c. 9, ss. 77(7), 258, Sch. 26 Pt. V(1), Note

- 9 (1) The Taxes Management Act 1970 shall be amended as follows.
- (2) In section 36 (fraudulent or negligent conduct) the following subsection shall be inserted after subsection (3)—
- “(3A) In subsection (3) above, “claim or application” does not include an election under section 257BA of the principal Act (elections as to transfer of married couple's allowance).”
- (3) In section 37A (effect of assessment where allowances transferred) for “257B" there shall be substituted “ 257BB ”.
- (4) In section 43A (further assessments: claims etc.) after subsection (2) there shall be inserted—
- “(2A) In subsection (2) above, “claim, election, application or notice” does not include an election under section 257BA of the principal Act (elections as to transfer of married couple's allowance).”
- 10 This Schedule shall apply in relation to tax for the year 1993-94 and subsequent years of assessment.

## SCHEDULE 6

Section 24.

### GROUP RELIEF ETC: AMENDMENTS

#### *Main amendments*

- 1 In Schedule 18 to the Taxes Act 1988 (group relief: equity holders and profits or assets available for distribution) the following paragraph shall be substituted for paragraph 5(5)—
- “5A (1) In a case where paragraphs 4 and 5 above apply, each of the following percentages, namely—

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*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1992. (See end of Document for details)*

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- (a) the percentage of profits to which, on the profit distribution, the first company referred to in paragraph 2(1) above would be entitled, and
- (b) the percentage of assets to which, on the notional winding-up, the first company referred to in paragraph 3(1) above would be entitled,

shall be determined on each of the different bases set out in sub-paragraph (2) below.

- (2) The bases are—
  - (a) the basis specified in paragraph 4(2) above;
  - (b) the basis specified in paragraph 5(2) above;
  - (c) the basis specified in paragraph 4(2) above and the basis specified in paragraph 5(2) above taken together;
  - (d) the basis specified in paragraph 2(1) or 3(1) above (according to the percentage concerned) without regard to paragraphs 4(2) and 5(2) above.
- (3) The lowest of the four percentages of profits so determined shall be taken for the purposes of section 413(7) to (9) to be the percentage of profits to which, on the profit distribution, the first company referred to in paragraph 2(1) above would be entitled as mentioned in that paragraph.
- (4) The lowest of the four percentages of assets so determined shall be taken for the purposes of section 413(7) to (9) to be the percentage to which, on the notional winding-up, the first company mentioned in paragraph 3(1) above would be entitled of any assets of the other company available for distribution to its equity holders on a winding-up.”

2 In that Schedule the following paragraphs shall be inserted after paragraph 5A—

- “5B (1) This paragraph applies if, at any time in the relevant accounting period, option arrangements exist; and option arrangements are arrangements of any kind (whether in writing or not) as regards which the two conditions set out below are fulfilled.
- (2) The first condition is that the arrangements are ones by virtue of which there could be a variation in—
    - (a) the percentage of profits to which any of the equity holders is entitled on the profit distribution, or
    - (b) the percentage of assets to which any of the equity holders is entitled on the notional winding-up.
  - (3) The second condition is that, under the arrangements, the variation could result from the exercise of any of the following rights (option rights)—
    - (a) a right to acquire shares or securities in the second company referred to in paragraphs 2(1) and 3(1) above;
    - (b) a right to require a person to acquire shares or securities in that company.
  - (4) For the purposes of sub-paragraph (3) above—
    - (a) it is immaterial whether or not the shares or securities were issued before the arrangements came into existence;
    - (b) “shares” does not include fixed-rate preference shares;

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*Status: Point in time view as at 28/07/2000.*

**Changes to legislation:** *There are currently no known outstanding effects for the Finance (No. 2) Act 1992. (See end of Document for details)*

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- (c) “securities” does not include normal commercial loans (within the meaning given by paragraph 1(5) above);
  - (d) “right” does not include a right of an individual to acquire shares, if the right was obtained by reason of his office or employment as a director or employee of the company and in accordance with the provisions of a share option scheme approved under Schedule 9 at the time it was obtained.
- (5) As regards each point in time when option arrangements exist in the relevant accounting period—
  - (a) there shall be taken each possible state of affairs that could then subsist if the outstanding option rights, or any of them or any combination of them, became effective at that point, and
  - (b) taking each such state of affairs, it shall be assumed that the rights and duties of the equity holders in the relevant accounting period were to be found accordingly.
- (6) The following rules shall have effect—
  - (a) for the purposes of sub-paragraph (5) above outstanding option rights are all such option rights under the arrangements (or sets of arrangements if more than one) as exist at the point in time concerned but have not become effective at or before that point;
  - (b) for the purpose of applying sub-paragraph (5) above it is immaterial whether or not the rights are exercisable at or before the point in time concerned and it is immaterial whether or not they are capable of becoming effective at or before that point;
  - (c) for the purposes of sub-paragraph (5) above and this sub-paragraph an option right becomes effective when the shares or securities to which it relates are acquired in pursuance of it.
- (7) The determination mentioned in sub-paragraph (8) below shall be made as regards each point in time when option arrangements exist in the relevant accounting period; and for each such point in time a separate determination shall be made for each of the possible states of affairs mentioned in sub-paragraph (5) above.
- (8) The determination is a determination of—
  - (a) the percentage of profits to which, on the profit distribution, the first company referred to in paragraph 2(1) above would be entitled, and
  - (b) the percentage of assets to which, on the notional winding-up, the first company referred to in paragraph 3(1) above would be entitled,if the rights and duties of the equity holders in the relevant accounting period were found as mentioned in sub-paragraph (5) above.
- (9) Where different determinations yield different percentages of profits and different percentages of assets, only one determination of each percentage (yielding the lowest figure) shall be treated as having been made.
- (10) Sub-paragraphs (3) and (4) of paragraph 4 above shall apply for the purposes of this paragraph as they apply for the purposes of that



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paragraph and, accordingly, references there to sub-paragraphs (2)(a) and (2)(b) of that paragraph shall be construed as references to sub-paragraphs (8)(a) and (8)(b) of this paragraph.

5C (1) In a case where paragraphs 4 and 5B above apply, each of the following percentages, namely—

- (a) the percentage of profits to which, on the profit distribution, the first company referred to in paragraph 2(1) above would be entitled, and
- (b) the percentage of assets to which, on the notional winding-up, the first company referred to in paragraph 3(1) above would be entitled,

shall be determined on each of the different bases set out in sub-paragraph (2) below.

(2) The bases are—

- (a) the basis specified in paragraph 4(2) above;
- (b) the basis specified in paragraph 5B(8) above;
- (c) the basis specified in paragraph 4(2) above and the basis specified in paragraph 5B(8) above taken together;
- (d) the basis specified in paragraph 2(1) or 3(1) above (according to the percentage concerned) without regard to paragraphs 4(2) and 5B(8) above.

(3) The lowest of the four percentages of profits so determined shall be taken for the purposes of section 413(7) to (9) to be the percentage of profits to which, on the profit distribution, the first company referred to in paragraph 2(1) above would be entitled as mentioned in that paragraph.

(4) The lowest of the four percentages of assets so determined shall be taken for the purposes of section 413(7) to (9) to be the percentage to which, on the notional winding-up, the first company mentioned in paragraph 3(1) above would be entitled of any assets of the other company available for distribution to its equity holders on a winding-up.

(5) For the purposes of this paragraph the basis specified in paragraph 5B(8) above is such basis as gives the percentage of profits arrived at by virtue of paragraph 5B(9) above or (as the case may be) such basis as gives the percentage of assets arrived at by virtue of paragraph 5B(9) above.

5D (1) In a case where paragraphs 5 and 5B above apply, each of the following percentages, namely—

- (a) the percentage of profits to which, on the profit distribution, the first company referred to in paragraph 2(1) above would be entitled, and
- (b) the percentage of assets to which, on the notional winding-up, the first company referred to in paragraph 3(1) above would be entitled,

shall be determined on each of the different bases set out in sub-paragraph (2) below.

(2) The bases are—

- (a) the basis specified in paragraph 5(2) above;

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- (b) the basis specified in paragraph 5B(8) above;
  - (c) the basis specified in paragraph 5(2) above and the basis specified in paragraph 5B(8) above taken together;
  - (d) the basis specified in paragraph 2(1) or 3(1) above (according to the percentage concerned) without regard to paragraphs 5(2) and 5B(8) above.
- (3) The lowest of the four percentages of profits so determined shall be taken for the purposes of section 413(7) to (9) to be the percentage of profits to which, on the profit distribution, the first company referred to in paragraph 2(1) above would be entitled as mentioned in that paragraph.
- (4) The lowest of the four percentages of assets so determined shall be taken for the purposes of section 413(7) to (9) to be the percentage to which, on the notional winding-up, the first company mentioned in paragraph 3(1) above would be entitled of any assets of the other company available for distribution to its equity holders on a winding-up.
- (5) For the purposes of this paragraph the basis specified in paragraph 5B(8) above is such basis as gives the percentage of profits arrived at by virtue of paragraph 5B(9) above or (as the case may be) such basis as gives the percentage of assets arrived at by virtue of paragraph 5B(9) above.
- 5E (1) In a case where paragraphs 4 and 5 and 5B above apply, each of the following percentages, namely—
- (a) the percentage of profits to which, on the profit distribution, the first company referred to in paragraph 2(1) above would be entitled, and
  - (b) the percentage of assets to which, on the notional winding-up, the first company referred to in paragraph 3(1) above would be entitled,
- shall be determined on each of the different bases set out in subparagraph (2) below.
- (2) The bases are—
- (a) the basis specified in paragraph 4(2) above;
  - (b) the basis specified in paragraph 5(2) above;
  - (c) the basis specified in paragraph 5B(8) above;
  - (d) the basis specified in paragraph 4(2) above and the basis specified in paragraph 5(2) above taken together;
  - (e) the basis specified in paragraph 4(2) above and the basis specified in paragraph 5B(8) above taken together;
  - (f) the basis specified in paragraph 5(2) above and the basis specified in paragraph 5B(8) above taken together;
  - (g) the basis specified in paragraph 4(2) above and the basis specified in paragraph 5(2) above and the basis specified in paragraph 5B(8) above all taken together;
  - (h) the basis specified in paragraph 2(1) or 3(1) above (according to the percentage concerned) without regard to paragraphs 4(2), 5(2) and 5B(8) above.
- (3) The lowest of the eight percentages of profits so determined shall be taken for the purposes of section 413(7) to (9) to be the percentage of

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profits to which, on the profit distribution, the first company referred to in paragraph 2(1) above would be entitled as mentioned in that paragraph.

- (4) The lowest of the eight percentages of assets so determined shall be taken for the purposes of section 413(7) to (9) to be the percentage to which, on the notional winding-up, the first company mentioned in paragraph 3(1) above would be entitled of any assets of the other company available for distribution to its equity holders on a winding-up.
- (5) For the purposes of this paragraph the basis specified in paragraph 5B(8) above is such basis as gives the percentage of profits arrived at by virtue of paragraph 5B(9) above or (as the case may be) such basis as gives the percentage of assets arrived at by virtue of paragraph 5B(9) above.”

#### *Other amendments*

[<sup>F223</sup> In paragraph 6 of that Schedule for “5” there shall be substituted “ 5E ”.]

#### **Textual Amendments**

**F22** Sch. 6 para. 3 repealed (28.7.2000 with effect as mentioned in Sch. 40 Pt. II(11) Note 3 of the amending Act) by 2000 c. 17, s. 156, Sch. 40 Pt. II(11)

- 4 In section 272 of the <sup>M4</sup>Income and Corporation Taxes Act 1970 (groups of companies: definitions) in subsection (1F) (application of Schedule 18 but without paragraph 5(3) etc.) after “5(3)” there shall be inserted “ and 5B to 5E ”.

#### **Marginal Citations**

**M4** 1970 c. 10.

- 5 In section 170 of the <sup>M5</sup>Taxation of Chargeable Gains Act 1992 (interpretation of sections 171 to 181) in subsection (8) (application of Schedule 18 but without paragraph 5(3) etc.) after “5(3)” there shall be inserted “ and 5B to 5E ”.

#### **Marginal Citations**

**M5** 1992 c. 12.

#### *Application of amendments*

- 6 (1) Sub-paragraph (2) below shall apply where either of the following events occurs on or after 15th November 1991—
- (a) any shares or securities of the relevant company are issued in circumstances where they carry both rights referred to in paragraph 4(1) of Schedule 18 and rights referred to in paragraph 5(1) of Schedule 18;
  - (b) any shares or securities of the relevant company issued before 15th November 1991 begin to carry both rights referred to in paragraph 4(1) of Schedule 18 and rights referred to in paragraph 5(1) of Schedule 18 (whether or not they previously carried rights referred to in one of those paragraphs).

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- (2) In such a case paragraph 1 above shall apply in relation to the accounting period in which the event occurs and subsequent accounting periods.
- (3) In this paragraph—
- (a) references to the relevant company are to the second company referred to in paragraphs 2(1) and 3(1) of Schedule 18;
  - (b) references to accounting periods are to accounting periods of that company.
- 7 Paragraph 2 above shall apply where the option arrangements are made on or after 15th November 1991.
- 8 Paragraph 3 above shall apply in accordance with paragraphs 6 and 7 above.
- 9 Subject to the repeals made by the <sup>M6</sup>Taxation of Chargeable Gains Act 1992, paragraph 4 above shall apply in accordance with paragraph 7 above.

#### Marginal Citations

**M6** 1992 c. 12.

- 10 The Taxation of Chargeable Gains Act 1992 shall have effect, and be deemed always to have had effect, with the amendment made by paragraph 5 above.

### F23 SCHEDULE 7

#### Textual Amendments

**F23** Sch. 7 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

### SCHEDULE 8

Section 34.

#### RIGHTS IN PURSUANCE OF DEPOSITS

##### *Disposal or exercise of rights*

- 1 The following section shall be inserted after section 56 of the Taxes Act 1988 (transactions in deposits etc.)—

##### **“56A Disposal or exercise of rights in pursuance of deposits.**

- (1) This section applies where there is an arrangement under which—
- (a) there is a right to receive an amount (with or without interest) in pursuance of a deposit of money,

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- (b) when the right comes into existence there is no certificate of deposit in respect of the right, and
  - (c) the person for the time being entitled to the right is entitled to call for the issue of a certificate of deposit in respect of the right.
- (2) In such a case—
- (a) the right shall be treated as not falling within section 56(1)(b), and
  - (b) if there is a disposal or exercise of the right before such time (if any) as a certificate of deposit is issued in respect of it, section 56(2) shall apply to it by virtue of this paragraph.
- (3) In the application of section 56 by virtue of this section—
- (a) subsection (2) shall have effect as if the words from “(whether” to “person)” read “(whether by the person originally entitled to the right or by some other person)”, and
  - (b) subsection (3) shall have effect as if the words “stated in a certificate of deposit” read “under an arrangement”.
- (4) In this section “certificate of deposit” has the meaning given by section 56(5).”

#### *Building societies*

- 2 (1) Section 349 of that Act (payments not out of taxed profits etc.) shall be amended as follows.
- (2) In subsection (3A) (dividend or interest paid in respect of building society security) in paragraph (a) after “qualifying certificate of deposit” there shall be inserted “ and other than a qualifying deposit right ”.
- (3) In subsection (4) the following definition shall be inserted after the definition of “qualifying certificate of deposit”—
- ““qualifying deposit right” means a right to receive an amount (with or without interest) in pursuance of a deposit of money, where—
- (a) the right subsists under an arrangement falling within section 56A,
  - (b) no certificate of deposit, as defined in section 56(5), has been issued in respect of the right at the time the dividend or interest concerned is paid, and
  - (c) the conditions set out in paragraphs (a) and (b) in the definition of “qualifying certificate of deposit” apply; and”.
- 3 (1) Section 477A of that Act (regulations for deduction of tax) shall be amended as follows.
- (2) In subsections (1A) and (3A) (quoted securities) after “qualifying certificate of deposit” there shall be inserted “ and other than a qualifying deposit right ”.
- (3) In subsection (10) after “and” there shall be inserted—
- ““qualifying deposit right” has the meaning given by section 349(4), reading “paid” as “paid or credited”, and”.

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*Deposit-takers*

- 4 In section 481 of that Act (definition of relevant deposit etc.) the following subsection shall be inserted after subsection (5)—

“(5A) In a case where—

- (a) there is an arrangement falling within section 56A,
  - (b) the deposit is with a deposit-taker,
  - (c) no certificate of deposit, as defined in section 56(5), has been issued in respect of the right at the time the interest mentioned in section 480A or 480C is paid, and
  - (d) the conditions set out in paragraphs (a) and (b) in the definition of “qualifying certificate of deposit” in section 482(6) apply,
- the deposit is not a relevant deposit.”

*Accrued income scheme*

- 5 In section 710 of that Act (definitions for purposes of accrued income scheme) in subsection (3) (securities not to include certain items) the following paragraph shall be inserted after paragraph (d)—

“(da) any security which fulfils the following conditions, namely, it is a right to receive an amount (with or without interest) in pursuance of a deposit of money, it subsists under an arrangement falling within section 56A, and no certificate of deposit (as defined in section 56(5)) has been issued in respect of it at the time of the transfer concerned;”.

*General*

- 6 This Schedule shall apply in relation to arrangements made after the day on which this Act is passed.

SCHEDULE 9

Section 56.

FRIENDLY SOCIETIES

*Amendments of the Taxes Act 1988*

- 1 The Taxes Act 1988 shall be amended in accordance with paragraphs 2 to 19 below.

- 2 (1) Section 266 (personal reliefs: life assurance premiums) shall be amended as follows.

(2) In subsections (2)(a)(iii) and (6)(a), for “registered friendly society” there shall be substituted “friendly society”.

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

“(13) In this section and Schedule 14, “friendly society” means the same as in the Friendly Societies Act 1992 (and includes any society that by virtue of section 96(2) of that Act is to be treated as a registered friendly society within the meaning of that Act).”

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- 3 (1) Section 376 (mortgage interest relief at source: qualifying borrowers and lenders) shall be amended as follows.
- (2) In subsection (4), the following paragraph shall be substituted for paragraph (g)—  
“(g) a friendly society;”.
- (3) The following subsection shall be inserted after subsection (4)—  
“(4A) In subsection (4)(g) above, “friendly society” means—  
(a) a friendly society within the meaning of the Friendly Societies Act 1992 (including any society that by virtue of section 96(2) of that Act is to be treated as a registered friendly society within the meaning of that Act), or  
(b) a registered branch within the meaning of that Act (including any branch that by virtue of section 96(3) of that Act is to be treated as a registered branch within the meaning of that Act).”
- 4 In section 459 (exemption from tax for unregistered friendly societies whose income does not exceed £160 a year) after “unregistered friendly society” there shall be inserted “ (that is, a friendly society which is neither an incorporated friendly society nor a registered friendly society) ”.
- 5 (1) Section 460 (exemption from tax for registered friendly societies in respect of life or endowment business) shall be amended as follows.
- (2) In subsection (1), for “registered friendly society” there shall be substituted “ friendly society ”.
- (3) In subsection (2)—  
(a) in paragraph (a), for “friendly society” there shall be substituted “ registered friendly society ”, and  
(b) the following paragraph shall be inserted after paragraph (a)—  
“(aa) shall not, subject to section 462, exempt an incorporated friendly society which, before its incorporation, was a registered friendly society such as is mentioned in paragraph (a) above;”.
- (4) In subsections (5) to (10), for “registered friendly society” (in each place) there shall be substituted “ friendly society ”.
- (5) In subsection (11)—  
(a) for “registered friendly society” there shall be substituted “ friendly society ”,  
(b) for “section 72 of the <sup>M8</sup>Friendly Societies Act (Northern Ireland) 1970” there shall be substituted “ section 91 of the Friendly Societies Act 1992 ”, and  
(c) for “that Act” there shall be substituted “ either of those Acts ”.

**Marginal Citations**

**M8** 1970 c. 31 (N.I.).

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- 6 In section 461 (taxation of registered friendly societies in respect of other business) in subsection (4)(a)—
- (a) for “section 72 of the Friendly Societies Act (Northern Ireland) 1970” there shall be substituted “ section 91 of the Friendly Societies Act 1992 ”, and
  - (b) for “that Act” there shall be substituted “ either of those Acts ”.
- 7 The following sections shall be inserted after section 461—

**“461A Taxation in respect of other business: incorporated friendly societies qualifying for exemption.**

- (1) For the purposes of sections 461B and 461C, a “qualifying society” is an incorporated friendly society which—
  - (a) immediately before its incorporation, was a registered friendly society to which section 461(2) did not apply,
  - (b) was formed otherwise than by the incorporation of a registered friendly society or the amalgamation of two or more friendly societies and satisfies subsection (2) below, or
  - (c) was formed by the amalgamation of two or more friendly societies and satisfies subsection (3) below,
 and in respect of which no direction under section 461C(5) is in force.
- (2) A society satisfies this subsection if its business is limited to the provision, in accordance with the rules of the society, of benefits for or in respect of employees of a particular employer or such other group of persons as is for the time being approved for the purposes of this section by the Friendly Societies Commission.
- (3) If at the time of the amalgamation referred to in subsection (1)(c) above—
  - (a) section 461(2) applied to none of the registered friendly societies being amalgamated (if any), and
  - (b) all of the incorporated friendly societies being amalgamated (if any) were qualifying societies,
 the society formed by the amalgamation satisfies this subsection.

**461B Taxation in respect of other business: incorporated friendly societies etc.**

- (1) Subject to the following provisions of this section, a qualifying society shall, on making a claim, be entitled to exemption from income tax and corporation tax (whether on income or chargeable gains) on its profits other than those arising from life or endowment business.
- (2) Subsection (1) above shall not apply to any profits arising or accruing to the society from, or by reason of its interest in, a body corporate which is a subsidiary (within the meaning of the Friendly Societies Act 1992) of the society or of which the society has joint control (within the meaning of that Act).
- (3) If an incorporated friendly society which is not a qualifying society makes a payment to a member in respect of his interest in the society and the payment is made otherwise than in the course of life or endowment business and



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exceeds the aggregate of any sums paid by him to the society by way of contributions or deposits, after deducting from that aggregate the amount of—

- (a) any previous payment so made to him by the society, and
- (b) any earlier repayment of such sums paid by him,

the excess shall be treated for the purposes of corporation tax and income tax as a qualifying distribution.

- (4) In relation to an incorporated friendly society which, immediately before its incorporation, was a registered friendly society to which section 461(2) applied—
  - (a) the references in subsection (3) above to sums paid to the society shall include sums paid to the registered friendly society,
  - (b) the reference in subsection (3)(a) above to any payment made by the society shall include any payment made by the registered friendly society after 26 March 1974 or such later date as was specified in any direction under section 461(8) relating to it, and
  - (c) the reference in subsection (3)(b) above to any repayment shall include any repayment made by the registered friendly society.
- (5) Where a qualifying society at any time ceases by virtue of section 91 of the Friendly Societies Act 1992 (conversion into company) to be registered under that Act, the company into which the society is converted shall be exempt from income tax or corporation tax on its profits arising from any part of its business, other than life or endowment business, which relates to contracts made before that time.
- (6) Subsection (5) above shall apply so long as there is no increase in the scale of benefits which the company undertakes to provide in the course of carrying on the relevant part of its business.
- (7) Any part of a company's business to which an exemption under subsection (5) above relates shall be treated for the purposes of the Corporation Tax Acts as a separate business from any other business carried on by the company.

#### **461C Taxation in respect of other business: withdrawal of "qualifying" status from incorporated friendly society.**

- (1) Subject to subsection (2) below, subsections (3) to (5) below apply where a qualifying society—
  - (a) begins to carry on business other than life or endowment business, or
  - (b) in the opinion of the Friendly Societies Commission, begins to carry on business other than life or endowment business on an enlarged scale or of a new character.
- (2) Subsections (3) to (5) below do not apply if—
  - (a) the society's business is limited to the provision, in accordance with the rules of the society, of benefits for or in respect of employees of a particular employer or such other group of persons as is for the time being approved for the purposes of section 461 or 461A by the Friendly Societies Commission, or

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- (b) the society's rules limit the aggregate amount which may be paid by a member by way of contributions and deposits to not more than £1 per month or such greater amount as is authorised for the purposes of section 461.
- (3) If it appears to the Commission, having regard to the restrictions imposed by section 461 on registered friendly societies registered after 31st May 1973, that for the protection of the revenue it is expedient to do so, the Commission may serve a notice on the society—
- (a) referring to the provisions of this section, and
  - (b) stating that the Commission is considering the question whether, for the protection of the revenue, it is expedient to give a direction that the society shall cease to be a qualifying society as from the date of the notice.
- (4) The Commission shall consider any representations or undertakings made or offered to the Commission by the society within the period of one month from service of the notice and, if the society so requests, shall afford it an opportunity of being heard by the Commission not later than three weeks after the end of that period.
- (5) If, after consideration of any such representations or undertakings, the Commission remains of the opinion that it is expedient to do so, the Commission shall direct that the society shall cease to be a qualifying society as from the date of the notice, but subject to any further direction given by the Commission cancelling that direction.
- (6) A friendly society may, within one month from the giving of a direction under subsection (5) above, appeal against it to a tribunal constituted in accordance with section 59(2) of the Friendly Societies Act 1992.
- (7) The Treasury may by regulations provide for sections 58 to 61 of that Act to have effect in relation to appeals under subsection (6) above subject to such modifications as may be prescribed by the regulations.”
- 8 (1) Section 462 (conditions for tax exempt business) shall be amended as follows.
- (2) In subsection (2), for “Section 460(2)(a)” there shall be substituted “ Section 460(2)(a) or (aa) ”.
- (3) In subsection (3), for “registered friendly society or branch” there shall be substituted “ friendly society or registered branch ”.
- 9 In section 462A (election as to tax exempt business) the following subsection shall be added at the end—
- “(9) If a friendly society which (or a branch of which) has made an election under subsection (1) or (2) above becomes an incorporated friendly society, the election shall have effect in relation to the incorporated friendly society as it had effect in relation to the society (or branch) which made the election (and accordingly, in relation to accounting periods of the incorporated friendly society, “the society” in subsection (8)(a) and (b) above shall be read as referring to the incorporated friendly society).”

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- 10 In section 463 (life or endowment business: application of the Corporation Tax Acts) in subsection (1) for “registered friendly societies” there shall be substituted “friendly societies”.
- 11 (1) Section 464 (maximum benefits payable to members) shall be amended as follows.
- (2) In subsections (1) and (3), for “registered friendly society or branch” there shall be substituted “friendly society or registered branch”.
- (3) In subsection (5)(d)(ii), for “society which is not” there shall be substituted “friendly society other than”.
- (4) In subsection (7)—
- (a) for “registered friendly society or branch” there shall be substituted “friendly society or registered branch”, and
- (b) for “registered friendly societies or branches” there shall be substituted “friendly societies or registered branches”.
- 12 In section 465 (old societies) the following subsection shall be added at the end—
- “(6) If a registered friendly society in respect of which a direction is in force under subsection (4) above becomes an incorporated friendly society, the direction shall continue to have effect, so that the incorporated friendly society shall be treated for the purposes of this Act as a new society.”
- 13 The following section shall be inserted after section 465—

**“465A Assets of branch of registered friendly society to be treated as assets of society after incorporation.**

- (1) This section applies where any assets of a branch of a registered friendly society have been identified in a scheme under section 6(5) of the Friendly Societies Act 1992 (property, rights etc. excluded from transfer to the society on its incorporation).
- (2) In relation to any time after the incorporation of the society, the assets shall be treated for the purposes of the Tax Acts as assets of the society (and, accordingly, any tax liability arising in respect of them shall be a liability of the society rather than of the branch).
- (3) Where, by virtue of this section, tax in respect of any of the assets becomes chargeable on and is paid by the society, the society may recover from the trustees in whom those assets are vested the amount of the tax paid.”
- 14 (1) Section 466 (interpretation of sections 459 to 465) shall be amended as follows.
- <sup>F24</sup>(2) . . . . .
- (3) Subsection (2) shall be amended as mentioned in sub-paragraphs (4) to (7) below.
- (4) The following definitions shall be inserted before the definition of “life assurance business”—
- ““friendly society”, without qualification, means (except in section 459) an incorporated friendly society or a registered friendly society;
- “incorporated friendly society” means a society incorporated under the Friendly Societies Act 1992;”.

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- (5) The following definition shall be substituted for the definition of “new society”—
- ““new society” means—
- (a) a registered friendly society which was registered after 3rd May 1966 or which was registered in the period of three months ending on that date but which at no time earlier than that date carried on any life or endowment business, or
  - (b) an incorporated friendly society other than one which, before its incorporation, was a registered friendly society not within paragraph (a) above;”.
- (6) The following definitions shall be inserted after the definition of “policy”—
- ““registered branch” means the same as in the Friendly Societies Act 1992 (and includes any branch that by virtue of section 96(3) of that Act is to be treated as a registered branch);
- “registered friendly society” means the same as in the Friendly Societies Act 1992 (and includes any society that by virtue of section 96(2) of that Act is to be treated as a registered friendly society);”.
- (7) For the words from “include” to the end of the subsection there shall be substituted “include, in the case of a registered friendly society, references to any branch of that society”.
- (8) In subsection (3) for the words “registered friendly society” there shall be substituted “friendly society”.
- (9) The following subsection shall be added at the end—
- “(5) An incorporated friendly society formed on the amalgamation of two or more friendly societies shall, for the purposes of this Chapter, be treated as a society which, before its incorporation, was a registered friendly society registered not later than 3rd May 1966 if at the time of the amalgamation—
- (a) all the friendly societies amalgamated were registered friendly societies eligible for the exemption conferred by section 460(1); and
  - (b) at least one of them was not a new society.”

#### Textual Amendments

**F24** Sch. 9 para. 14(2) repealed (29.4.1996 with effect in accordance with s. 171 of the repealing Act) by 1996 c. 8, s. 205, Sch. 41 Pt. V(23), Note

- 15 In section 539 (life policies etc: introductory) in subsection (3) the following definition shall be inserted after the definition of “capital redemption policy”—
- ““friendly society” means the same as in the Friendly Societies Act 1992 (and includes any society that by virtue of section 96(2) of that Act is to be treated as a registered friendly society within the meaning of that Act);”.
- 16 In section 599 (charge to tax: commutation of entire pension in special circumstances) for subsection (8)(b) there shall be substituted—
- “(b) a friendly society within the meaning of the Friendly Societies Act 1992 (including any society that by virtue of section 96(2) of that Act

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- is to be treated as a registered friendly society within the meaning of that Act).”
- 17 In section 630 (personal pension schemes: interpretation) for paragraph (b) of the definition of “authorised insurance company” there shall be substituted—
- “(b) a friendly society within the meaning of the Friendly Societies Act 1992 (including any society that by virtue of section 96(2) of that Act is to be treated as a registered friendly society within the meaning of that Act);”.
- 18 (1) Schedule 14 (provisions ancillary to section 266) shall be amended as follows.
- (2) In paragraphs 2(1)(b) and 3(1), for “registered friendly society” there shall be substituted “friendly society”.
- (3) In paragraph 3(3)(a), for “registered friendly societies” there shall be substituted “friendly societies”.
- 19 (1) Schedule 15 (qualifying policies) shall be amended as follows.
- (2) In paragraph 3(1), for “registered friendly society” there shall be substituted “friendly society”.
- <sup>F25</sup>(3) . . . . .
- (4) In paragraph 3(4)(c), after “the same friendly society” there shall be inserted “ (or any predecessor of it) ”.
- (5) In paragraph 3, the following sub-paragraph shall be inserted after sub-paragraph (4)
- 
- “(4A) For the purposes of sub-paragraphs (2) and (4) above—
- (a) a friendly society formed on the amalgamation of two or more friendly societies is the successor of each of those societies (and each of those societies was a predecessor of the society so formed), and
- (b) an incorporated friendly society that was a registered friendly society before its incorporation is the successor of the registered friendly society (and the registered friendly society was the predecessor of the incorporated friendly society).”
- (6) For paragraph 4(3)(b)(i) there shall be substituted—
- “(i) it was effected in the course of business within class VI of Head A or class I of Head B of Schedule 2 to the Friendly Societies Act 1992.”.
- (7) In paragraph 6(1)—
- (a) for “any friendly society” there shall be substituted “ any registered friendly society (as defined in section 466) ”, and
- (b) for “a friendly society” there shall be substituted “ such a society ”.

**Textual Amendments**

**F25** Sch. 9 para. 19(3) repealed (5.5.1996 in accordance with s. 55(1)-(5) of the repealing Act) by 1995 c. 4, ss. 55(1)-(5), 162, Sch. 29 Pt. VIII(6), Note

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*Amendments of enactments relating to chargeable gains*

- 20 (1) Subject to the repeals made by the <sup>M9</sup>Taxation of Chargeable Gains Act 1992, after section 143 of the <sup>M10</sup>Capital Gains Tax Act 1979 there shall be inserted—

*“ Friendly societies*

**143A Transfer of assets on incorporation of registered friendly society.**

- (1) This section applies where a registered friendly society is incorporated under the Friendly Societies Act 1992 (“the 1992 Act”).
- (2) In this section—
- (a) “the registered society” means the society before the incorporation, and
- (b) “the incorporated society” means the society after the incorporation.
- (3) For the purposes of corporation tax on chargeable gains—
- (a) any asset of the registered society that by virtue of section 6(2) or (3) of the 1992 Act is transferred to the incorporated society,
- (b) any asset of a branch of the registered society that by virtue of section 6(4) of the 1992 Act is transferred to the incorporated society, and
- (c) any asset of a branch of the registered society that is identified in a scheme under section 6(5) of the 1992 Act,
- shall be taken to be disposed of by the registered society or branch and acquired by the incorporated society on the incorporation for a consideration of such amount as to secure that on the disposal neither a gain nor a loss accrues to the registered society or branch.

**143B Subsequent disposal of assets by incorporated society etc.**

- (1) Where any asset acquired on a disposal to which section 143A(3) above applies is subsequently disposed of by the incorporated society, section 34 above shall apply as if any capital allowance made to the registered society in respect of the asset had been made to the incorporated society.
- (2) If the disposal by the incorporated society is in relevant circumstances for the purposes of section 275(1) of the Income and Corporation Taxes Act 1970, the disposal to which section 143A(3) above applies shall for those purposes be taken to have been a previous transfer of the asset in relevant circumstances.”
- (2) Subject to the repeals made by the <sup>M11</sup>Taxation of Chargeable Gains Act 1992—
- (a) in section 68 of the <sup>M12</sup>Finance Act 1985 (modification of indexation allowance) in subsection (7A)(a) after “123A,” there shall be inserted “ 143A, ”, and
- (b) in Schedule 8 to the <sup>M13</sup>Finance Act 1988 (assets held on 31st March 1982) in paragraph 1(3)(a) after “123A,” there shall be inserted “ 143A, ”.

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*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1992. (See end of Document for details)*

#### Marginal Citations

**M9** 1992 c. 12.

**M10** 1979 c. 14.

**M11** 1992 c. 12.

**M12** 1985 c. 54.

**M13** 1988 c. 39.

21 The Taxation of Chargeable Gains Act 1992 shall be amended as follows.

(2) In section 35 (disposal of assets held on 31st March 1982) in subsection (3)(d)(i) after “216,” there shall be inserted “ 217A, ”.

(3) After section 217 there shall be inserted—

*“ Friendly societies*

#### **217A Transfer of assets on incorporation of registered friendly society.**

(1) This section and section 217B apply where a registered friendly society is incorporated under the Friendly Societies Act 1992 (“the 1992 Act”).

(2) In this section and section 217B—

(a) “the registered society” means the society before the incorporation, and

(b) “the incorporated society” means the society after the incorporation.

(3) For the purposes of corporation tax on chargeable gains—

(a) any asset of the registered society that by virtue of section 6(2) or (3) of the 1992 Act is transferred to the incorporated society,

(b) any asset of a branch of the registered society that by virtue of section 6(4) of the 1992 Act is transferred to the incorporated society, and

(c) any asset of a branch of the registered society that is identified in a scheme under section 6(5) of the 1992 Act,

shall be taken to be disposed of by the registered society or branch and acquired by the incorporated society on the incorporation for a consideration of such amount as to secure that on the disposal neither a gain nor a loss accrues to the registered society or branch.

#### **217B Rights of members in registered society equated with rights in incorporated society.**

(1) In this section, “change of membership” means a change effected by Schedule 4 to the 1992 Act whereby a member of the registered society or of a branch of the registered society becomes a member of the incorporated society or of a branch of the incorporated society.

(2) For the purposes of this Act, a change of membership shall not be taken to involve any disposal or acquisition of an asset by the member concerned, but all the interests and rights in the incorporated society or a branch of the

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incorporated society that he has immediately after the change, taken together, shall be treated as a single asset which—

- (a) was acquired by the first relevant acquisition, and
  - (b) was added to by any subsequent relevant acquisitions.
- (3) In subsection (2) above, “relevant acquisition” means an acquisition by which the member acquired any interest or right in the registered society or a branch of the registered society that he had immediately before the change of membership.

### **217C Subsequent disposal of assets by incorporated society etc.**

- (1) Where any asset acquired on a disposal to which section 217A(3) applies is subsequently disposed of by the incorporated society, section 41 shall apply as if any capital allowance made to the registered society in respect of the asset had been made to the incorporated society.
- (2) If the disposal by the incorporated society is in relevant circumstances for the purposes of section 174(1), the disposal to which section 217A(3) applies shall for those purposes be taken to have been a previous transfer of the asset in relevant circumstances.”

### *Commencement*

- 22 (1) This Schedule shall come into force on such day as the Treasury may by order made by statutory instrument appoint, and different days may be appointed for different provisions or different purposes.
- (2) An order under this paragraph may contain such transitional provisions and savings (whether or not involving the modification of any statutory provision) as appear to the Treasury necessary or expedient in connection with the provisions brought into force.

#### **Subordinate Legislation Made**

**P1** [Sch. 9 para. 22](#): Power exercised (9.2.1993) by [S.I. 1993/236](#)

## SCHEDULE 10

Section 59.

### FURNISHED ACCOMMODATION

#### *Introduction*

- 1 Paragraphs 2 to 8 below apply for the purposes of this Schedule.
- 2 (1) An individual is a qualifying individual for a year of assessment if apart from this Schedule he would be chargeable for the year to income tax [<sup>F26</sup>under Schedule A or Case I of Schedule D (or under both together)] in respect of all relevant sums accruing to him in respect of a qualifying residence or qualifying residences; and it is immaterial whether the sums are treated for income tax purposes as derived from one source or from two or more separate sources.



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- (2) Relevant sums are sums accruing in respect of the use of furnished accommodation in the residence or any of the residences or in respect of relevant goods or services supplied in connection with that use.
- (3) In a case where—
- (a) the individual is chargeable for the year to income tax in respect of sums falling within sub-paragraph (4) below, and
  - (b) any of those sums are treated for income tax purposes as derived from a source mentioned in sub-paragraph (1) above,
- the individual is not a qualifying individual for the year (if he would be apart from this sub-paragraph).
- (4) Sums fall within this sub-paragraph if they are not relevant sums accruing to the individual in respect of the residence or residences.

#### Textual Amendments

**F26** Words in [Sch. 10 para. 2\(1\)](#) substituted (1.5.1995 with effect as mentioned in [s. 39\(4\)\(5\)](#) of the amending Act) by [1995 c. 4, s. 39](#), [Sch. 6 para. 38](#)

- 3 As regards a year of assessment a period is a basis period for a source mentioned in paragraph 2(1) above if it is a period on whose profits or gains income tax for the year falls to be finally computed in respect of the source.
- 4 A residence is a qualifying residence if it is the individual's only or main residence at any time in any period which as regards the year of assessment concerned is a basis period for a source mentioned in paragraph 2(1) above.
- 5 (1) This paragraph applies to determine an individual's limit for a year of assessment.
- (2) Subject to the following provisions of this paragraph, the limit is the basic amount for the year.
- (3) For the purposes of sub-paragraph (4) below a relevant period is—
- (a) any period which as regards the year is a basis period for a source mentioned in paragraph 2(1) above;
  - (b) any period of one year which begins at the same time as any period which is less than one year and falls within paragraph (a) above;
  - (c) any period of one year which ends at the same time as any period which is less than one year and falls within paragraph (a) above.
- (4) In a case where—
- (a) at any time in a relevant period sums accrue to a person or persons other than the individual in respect of the use of residential accommodation in the residence or any of the residences, or in respect of relevant goods or services supplied in connection with that use, and
  - (b) at that time the residence concerned is the individual's only or main residence,
- the limit is the amount equal to half the basic amount for the year.
- 6 The basic amount for a year of assessment is—
- (a) such sum as may be specified for the year by order made by the Treasury;
  - (b) £3,250 if no sum is so specified.

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

**C1** Sch. 10 para. 6: sum of £4,250 specified (17.12.1996 for year of assessment 1997-98 and each subsequent year of assessment) by S.I. 1996/2953, art. 2

- 7 “Residence” means a building, or part of a building, occupied or intended to be occupied as a separate residence, or a caravan or house-boat; but a building, or part of a building, which is designed for permanent use as a single residence shall be treated as a single residence notwithstanding that it is temporarily divided into two or more parts which are occupied or intended to be occupied as separate residences.
- 8 Relevant goods and services are meals, cleaning, laundry and goods and services of a similar nature.

*Exemption etc.*

- 9 (1) This paragraph applies if—
- (a) an individual is a qualifying individual for a year of assessment,
  - (b) the amount of the sums mentioned in paragraph 2(1) above does not exceed the individual’s limit for the year, and
  - (c) no election that this paragraph shall not apply to the individual for the year has effect under paragraph 10 below.
- (2) Where this paragraph applies the following shall be treated as nil for the purposes of the Tax Acts—
- (a) the profits or gains of any period which as regards the year is a basis period for a source mentioned in paragraph 2(1) above;
  - (b) the losses of any such period.
- (3) Where this paragraph applies no allowance or balancing charge shall be made for the year to or on the individual under section 24 of the <sup>M14</sup>Capital Allowances Act 1990 in respect of any machinery or plant provided for the purposes of any trade from which any of the sums mentioned in paragraph 2(1) above are derived.
- (4) In a case where—
- (a) apart from this sub-paragraph the preceding provisions of this paragraph would apply, and
  - (b) the amount of the sums mentioned in paragraph 2(1) above together with the amount of any relevant balancing charges would exceed the individual’s limit for the year,
- the preceding provisions of this paragraph shall not apply.
- (5) For the purposes of sub-paragraph (4) above a relevant balancing charge is a balancing charge which (apart from this paragraph) would be made for the year on the individual under section 24 of the <sup>M15</sup>Capital Allowances Act 1990 in respect of any machinery or plant provided for the purposes of any trade from which any of the sums mentioned in paragraph 2(1) above are derived.
- (6) In ascertaining the amount of sums for the purposes of this paragraph no deduction shall be made in respect of expenses or any other matter.

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#### Marginal Citations

**M14** 1990 c. 1.

**M15** 1990 c. 1.

- 10 (1) An individual may elect that paragraph 9 above shall not apply to him for a year of assessment, and (unless withdrawn) the election shall have effect accordingly.
- (2) An election under this paragraph shall have effect only for the year of assessment for which it is made.
- (3) An individual who has made an election under this paragraph for a year of assessment may give a notice to withdraw the election, and if he does so the election shall not have effect for that year.
- (4) An election, or notice of withdrawal, under this paragraph—
- (a) [F27] on or before—
- (i) the first anniversary of the 31st January next following the year of assessment concerned, or
- (ii) such later date as the Board may in any particular case allow, and]
- before the end of the period of one year beginning with the end of the year of assessment concerned or such longer period as the Board may in any particular case allow, and
- (b) must be made or given in writing to [F28] an officer of the Board].
- (5) In a case where—
- (a) an election is made, or a notice to withdraw an election is given, under this paragraph, and
- (b) in order to give effect to the election or its withdrawal it is necessary to make an adjustment by way of an assessment,
- the assessment shall not be out of time if it is made [F29] on or before the first anniversary of the 31st January next following the year of assessment in which] the election was made or (as the case may be) the notice to withdraw was given.

#### Textual Amendments

**F27** Words in *Sch. 10 para. 10(4)(a)* substituted (29.4.1996 with effect as mentioned in s. 135(2) of the substituting Act) by 1996 c. 8, s. 135(1), **Sch. 21 para. 47(2)(a)**

**F28** Words in *Sch. 10 para. 10(4)(b)* substituted (29.4.1996 with effect as mentioned in s. 135(2) of the substituting Act) by 1996 c. 8, s. 135(1), **Sch. 21 para. 47(2)(b)**

**F29** Words in *Sch. 10 para. 10(5)* substituted (29.4.1996 with effect as mentioned in s. 135(2) of the substituting Act) by 1996 c. 8, s. 135(1), **Sch. 21 para. 47(3)**

*Adjusted profits etc.*

- 11 (1) This paragraph applies if—
- (a) an individual is a qualifying individual for a year of assessment,
- (b) the amount of the sums mentioned in paragraph 2(1) above exceeds the individual's limit for the year, and

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- (c) an election that this paragraph shall apply to the individual for the year has effect under paragraph 12 below.
- (2) In a case where—
- (a) this paragraph applies, and
  - (b) the sums mentioned in paragraph 2(1) above are treated for income tax purposes as derived from a single source,
- the profits or gains of any period which as regards the year is a basis period for the source shall be treated for the purposes of the Tax Acts as equal to the amount found by deducting amount B from amount A.
- (3) For the purposes of sub-paragraph (2) above—
- (a) amount A is the amount of the sums mentioned in paragraph 2(1) above;
  - (b) amount B is the amount of the individual's limit for the year.
- (4) In a case where—
- (a) this paragraph applies, and
  - (b) the sums mentioned in paragraph 2(1) above are treated for income tax purposes as derived from two or more separate sources,
- the profits or gains of any period which as regards the year is a basis period for a separate source shall be treated for the purposes of the Tax Acts as equal to the amount found by deducting amount D from amount C.
- (5) For the purposes of sub-paragraph (4) above—
- (a) amount C is the amount of such of the sums mentioned in paragraph 2(1) above as are treated for income tax purposes as derived from the separate source, and
  - (b) amount D is the amount found by multiplying the amount of the individual's limit for the year by the appropriate fraction;
- and the appropriate fraction is the fraction whose numerator is equal to the number of pounds in amount C and whose denominator is equal to the number of pounds in the sums mentioned in paragraph 2(1) above.
- (6) Where this paragraph applies no allowance shall be made for the year to the individual under section 24 of the <sup>M16</sup>Capital Allowances Act 1990 in respect of any machinery or plant provided for the purposes of any trade from which any of the sums mentioned in paragraph 2(1) above are derived.
- (7) In ascertaining the amount of sums for the purposes of this paragraph no deduction shall be made in respect of expenses or any other matter.

**Marginal Citations**

M16 1990 c. 1.

- 12 (1) An individual may elect that paragraph 11 above shall apply to him for a year of assessment.
- (2) An election under this paragraph—
- (a) shall (unless withdrawn) have effect for the year of assessment for which it is made and for subsequent years of assessment,
  - (b) [F30] on or before—

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- (i) the first anniversary of the 31st January next following the year of assessment for which it is made, or
    - (ii) such later date as the Board may in any particular case allow, and]
  - before the end of the period of one year beginning with the end of the year of assessment for which it is made or such longer period as the Board may in any particular case allow, and
  - (c) must be made in writing to [<sup>F31</sup>an officer of the Board].
- (3) An individual who has made an election under this paragraph may give a notice to withdraw the election, and if he does so the election shall not have effect for the year of assessment for which the notice is given or any subsequent year.
- (4) A notice of withdrawal under this paragraph—
- (a) [<sup>F32</sup>on or before—
    - (i) the first anniversary of the 31st January next following the year of assessment for which it is given, or
    - (ii) such later date as the Board may in any particular case allow,]
  - before the end of the period of one year beginning with the end of the year of assessment for which it is given or such longer period as the Board may in any particular case allow,
  - (b) must be given in writing to [<sup>F33</sup>an officer of the Board], and
  - (c) shall not prejudice the making of a fresh election for any subsequent year of assessment.
- (5) Sub-paragraph (6) below applies where—
- (a) an individual is a qualifying individual for a year of assessment,
  - (b) the amount of the sums mentioned in paragraph 2(1) above does not exceed the individual's limit for the year, and
  - (c) an election under this paragraph has effect (apart from sub-paragraph (6) below) for the year.
- (6) In such a case—
- (a) the individual shall be deemed to have given notice to withdraw the election for the year of assessment concerned,
  - (b) the notice shall be deemed to have been given on the [<sup>F34</sup>first anniversary of the 31st January next following] the year of assessment concerned, and
  - (c) sub-paragraphs (3) and (4)(c) above and (7) below shall apply accordingly.
- (7) In a case where—
- (a) an election is made, or a notice to withdraw an election is given, under this paragraph, and
  - (b) in order to give effect to the election or its withdrawal it is necessary to make an adjustment by way of an assessment,
- the assessment shall not be out of time if it is made [<sup>F35</sup>on or before the first anniversary of the 31st January next following the year of assessment in which] the election was made or (as the case may be) the notice to withdraw was given.

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*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1992. (See end of Document for details)*

**Textual Amendments**

- F30** Words in [Sch. 10 para. 12\(2\)\(b\)](#) substituted (29.4.1996 with effect as mentioned in s. 135(2) of the substituting Act) by 1996 c. 8, s. 135(1), [Sch. 21 para. 47\(4\)\(a\)](#)
- F31** Words in [Sch. 10 para. 12\(2\)\(c\)](#) substituted (29.4.1996 with effect as mentioned in s. 135(2) of the substituting Act) by 1996 c. 8, s. 135(1), [Sch. 21 para. 47\(4\)\(b\)](#)
- F32** Words in [Sch. 10 para. 12\(4\)\(a\)](#) substituted (29.4.1996 with effect as mentioned in s. 135(2) of the substituting Act) by 1996 c. 8, s. 135(1), [Sch. 21 para. 47\(5\)\(a\)](#)
- F33** Words in [Sch. 10 para. 12\(4\)\(b\)](#) substituted (29.4.1996 with effect as mentioned in s. 135(2) of the substituting Act) by 1996 c. 8, s. 135(1), [Sch. 21 para. 47\(5\)\(b\)](#)
- F34** Words in [Sch. 10 para. 12\(6\)\(b\)](#) substituted (29.4.1996 with effect as mentioned in s. 135(2) of the substituting Act) by 1996 c. 8, s. 135(1), [Sch. 21 para. 47\(6\)](#)
- F35** Words in [Sch. 10 para. 12\(7\)](#) substituted (29.4.1996 with effect as mentioned in s. 135(2) of the substituting Act) by 1996 c. 8, s. 135(1), [Sch. 21 para. 47\(7\)](#)

*Application of Schedule*

- 13 This Schedule shall apply in relation to the year 1992-93 and subsequent years of assessment (whatever the basis period or periods for the source or sources mentioned in paragraph 2(1) above may be as regards the year of assessment concerned).

SCHEDULE 11

Section 63.

PAYING AND COLLECTING AGENTS ETC.

F36<sub>1</sub> .....

**Textual Amendments**

- F36** [Sch. 11 para. 1](#) repealed (29.4.1996 with effect in accordance with Sch. 7 of the repealing Act) by 1996 c. 8, s. 205, [Sch. 41 Pt. V\(2\)](#), Note

F37<sub>2</sub> .....

**Textual Amendments**

- F37** [Sch. 11 para. 2](#) repealed (29.4.1996 with effect in accordance with Sch. 7 of the repealing Act) by 1996 c. 8, s. 205, [Sch. 41 Pt. V\(2\)](#), Note

- 3 In section 86 of the <sup>M17</sup>Taxes Management Act 1970 (interest on overdue tax), paragraph 2 of the Table in subsection (4) (which relates to tax assessed under Part III of Schedule 3 to the Taxes Act 1988) shall be omitted.

**Marginal Citations**

- M17** 1970 c. 9.

*Status: Point in time view as at 28/07/2000.*

*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1992. (See end of Document for details)*

F38 4 .....

**Textual Amendments**

**F38** Sch. 11 para. 4 repealed (29.4.1996 with effect in accordance with Sch. 7 of the repealing Act) by 1996 c. 8, s. 205, Sch. Pt. V(2), Note

F39 5 .....

**Textual Amendments**

**F39** Sch. 11 para. 5 repealed (29.4.1996 with effect in accordance with Sch. 7 of the repealing Act) by 1996 c. 8, s. 205, Sch. 41 Pt. V(2), Note

6 This Schedule shall have effect in relation to transactions effected on or after 1st October 1992.

SCHEDULE 12

Section 66.

BANKS ETC. IN COMPULSORY LIQUIDATION

*Introductory*

- 1 (1) This Schedule applies where—
- (a) a company is being, or has been, wound up by the court in the United Kingdom,
  - (b) the company was, at any time in the period mentioned in sub-paragraph (2) below, lawfully carrying on a deposit-taking business within the meaning of the <sup>M18</sup>Banking Act 1987 (otherwise than by virtue of an exemption under section 4 of that Act),
  - (c) the trade of the company that included the deposit-taking business (referred to in this Schedule as “the relevant trade”) has been permanently discontinued, and
  - (d) the company is insolvent and either was so when the winding-up proceedings were commenced or became so at any time in the period of twelve months following the day on which they were commenced.
- (2) The period mentioned in sub-paragraph (1)(b) above is the period of twelve months ending with—
- (a) the day on which the winding-up proceedings were commenced, or
  - (b) the day on which the relevant trade was discontinued,
- whichever was the earlier.

**Marginal Citations**

**M18** 1987 c. 22.

*Status: Point in time view as at 28/07/2000.*

*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1992. (See end of Document for details)*

- 2 (1) Sub-paragraphs (2) to (5) below apply for the purposes of this Schedule.
- (2) “Company” means—
- (a) any company as defined in section 735 of the <sup>M19</sup>Companies Act 1985 or Article 3 of the <sup>M20</sup>Companies (Northern Ireland) Order 1986, or
  - (b) any unregistered company as defined in section 220 of the <sup>M21</sup>Insolvency Act 1986 or Article 184 of the <sup>M22</sup>Insolvency (Northern Ireland) Order 1989.
- (3) Winding-up proceedings shall be taken to have been commenced against a company at the time of the presentation of the petition for its winding up by the court.
- (4) A company’s ceasing to carry on a trade, or to be within the charge to corporation tax in respect of a trade, shall be treated as the permanent discontinuance of the trade, whether or not the trade is in fact discontinued.
- (5) A company shall be taken to be insolvent, or to have been insolvent at any time, if—
- (a) it is unable to pay its debts as they fall due, or was at that time unable to pay its debts as they fell due, or
  - (b) the value of the its assets is, or was at that time, less than the amount of its liabilities (taking into account its contingent and prospective liabilities).

**Marginal Citations**

**M19** 1985 c. 6.

**M20** S.I. 1986/1032 (N.I. 6).

**M21** 1986 c. 45.

**M22** S.I. 1989/2405 (N.I. 19).

*Taxation of certain receipts under Case VI of Schedule D*

- 3 (1) Tax shall be charged under Case VI of Schedule D in respect of any sums within sub-paragraph (2) below that are received by the company or its liquidator after—
- (a) the commencement of the winding-up proceedings, or
  - (b) the discontinuance of the relevant trade,
- whichever was the later.
- (2) Subject to sub-paragraph (3) below, any sum arising from the carrying on of the relevant trade is within this sub-paragraph, in so far as its value was not brought into account in computing the profits or gains of the trade for any period before the discontinuance.
- (3) The following are not within sub-paragraph (2) above—
- (a) any sum received on behalf of a person who is entitled to it to the exclusion of the company and its liquidator;
  - (b) any sum realised by the transfer of an asset required to be valued under section 100 of the Taxes Act 1988 (valuation of trading stock at discontinuance);
  - (c) any interest or dividend that, by reason of its having been subjected to tax under other provisions, would not have been taken into account under Case



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I of Schedule D in computing the [<sup>F40</sup>profits] of the relevant trade, had it continued.

- (4) Where tax is chargeable in respect of any sum by virtue of this paragraph, any other provision charging that sum to tax shall not apply.

#### Textual Amendments

**F40** Word in [Sch. 12 para. 3\(3\)\(c\)](#) substituted (31.7.1998) by 1998 c. 36, s. 46(3), [Sch. 7 para. 8](#)

#### *Relief from tax*

- 4 (1) In computing the tax that is chargeable by virtue of paragraph 3 above for any chargeable period, there shall be deducted from the amount that would otherwise be chargeable to tax the aggregate amount of all losses, expenses and debits within sub-paragraph (2) below incurred in that chargeable period or before it, in so far as relief (whether under this sub-paragraph, sub-paragraph (3) below or any other provision of the Tax Acts) has not been given in respect of them already.
- (2) Any loss, expense or debit (other than a loss, expense or debit arising directly or indirectly from the discontinuance itself) incurred—
- (a) after the later of the two events mentioned in paragraph 3(1) above, or
  - (b) in the case of a loss, at or before the discontinuance of the relevant trade,
- is within this sub-paragraph if it would have been deducted in computing for tax purposes the [<sup>F41</sup>profits] of the trade for any period, or deducted from or set off against those [<sup>F41</sup>profits] as so computed, had the trade continued.
- (3) If the aggregate amount exceeds the amount from which it is to be deducted under sub-paragraph (1) above, the company or its liquidator may make a claim requiring the excess to be deducted from or set off against the amount assessed to tax for the chargeable period in respect of any sums—
- (a) received after the later of the two events mentioned in paragraph 3(1) above, and
  - (b) excluded from paragraph 3(2) above by paragraph 3(3)(c) above,
- and relief, by repayment or otherwise, shall be given in respect of the excess accordingly.

#### Textual Amendments

**F41** Word in [Sch. 12 para. 4\(2\)](#) substituted (31.7.1998) by 1998 c. 36, s. 46(3), [Sch. 7 para. 8](#)

#### *Application of charge etc. where rights to payments transferred*

- 5 Where the right of the company or its liquidator to receive any sum which is within paragraph 3(2) above (or which would be, if the right to receive it were not transferred) is transferred for value, any tax chargeable by virtue of paragraph 3 above shall be charged in respect of the amount or value of the consideration (or, in the case of a transfer otherwise than at arm's length, in respect of the value of the

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right transferred as between parties at arm's length); and references in this Schedule to sums received shall be construed accordingly.

*Election for carry-back*

- 6 (1) Where any sum is—
- (a) chargeable to tax by virtue of paragraph 3 above, and
  - (b) received in any chargeable period beginning in the period of six years following the day on which the relevant trade was discontinued,
- the company or its liquidator may, by notice sent to the inspector within two years after that chargeable period, elect that the tax so chargeable shall be charged as if the sum in question were received on the day on which the trade was discontinued.
- (2) Where such an election has been made, an assessment shall (notwithstanding anything in the Tax Acts) be made accordingly.

*Commencement*

- 7 This Schedule shall have effect in relation to chargeable periods ending after 10th March 1992.

SCHEDULE 13

Section 70.

CAPITAL ALLOWANCES: ENTERPRISE ZONES

*Introduction*

- 1 Part I of the <sup>M23</sup>Capital Allowances Act 1990 (capital allowances for buildings and structures) shall be amended as follows.

**Marginal Citations**

**M23** 1990 c. 1.

*Buildings and structures purchased before use*

- 2 After section 10 (purchases of buildings and structures) there shall be inserted the following section—

**“10A Purchases of buildings and structures: special provision for enterprise zones.**

- (1) This section shall apply where—
- (a) expenditure is incurred on the construction of a building or structure (actual expenditure);

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- (b) some or all of that expenditure is incurred, or is incurred under a contract entered into, at a time when the site of the building or structure is in an enterprise zone, being a time not more than 10 years after the site was first included in the zone; and
  - (c) before the building or structure is used, the relevant interest in it is sold.
- (2) Where this section applies—
- (a) the actual expenditure shall be left out of account for the purposes of sections 1 to 8, but
  - (b) subject to subsection (8) below, the person who buys the relevant interest shall be deemed for those purposes to have incurred, on the date when the purchase price becomes payable, expenditure on the construction of the building or structure (deemed expenditure) equal to the actual expenditure or to the net price paid by him for that interest, whichever is the less.
- (3) The deemed expenditure shall be regarded as comprising an enterprise zone element and a non-enterprise zone element.
- (4) The enterprise zone element of the deemed expenditure shall be calculated in accordance with the formula—

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

- (5) In subsection (4) above—
- A is the deemed expenditure;
  - B is the expenditure falling within subsection (1)(b) above; and
  - C is the actual expenditure.
- (6) The non-enterprise zone element of the deemed expenditure shall be so much (if any) of the deemed expenditure as does not comprise the enterprise zone element.
- (7) Notwithstanding the provisions of subsection (2)(b) above—
- (a) the enterprise zone element of the deemed expenditure shall be treated for the purpose only of determining entitlement to allowances as incurred at a time when the site of the building or structure is in an enterprise zone, being a time not more than 10 years after the site was first included in the zone; and
  - (b) the non-enterprise zone element of the deemed expenditure shall be treated for that purpose as not incurred, and not incurred under a contract entered into, at such a time.
- (8) Where the relevant interest in the building or structure is sold more than once before the building or structure is used, subsection (2)(b) above shall have effect only in relation to the last of those sales.
- (9) Where the actual expenditure was incurred by a person carrying on a trade which consists, in whole or in part, in the construction of buildings or structures with a view to their sale and, before the building or structure is

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*Changes to legislation: There are currently no known outstanding effects  
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used, he sells the relevant interest in it in the course of that trade or, as the case may be, of that part of that trade, then—

- (a) if that sale is the only sale of the relevant interest before the building or structure is used, paragraph (b) of subsection (2) above shall have effect as if the words “the actual expenditure or to” and “whichever is the less” were omitted; and
- (b) in any other case, that paragraph shall have effect as if the reference to the actual expenditure were a reference to the price paid on that sale.

(10) This section shall have effect subject to section 17A.”

3 In section 1 (buildings and structures in enterprise zones) in subsection (10) the words from “and, except for that purpose” to the end of the subsection shall cease to have effect.

4 In section 6 (buildings and structures in enterprise zones) subsection (5) shall cease to have effect.

5 In section 10, at the beginning of subsection (1) there shall be inserted “ Subject to subsection (3A) below, ”.

6 After that subsection there shall be inserted the following subsection—

“(1A) Notwithstanding the provisions of paragraph (b) of subsection (1) above, in the case of a building or structure the site of which is or has been in an enterprise zone, any expenditure which a person is deemed to have incurred by virtue of that paragraph shall be treated for the purpose only of determining entitlement to allowances as not incurred, and not incurred under a contract entered into, at a time when the site of the building or structure is in an enterprise zone.”

7 After subsection (3) of that section there shall be inserted the following subsection—

“(3A) Subsections (1) to (3) above shall not apply in any case where section 10A applies.”

*Buildings and structures purchased within two years of use*

8 After section 10A there shall be inserted the following section—

**“10B Purchases of buildings and structures in enterprise zones within two years of use.**

(1) Without prejudice to section 10A, this section shall apply where—

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*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1992. (See end of Document for details)*

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- (a) expenditure is incurred on the construction of a building or structure (actual expenditure);
  - (b) some or all of that expenditure is incurred, or is incurred under a contract entered into, at a time when the site of the building or structure is in an enterprise zone, being a time not more than 10 years after the site was first included in the zone;
  - (c) whether or not there were any sales of the relevant interest in the building or structure before it was used, that interest is sold after the building or structure has been used but before the expiry of the period of two years beginning with the date on which the building or structure was first used; and
  - (d) that sale is the first such sale in that period.
- (2) Where this section applies—
- (a) any balancing allowance or charge which falls to be made on the occasion of the sale shall be so made;
  - (b) the residue of expenditure immediately after the sale (if any) shall be left out of account for the purposes of this Part;
  - (c) the person who buys the relevant interest (the purchaser) shall be deemed for the purposes of sections 1 to 8 to have incurred, on the date when the purchase price becomes payable, expenditure on the construction of the building or structure (deemed expenditure) of an amount determined in accordance with the following provisions of this section; and
  - (d) in relation to the deemed expenditure, the building or structure shall be treated for the purposes of sections 1 to 8 as not having been used before the date of the sale.
- (3) The deemed expenditure shall be regarded as comprising an enterprise zone element and a non-enterprise zone element and the amount of the deemed expenditure shall accordingly be the sum of the enterprise zone element and the non-enterprise zone element.
- (4) The enterprise zone element of the deemed expenditure shall be calculated in accordance with the formula—

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

- (5) In subsection (4) above—
- A is the actual expenditure or the net price paid by the purchaser for the relevant interest, whichever is the less;
  - B is the expenditure falling within subsection (1)(b) above; and
  - C is the actual expenditure.
- (6) The non-enterprise zone element of the deemed expenditure shall be calculated in accordance with the formula—

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

(7) In subsection (6) above—

A is the actual expenditure or the net price paid by the purchaser for the relevant interest, whichever is the less;

B is the expenditure falling within subsection (1)(b) above; and

C is the actual expenditure.

(8) Where the actual expenditure was incurred by a person carrying on a trade which consists, in whole or in part, in the construction of buildings or structures with a view to their sale and he sells the relevant interest in the building or structure in the course of that trade or, as the case may be, of that part of that trade, then—

(a) if that sale is the sale falling within subsection (1)(c) above—

(i) section 10(4) and (5) shall not apply; and

(ii) subsection (5) above shall have effect as if for the definition of A there were substituted—

(" A is the net price paid by the purchaser for the relevant interest;";

(b) if that sale is a sale which occurs before the sale falling within subsection (1)(c) above, subsections (5) and (7) above shall have effect as if the reference in the definition of A in each of those subsections to the actual expenditure were a reference to the price paid on that sale.

(9) Notwithstanding the provisions of subsection (2)(c) above—

(a) the enterprise zone element of the deemed expenditure shall be treated for the purpose only of determining entitlement to allowances as incurred at a time when the site of the building or structure is in an enterprise zone, being a time not more than 10 years after the site was first included in the zone; and

(b) the non-enterprise zone element of the deemed expenditure shall be treated for that purpose as not incurred, and not incurred under a contract entered into, at such a time.

(10) This section shall have effect subject to section 17A.”

9 At the beginning of section 10(4) there shall be inserted “ Subject to section 10B ”.

*Exclusion of expenditure*

10 After section 17 there shall be inserted the following section—

**“17A Enterprise zones: exclusion of expenditure.**

References in sections 1(1)(b), 6(1), 10A(1)(b) and 10B(1)(b) to expenditure incurred under a contract entered into at a time when the site of a building or structure is in an enterprise zone do not include any expenditure incurred

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under the contract if the expenditure is incurred more than 20 years after the site in question was first included in the enterprise zone.”

11 After section 1(10) there shall be inserted the following subsection—

“(11) This section shall have effect subject to section 17A.”

12 After section 6(4) there shall be inserted the following subsection—

“(4A) This section shall have effect subject to section 17A.”

#### *Miscellaneous*

13 In section 4(9) (balancing allowances and charges) in paragraph (a) of the definition of “the capital expenditure” after the words “section 10(1)” there shall be inserted “ 10A or 10B ”.

#### *Commencement*

14 Paragraphs 2 to 7 above shall have effect in any case where the purchase price payable on the sale of the relevant interest in a building or structure before it is used (or if there is more than one such sale before the building or structure is used, the purchase price payable on the last of those sales) becomes payable on or after 16th December 1991.

15 Paragraphs 8 and 9 above shall have effect in relation to buildings or structures first used on or after 16th December 1991.

16 Paragraph 10 above shall apply in relation to contracts whenever made.

17 Paragraph 13 above shall have effect in accordance with paragraphs 14 and 15 above.

### SCHEDULE 14

Section 73.

#### INHERITANCE TAX

##### *Business property*

1 In section 104 of the <sup>M24</sup>Inheritance Tax Act 1984 (relief for relevant business property)—

(a) in subsection (1)(a), for “50 per cent” there shall be substituted “ 100 per cent ”;

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- (b) in subsection (1)(b), for “30 per cent” there shall be substituted “ 50 per cent ”.

**Marginal Citations**

M24 1984 c. 51.

- 2 (1) Section 105 of that Act (relevant business property) shall be amended as follows.
- (2) In subsection (1)(b), after “which” there shall be inserted “ are unquoted and which ”.
- (3) In subsection (1), the following paragraph shall be inserted after paragraph (c)—  
 “(cc) shares in or securities of a company which are quoted and which (either by themselves or together with other such shares or securities owned by the transferor) gave the transferor control of the company immediately before the transfer;”.
- (4) The following subsection shall be inserted after subsection (1)—  
 “(1ZA) In subsection (1) above “quoted”, in relation to any shares or securities, means quoted on a recognised stock exchange and “unquoted”, in relation to any shares or securities, means not so quoted.”
- (5) In subsection (2) after “subsection (1)(b)” there shall be inserted “ or (cc) ”.
- 3 In section 113A of that Act (transfers of relevant business property within seven years before death of transferor) the following subsection shall be inserted after subsection (3A)—  
 “(3B) In subsection (3A) above “quoted”, in relation to any shares or securities, means quoted on a recognised stock exchange and “unquoted”, in relation to any shares or securities, means not so quoted.”

*Agricultural property*

- 4 In section 116 of that Act (relief for agricultural property) in subsections (2) and (4)—  
 (a) for “50 per cent” (in each place) there shall be substituted “ 100 per cent ”;  
 (b) for “30 per cent” (in each place) there shall be substituted “ 50 per cent ”.

*Payment by instalments*

- 5 In section 227 of that Act (payment by instalments - land, shares and businesses) the following subsection shall be inserted after subsection (1A)—  
 “(1AA) In subsection (1A) above “unquoted”, in relation to any shares or securities, means not quoted on a recognised stock exchange.”
- 6 In section 228 of that Act (shares or securities within section 227) the following subsection shall be added at the end—  
 “(5) In this section “unquoted”, in relation to any shares or securities, means not quoted on a recognised stock exchange.”



*Status: Point in time view as at 28/07/2000.*

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### *Gifts with reservation*

- 7 In Schedule 20 to the <sup>M25</sup>Finance Act 1986 (gifts with reservation) in paragraph 8(1A)(a) (which refers to shares and securities qualifying for 50 per cent. business property relief) for the words from “within paragraph (b)” to “relief)” there shall be substituted “ within paragraph (b), (bb) or (cc) of section 105(1) of the 1984 Act (certain shares or securities qualifying for relief) ”.

#### **Marginal Citations**

**M25** 1986 c. 41.

### *Commencement*

- 8 Subject to paragraph 9 below, the amendments made by this Schedule shall have effect in relation to transfers of value made, and other events occurring, on or after 10th March 1992.
- 9 (1) This paragraph applies where by reason of a death occurring on or after 10th March 1992—
- (a) a potentially exempt transfer made before that date proves to be a chargeable transfer, or
  - (b) additional tax falls to be calculated in respect of a chargeable transfer (other than a potentially exempt transfer) made before that date and within seven years of the death.
- (2) Subject to sub-paragraph (3) below, for the purposes of sections 113A and 113B of the <sup>M26</sup>Inheritance Tax Act 1984, it shall be assumed—
- (a) that the amendments made by this Schedule came into effect at the time the transfer was made, and
  - (b) (in a case within sub-paragraph (1)(b) above) that so much of the value transferred as would have been reduced in accordance with Chapter I of Part V of that Act as amended by this Schedule was so reduced.
- (3) Where, disregarding the amendments made by this Schedule, any shares or securities transferred fell within section 105(1)(b) of that Act in relation to the transfer, those amendments shall be disregarded in determining whether section 113A(3A) applies to the shares or securities.
- (4) This paragraph shall be construed as if it were contained in Chapter I of Part V of that Act.

#### **Marginal Citations**

**M26** 1984 c. 51.

*Status: Point in time view as at 28/07/2000.*

*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1992. (See end of Document for details)*

SCHEDULE 15

Section 74.

AMENDMENTS RELATING TO OIL EXPORTED DIRECTLY FROM OFF-SHORE FIELDS

<sup>M27</sup>*THE OIL TAXATION ACT 1975*

**Marginal Citations**

**M27** 1975 c. 22.

- 1 In section 2 (assessable profits and allowable losses), in subsection (5A) (gas exported from a place on land in the United Kingdom) for the words from “required”, in the second place where it occurs, to the end of the subsection there shall be substituted “did not require the seller to meet any such costs as are mentioned above but did require the gas to be delivered—
- (i) in the case of gas extracted in the United Kingdom, at the place of extraction; or
  - (ii) in the case of gas extracted from strata in the sea bed and subsoil of the territorial sea of the United Kingdom or of a designated area, at the place in the United Kingdom at which the seller 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 (1) In section 3 (allowance of expenditure), in subsection (1), in paragraph (f) (transportation costs)—
- (a) after the words “transporting it” there shall be inserted “ (i) ”; and
  - (b) for the words “or to the place in the United Kingdom” there shall be substituted “or
    - (ii) to the place in the United Kingdom or, in the case of oil first landed in another country, to the place in that or any other country (other than the United Kingdom)”.
- (2) In subsection (4) of that section, in paragraph (c) (allowable expenditure does not include cost of acquiring buildings or structures, subject to exceptions)—
- (a) in sub-paragraph (i) the words “of either the territorial sea of the United Kingdom or a designated area” shall be omitted; and
  - (b) in sub-paragraph (iv) for the words “in the United Kingdom to the place in the United Kingdom” there shall be substituted “ to the place in the United Kingdom or, in the case of oil first landed in another country, to the place in that or any other country (other than the United Kingdom) ”.
- (3) In subsection (5) of that section (expenditure qualifying for supplement), in each of paragraphs (a) and (c) after the words “United Kingdom” there shall be inserted the words “ or another country ”.
- (4) At the end of subsection (6) of that section (apportionment of expenditure) there shall be added the words “and where, in the case of oil won as mentioned in paragraph (f) of subsection (1) above, expenditure is incurred in transporting—

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- (a) oil first landed in the United Kingdom to a place in the United Kingdom which is not the nearest place referred to in sub-paragraph (ii) of that paragraph, or
- (b) oil first landed in another country to a place in that or any other country (other than the United Kingdom) which is not the nearest place so referred to,

so much of that expenditure as does not exceed what would have been the expenditure incurred in transporting it to that nearest place shall be regarded as falling within the said paragraph (f). ”

3 In section 12(1) (definitions),—

- (a) in the definitions of “initial storage” and “initial treatment” the words “in the United Kingdom, the territorial sea thereof or a designated area” shall be omitted;
- (b) in the definition of “initial storage” after the words “United Kingdom”, in the second place where they occur, there shall be inserted “ or another country ”;
- (c) in the definition of “land”, after the words “United Kingdom” there shall be inserted “ or another country ”; and
- (d) in the definition of “production purposes” after the words “United Kingdom”, in the last place where they occur, there shall be inserted “ or another country ”.

4 (1) In Schedule 3, in paragraph 2 (market value of oil), in sub-paragraph (2)(e)(ii) after the words “United Kingdom”, in the second place where they occur, there shall be inserted the words “ or another country ”.

(2) In paragraph 7 of that Schedule (exclusion of off-shore oil in transit to place of first landing in United Kingdom)—

- (a) in the heading the words “in United Kingdom” shall be omitted; and
- (b) in sub-paragraph (a) after the words “United Kingdom” there shall be inserted “ or to the place referred to in section 3(1)(f)(ii) of this Act ”.

#### *M28 THE FINANCE ACT 1982*

##### **Marginal Citations**

**M28** 1982 c. 39.

5 In Schedule 18 (alternative valuation of light gases), in paragraph 3, in sub-paragraph (2) (the terms of the relevant contract), in paragraph (a) after the words “United Kingdom” there shall be inserted the words “ or another country ”.

#### *M29 THE OIL TAXATION ACT 1983*

##### **Marginal Citations**

**M29** 1983 c. 56.

*Status: Point in time view as at 28/07/2000.*

*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1992. (See end of Document for details)*

- 6 In Schedule 1 (extension of allowable expenditure for assets generating receipts), in paragraph 1 (associated assets), in sub-paragraph (4) paragraph (c) and the word “and” immediately preceding it shall be omitted.
- 7 In Schedule 2 to that Act (supplemental provisions as to receipts from qualifying assets), in paragraph 12 (purchase at place of extraction), in sub-paragraph (3) for paragraphs (a) and (b) there shall be substituted “before it has been transported—  
 (a) to the place at which it is first landed in the United Kingdom; or  
 (b) to the place referred to in section 3(1)(f)(ii) of the principal Act”.
- 8 In Schedule 4 to that Act (receipts attributable to United Kingdom use of foreign field assets), in paragraph 11 there shall be omitted—  
 (a) in sub-paragraph (3) the words “and on the further assumption set out in sub-paragraph (4) below”; and  
 (b) sub-paragraph (4).

*M30 THE FINANCE ACT 1986*

**Marginal Citations**

**M30** 1986 c. 41.

- 9 In Schedule 21 (alternative valuation of light gases), in paragraph 5(1) after the words “(definition of “the relevant contract”)” there shall be inserted “ in sub-paragraph (1) ”.

SCHEDULE 16

Section 76.

GENERAL AND SPECIAL COMMISSIONERS

- 1 The <sup>M31</sup>Taxes Management Act 1970 shall be amended in accordance with paragraphs 2 to 5 below.

**Marginal Citations**

**M31** 1970 c. 9.

*Remuneration of General Commissioners etc.*

- 2 (1) In section 2 (General Commissioners), the following subsection shall be substituted for subsection (5)—  
 “(5) The Lord Chancellor or, in Scotland, the Secretary of State shall pay General Commissioners by way of travelling allowance or subsistence allowance sums of such amounts and in such circumstances as he may, with the approval of the Treasury, determine.”
- (2) Section 3 (clerk to General Commissioners) shall be amended as mentioned in sub-paragraphs (3) and (4) below.
- (3) The following subsection shall be substituted for subsection (2)—

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“(2) The Lord Chancellor or, in Scotland, the Secretary of State shall pay a clerk such remuneration in respect of his services as the Lord Chancellor or Secretary of State may, with the approval of the Treasury, determine.”

(4) In subsection (3)—

- (a) for “The Board may, in such cases as they may in their discretion determine” there shall be substituted “The Lord Chancellor or, in Scotland, the Secretary of State may, in such cases as he may in his discretion determine”,
- (b) for “they may with the consent of the Minister for the Civil Service determine” there shall be substituted “he may, with the approval of the Treasury, determine”, and
- (c) for “the Board are satisfied” there shall be substituted “the Lord Chancellor or Secretary of State is satisfied”.

(5) This paragraph shall come into force on 1st April 1994.

### *Jurisdiction*

3 The following section shall be inserted after section 46—

#### **“46A Regulations about jurisdiction.**

- (1) The Lord Chancellor may, with the consent of the Lord Advocate, make regulations—
  - (a) providing for appeals or other proceedings under the Taxes Acts to be determined in certain circumstances by the Special Commissioners instead of the General Commissioners or by the General Commissioners instead of the Special Commissioners;
  - (b) providing for appeals or other proceedings under the Taxes Acts that would otherwise be determined by the General Commissioners for one division to be determined in certain circumstances by the General Commissioners for another division;
  - (c) as to the number of General Commissioners or Special Commissioners required or permitted to hear, or perform other functions in relation to, appeals or other proceedings under the Taxes Acts.
- (2) The regulations may—
  - (a) make different provision for different cases or different circumstances, and
  - (b) contain such supplementary, incidental, consequential and transitional provision as the Lord Chancellor thinks appropriate.
- (3) Provision made by virtue of subsection (1) or (2) above may include provision amending this or any other Act or any instrument made under an Act.
- (4) Regulations under this section shall be made by statutory instrument subject to annulment in pursuance of a resolution of either House of Parliament.”

*Status: Point in time view as at 28/07/2000.*

*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1992. (See end of Document for details)*

*Practice and procedure*

4 The following sections shall be inserted after section 56A—

**“56B Regulations about practice and procedure.**

- (1) The Lord Chancellor may, with the consent of the Lord Advocate, make regulations about the practice and procedure to be followed in connection with appeals.
- (2) The regulations may in particular include provision—
  - (a) enabling the Commissioners to join as a party to an appeal a person who would not otherwise be a party;
  - (b) for requiring any party to an appeal to provide information and make documents available for inspection by the Commissioners or by officers of the Board;
  - (c) for requiring persons to attend the hearing of an appeal to give evidence and produce documents;
  - (d) as to evidence generally in relation to appeals;
  - (e) enabling the Commissioners to review their decisions;
  - (f) for the imposition of penalties not exceeding an amount specified in the regulations;
  - (g) for the determination and recovery of penalties (imposed by virtue of paragraph (f) above or any other enactment) and for appeals against penalties.
- (3) The regulations may also include provision—
  - (a) authorising or requiring the Commissioners, in circumstances prescribed in the regulations, to state a case for the opinion of a court;
  - (b) for an appeal to lie to a court on a question of law arising from a decision of the Commissioners;
  - (c) as to the practice and procedure to be followed in connection with cases so stated or such appeals.
- (4) The regulations may—
  - (a) make different provision for different cases or different circumstances, and
  - (b) contain such supplementary, incidental, consequential and transitional provision as the Lord Chancellor thinks appropriate.
- (5) Provision made by virtue of any of subsections (1) to (4) above may include provision amending this or any other Act or any instrument made under an Act.
- (6) Regulations under this section shall be made by statutory instrument subject to annulment in pursuance of a resolution of either House of Parliament.

**56C Power of Special Commissioners to order costs.**

- (1) Regulations made under section 56B above may include provision for—
  - (a) the award by the Special Commissioners of the costs of, or incidental to, appeal hearings before them,
  - (b) the recovery of costs so awarded, and

*Status: Point in time view as at 28/07/2000.*

*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1992. (See end of Document for details)*

(c) appeals against such awards.

(2) Any provision made by virtue of subsection (1)(a) above shall provide that the Special Commissioners shall not award costs against a party to an appeal unless they consider that he has acted wholly unreasonably in connection with the hearing in question.

#### **56D Power of Special Commissioners to publish reports of decisions.**

(1) Regulations made under section 56B above may include provision for the Special Commissioners to publish reports of such of their decisions as they consider appropriate.

(2) Any provision made by virtue of subsection (1) above shall provide that any report published, other than a report of an appeal that was heard in public, shall be in a form that so far as possible prevents the identification of any person whose affairs are dealt with in the report.

(3) No obligation of secrecy to which the Special Commissioners are subject (by virtue of this Act or otherwise) shall prevent their publishing reports of their decisions in accordance with any provision made by virtue of subsection (1) above.”

5 Section 57B (which is superseded by the sections inserted by paragraph 4 above) shall be omitted.

#### *Oil taxation appeals*

6 (1) In Schedule 2 to the <sup>M32</sup>Oil Taxation Act 1975 (management and collection of petroleum revenue tax) the Table in paragraph 1(1) shall be amended as follows.

(2) After the entry relating to section 36 of the <sup>M33</sup>Taxes Management Act 1970 there shall be inserted—

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“Section 46A	In subsection (1), omit paragraphs (a) and (b) and the words “General Commissioners or” in paragraph (c).”
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(3) After the entry relating to section 56 of the <sup>M34</sup>Taxes Management Act 1970 there shall be inserted—

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“Section 56A

56B

56C

56D”.

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#### **Marginal Citations**

**M32** 1975 c. 22.

**M33** 1970 c. 9.

**M34** 1970 c. 9.

*Status: Point in time view as at 28/07/2000.*

*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1992. (See end of Document for details)*

- 7 The <sup>M35</sup>Revenue Appeals Order 1987 shall have effect (subject to its revocation or amendment) as if any reference to section 56 of the <sup>M36</sup>Taxes Management Act 1970 included a reference to that section as applied by paragraph 1 of Schedule 2 to the Oil Taxation Act 1975.

**Marginal Citations**

**M35** S.I. 1987/1422.

**M36** 1970 c. 9.

*Inheritance tax appeals*

- 8 The following section shall be inserted in the <sup>M37</sup>Inheritance Tax Act 1984 after section 225—

**“225A Extension of regulation-making powers.**

- (1) Section 46A of the Taxes Management Act 1970 (regulations about jurisdiction of General and Special Commissioners) shall apply in relation to appeals or other proceedings under this Part of this Act as it applies in relation to appeals or other proceedings under the Taxes Acts, but with the omission from subsection (1) of—
- (a) paragraphs (a) and (b), and
  - (b) the words “General Commissioners or” in paragraph (c).
- (2) Sections 56B, 56C and 56D of the Taxes Management Act 1970 (regulations about practice and procedure of General and Special Commissioners) shall apply in relation to appeals or other proceedings under this Part of this Act as they apply in relation to appeals or other proceedings under the Taxes Acts.
- (3) In this section, “the Taxes Acts” has the meaning given in section 118(1) of the Taxes Management Act 1970.”

**Marginal Citations**

**M37** 1984 c. 51.

SCHEDULE 17

Section 77.

NORTHERN IRELAND ELECTRICITY

*Interpretation*

- 1 (1) In this Schedule—
- “the final accounting period” means the last complete accounting period of NIE ending before the transfer date;
- “NIE” means Northern Ireland Electricity;
- “the Order” means the <sup>M38</sup>Electricity (Northern Ireland) Order 1992;



*Status: Point in time view as at 28/07/2000.*

*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1992. (See end of Document for details)*

“successor company” means a company nominated under Article 69(2) of the Order for the purposes of Article 69(1) of the Order;

“transfer date” means the day appointed under Article 69(3) of the Order for the purposes of Article 69(4) of the Order;

“transfer scheme” means a scheme under Article 69(1) of the Order.

- (2) This Schedule, so far as it relates to corporation tax on chargeable gains, shall be construed as one with the <sup>M39</sup>Capital Gains Tax Act 1979 or, where appropriate, the <sup>M40</sup>Taxation of Chargeable Gains Act 1992.
- (3) For the purposes of this Schedule a transfer or agreement shall be regarded as made in pursuance of Schedule 10 to the Order if the making of that transfer or agreement is required or authorised by or under paragraph 3 or 5 of that Schedule (allocation of assets and liabilities and variation of transfers by agreement).

#### **Marginal Citations**

**M38** [S.I. 1992/231 \(N.I. 1\)](#)

**M39** [1979 c. 14.](#)

**M40** [1992 c. 12.](#)

#### *Transfer to successor companies: general*

- 2 (1) Subject to sub-paragraph (2) below, the following provisions shall apply for the purposes of the Corporation Tax Acts, namely-
  - (a) any part of the trade carried on by NIE which is transferred by the Order to a successor company shall be treated as having been, at the time when it began to be carried on by NIE or any predecessor and at all times since that time, a separate trade carried on by the successor company;
  - (b) the trade carried on by a successor 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 NIE which are transferred by the Order to a successor company shall be treated as having been, at the time when they became vested in NIE or any predecessor and at all times since that time, property, rights and liabilities of the successor company; and
  - (d) anything done by NIE or any predecessor in relation to any property, rights and liabilities which are transferred by the Order to a successor company shall be deemed to have been done by the successor company.
- (2) There shall be made such apportionments of unallowed tax losses, and of expenditure by reference to which capital allowances may be made, as may be specified in the transfer scheme.
- (3) In sub-paragraph (2) above “unallowed tax losses” means any losses, allowances or amounts which, as at the end of the final accounting period, are tax losses within the meaning given by section 400(2)(a), (c) or (d) of the Taxes Act 1988.
- (4) This paragraph shall have effect in relation to accounting periods beginning after the final accounting period.

*Status: Point in time view as at 28/07/2000.*

*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1992. (See end of Document for details)*

### *Roll-over relief*

- 3 Where NIE has before the transfer date disposed of (or of its interest in) any assets used, throughout the period of ownership, wholly or partly for the purposes of the part of its trade transferred by the Order to a successor company, sections 115 to 119 of the <sup>M41</sup>Capital Gains Tax Act 1979 or, where appropriate, sections 152 to 156 of the <sup>M42</sup>Taxation of Chargeable Gains Act 1992 (roll-over relief on replacement of business assets) shall have effect in relation to that disposal as if NIE and the successor company were the same person.

#### **Marginal Citations**

**M41** 1979 c. 14.

**M42** 1992 c. 12.

### *Unallowed capital losses*

- 4 (1) Any unallowed capital losses of NIE shall be apportioned between the successor companies in accordance with the transfer scheme; and any such losses which are so apportioned to a successor company shall be treated as allowable capital losses accruing to the successor company on the disposal of an asset on the transfer date.
- (2) In sub-paragraph (1) above—
- “allowable capital losses” means losses which are allowable losses for the purposes of corporation tax on chargeable gains;
- “unallowed capital losses” means any allowable capital losses which have accrued to NIE before the transfer date, in so far as they have not been allowed as deductions from chargeable gains.

### *Arrangements in favour of other successor companies*

- 5 (1) Sub-paragraph (3) below applies to any disposal of an asset which is effected, and sub-paragraphs (4) to (6) below apply to any lease which is granted, in pursuance of a provision included in the transfer scheme by virtue of Article 70(1)(c) of the Order (scheme may require successor company to enter into arrangements in favour of any other successor company).
- (2) Sub-paragraph (3) below also applies to any disposal of an asset which is effected in pursuance of an agreement under paragraph 3(2) of Schedule 10 to the Order and which is either the grant of a lease of land or the creation of other liabilities and rights over land.
- (3) A disposal to which this sub-paragraph applies shall be taken for the purposes of corporation tax on chargeable gains to be effected for a consideration of such amount as would secure that on the disposal neither a gain nor a loss would accrue to the successor company making the disposal.
- (4) Section 38(1)(a) and (4) of the Taxes Act 1988 (rules for ascertaining duration of leases) shall be disregarded in determining for the purposes of section 11 of the <sup>M43</sup>Capital Allowances Act 1990 (long leases) whether a lease to which this sub-paragraph applies is a long lease within the meaning of that section; in relation to any such lease which is, on that basis, such a long lease—

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*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1992. (See end of Document for details)*

- (a) the lessee shall be deemed for the purposes of that section to have paid in consideration for the grant of the lease a capital sum of an amount equal to the residue of expenditure immediately before the lease takes effect, computed in accordance with section 8 of that Act, and
- (b) section 11(6)(a) of that Act shall be disregarded;
- and sections 157 and 158 of that Act shall not apply in relation to the grant of a lease in respect of which, by virtue of this sub-paragraph, an election is made under section 11 of that Act.
- (5) Where the conditions in paragraphs (a) and (b) of subsection (1) of section 55 of the <sup>M44</sup>Capital Allowances Act 1990 (expenditure incurred by incoming lessee: transfer of allowances) are fulfilled in relation to a lease to which this sub-paragraph applies—
- (a) the lessee shall be deemed to have given as consideration for the lease a capital sum which falls to be treated for the purposes of Part II of that Act as expenditure on the provision of the fixture concerned;
- (b) the amount of that capital sum shall be equal to the amount of expenditure which is attributed to the fixture concerned for the purposes of apportioning, in accordance with the transfer scheme, expenditure by reference to which capital allowances may be made; and
- (c) subsection (4)(a) of that section shall be disregarded.
- (6) Section 38(1)(a) and (4) of the Taxes Act 1988 shall be disregarded in ascertaining for the purposes of section 35 of that Act (Schedule D charge on assignment of lease granted at an undervalue) the duration of a lease to which this sub-paragraph applies.
- (7) Subject to the repeals made by the <sup>M45</sup>Taxation of Chargeable Gains Act 1992, in section 68(7A) of the <sup>M46</sup>Finance Act 1985 (modification of indexation allowance: list of no gain/no loss provisions) there shall be added after paragraph (i) the words “and
- (j) paragraph 5(3) of Schedule 17 to the Finance (No. 2) Act 1992.”
- (8) Subject to the repeals made by the <sup>M47</sup>Taxation of Chargeable Gains Act 1992, in paragraph 1(3) of Schedule 8 to the Finance Act 1988 (rebasing to 1982: list of no gain/no loss provisions) there shall be added after paragraph (i) the words “and
- (j) paragraph 5(3) of Schedule 17 to the Finance (No. 2) Act 1992.”
- (9) Section 35(3)(d) of the Taxation of Chargeable Gains Act 1992 (assets held on 31st March 1982: list of no gain/no loss provisions) shall have effect, and be deemed always to have had effect, with the omission of the word “and” at the end of sub-paragraph (vi) and the addition after sub-paragraph (vii) of the words “and
- (viii) paragraph 5(3) of Schedule 17 to the Finance (No. 2) Act 1992.”

#### **Marginal Citations**

- M43** 1990 c. 1.  
**M44** 1990 c. 1.  
**M45** 1992 c. 12.  
**M46** 1985 c. 54.  
**M47** 1992 c. 12.

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*Status: Point in time view as at 28/07/2000.*

*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1992. (See end of Document for details)*

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*Restriction of losses by reference to capital allowances*

- 6 (1) Where by virtue of sub-paragraph (4) of paragraph 5 above an election is made under section 11 of the <sup>M48</sup>Capital Allowances Act 1990 in respect of a lease to which that sub-paragraph applies, sub-paragraph (2) and, if the relevant condition is met, sub-paragraph (3) below shall apply; and for the purposes of this sub-paragraph the relevant condition is that, as a result of a disposal by the lessee in relevant circumstances, section 275(1) of the <sup>M49</sup>Income and Corporation Taxes Act 1970 or section 174(1) of the <sup>M50</sup>Taxation of Chargeable Gains Act 1992 applies in relation to a subsequent disposal.
- (2) Where this sub-paragraph applies, section 34 of the <sup>M51</sup>Capital Gains Tax Act 1979 or, as the case may be, section 41 of the Taxation of Chargeable Gains Act 1992 (restriction of losses by reference to capital allowances etc.) shall apply in relation to any disposal by the lessee as if any capital allowance made to—
- (a) NIE or any predecessor, or
  - (b) the lessor,
- in respect of expenditure incurred on the construction of the building or structure comprised in the lease had been made to the lessee.
- (3) Where this sub-paragraph applies, section 275(1) of the Income and Corporation Taxes Act 1970 or, as the case may be, section 174(1) of the Taxation of Chargeable Gains Act 1992 shall apply as if the reference to capital allowances made to the person from which the asset was acquired included capital allowances made to—
- (a) NIE or any predecessor, or
  - (b) the lessor,
- in respect of expenditure incurred on the construction of the building or structure comprised in the lease but only so far as not taken into account in relation to any previous disposal.
- (4) Where by virtue of sub-paragraph (5) of paragraph 5 above an election is made under section 55 of the Capital Allowances Act 1990 in respect of a lease to which that sub-paragraph applies, sub-paragraph (5) and, if the relevant condition is met, sub-paragraph (6) below shall apply; and the relevant condition for the purposes of this sub-paragraph is the same as the relevant condition for the purposes of sub-paragraph (1) above.
- (5) Where this sub-paragraph applies, section 34 of the Capital Gains Tax Act 1979 or, as the case may be, section 41 of the Taxation of Chargeable Gains Act 1992 shall apply in relation to any disposal by the lessee as if any capital allowance made to—
- (a) NIE or any predecessor, or
  - (b) the lessor,
- in respect of expenditure incurred on the provision of the fixture comprised in the lease had been made to the lessee.
- (6) Where this sub-paragraph applies, section 275(1) of the Income and Corporation Taxes Act 1970 or, as the case may be, section 174(1) of the Taxation of Chargeable Gains Act 1992 shall apply as if the reference to capital allowances made to the person from which the asset was acquired included capital allowances made to—
- (a) NIE or any predecessor, or
  - (b) the lessor,

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in respect of expenditure incurred on the provision of the fixture comprised in the lease but only so far as not taken into account in relation to any previous disposal.

**Marginal Citations**

- M48** 1990 c. 1.
- M49** 1970 c. 10.
- M50** 1992 c. 12.
- M51** 1979 c. 14.

*Transfers between successor companies*

- 7 Where any property, rights and liabilities transferred by the Order to a successor company (the first company) are, in pursuance of Schedule 10 to the Order, transferred to another successor company (the second company)-
- (a) the preceding provisions of this Schedule shall have effect as if the transfer effected by the Order had been a transfer to the second company; and
  - (b) anything which, in relation to the property, rights and liabilities transferred in pursuance of that Schedule, was done by the first company for the purposes of its trade shall be deemed to have been done by the second company for the purposes of its trade.

*Apportionments etc.*

- 8 (1) This paragraph applies where any apportionment or other matter arising under the preceding provisions of this Schedule appears to be material as respects the liability to tax (for whatever period) of two or more successor companies.
- (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 the successor companies concerned—
- (a) in a case where the same body of General Commissioners have jurisdiction with respect to the companies concerned, by those Commissioners, unless the companies agree that it shall be determined by the Special Commissioners;
  - (b) in a case where different bodies of General Commissioners have jurisdiction with respect to the companies concerned, by such of those bodies as the Board may direct, unless the companies 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 the successor companies concerned shall be entitled to appear and be heard by the Commissioners or to make representations to them in writing.

*Securities of successor companies*

- 9 (1) Any share issued by a successor company in pursuance of Article 73 of the Order (initial government holding in successor companies) shall be treated for the purposes of the Corporation Tax Acts as if it had been issued wholly in consideration of a

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*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1992. (See end of Document for details)*

subscription paid to the company of an amount equal to the nominal value of the share.

- (2) Any debenture issued by a successor company in pursuance of Article 73 of the Order 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 the 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 the company.
- (3) If any such debenture includes provision for the payment of a sum expressed as interest in respect of a period which falls wholly or partly before the issue of the debenture, any payment made in pursuance of that provision in respect of that period shall be treated for the purposes of the Corporation Tax Acts as if the debenture had been issued at the commencement of that period and, accordingly, as interest on the principal sum payable under the debenture.

*Stamp duty reserve tax*

- 10 (1) No agreement made for the purposes of or for purposes connected with the transfer scheme shall give rise to a charge to stamp duty reserve tax.
- (2) No agreement which is made in pursuance of Schedule 10 to the Order shall give rise to a charge to stamp duty reserve tax.
- (3) This paragraph shall be deemed to have come into force on 1st April 1992.

SCHEDULE 18

Section 82.

REPEALS

PART I

EXCISE DUTIES: GENERAL

**Commencement Information**

**I118** [Sch. 18 Pt. I](#) partly in force; [Sch. 18 Pt. I](#) not in force at Royal Assent see. [s. 82](#) and notes 1-6 below.

Chapter	Short title	Extent of repeal
1979 c. 2.	The Customs and Excise Management Act 1979.	Section 100H(1)(f).  In section 117— (a) the word “relevant”, in the first place where it occurs in subsection (1) and where it occurs in subsections (2)(a) and (5);and

*Status: Point in time view as at 28/07/2000.*

*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1992. (See end of Document for details)*

1979 c. 4.	The Alcoholic Liquor Duties Act 1979.	(b) the definition of “relevant excise duty” in subsection (8). Section 41A(7)(d). Section 52.
1981 c. 35.	The Finance Act 1981.	In Schedule 8, in paragraph 2(d), sub-paragraph (ii) and the word “and” immediately preceding that sub-paragraph.
1986 c. 41.	The Finance Act 1986.	In Schedule 3, paragraphs 2 and 6.
1991 c. 31.	The Finance Act 1991.	In Schedule 2, paragraph 17.

- 1 The repeal of section 100H(1)(f) of the Customs and Excise Management Act 1979 comes into force with paragraph 6 of Schedule 1 to this Act and is subject to sub-paragraph (2) of that paragraph.

**Commencement Information**

**I119** Sch. 1 para. 6(1)(a) of this Act wholly in force at 1.12.1992 by virtue of S.I. 1992/2979, art. 4, Sch. Pt. II.

- 2 The repeals in section 117 of the Customs and Excise Management Act 1979 come into force with paragraph 5 of Schedule 2 to this Act.

**Commencement Information**

**I120** Sch. 2 para. 5 of this Act wholly in force at 9.12.1992 by S.I. 1992/3104, art. 2(1).

- 3 The repeal of section 41A(7)(d) of the Alcoholic Liquor Duties Act 1979 comes into force with paragraph 10 of Schedule 1 to this Act and is subject to sub-paragraph (2) of that paragraph.
- 4 The repeals of section 52 of the Alcoholic Liquor Duties Act 1979 and of paragraph 17 of Schedule 2 to the Finance Act 1991 come into force with so much of paragraph 8 of Schedule 2 to this Act as inserts a new section 170B in the Customs and Excise Management Act 1979.
- 5 The repeal in Schedule 8 to the Finance Act 1981 comes into force with paragraph 2(6) of Schedule 2 to this Act.

**Commencement Information**

**I121** Sch. 2 para. 2(6) of this Act wholly in force at 9.12.1992 by S.I. 1992/3104, art. 2(1).

- 6 The repeals of paragraphs 2 and 6 of Schedule 3 to the Finance Act 1986 come into force with sub-paragraphs (1) and (3), respectively, of paragraph 2 of Schedule 2 to this Act.

*Status: Point in time view as at 28/07/2000.*

*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1992. (See end of Document for details)*

### Commencement Information

**I122** Sch. 2 para. 2(1)(3) of this Act wholly in force at 9.12.1992 by S.I. 1992/3104, art. 2(1).

## PART II

### MATCHES AND MECHANICAL LIGHTERS

Chapter	Short title	Extent of repeal
1979 c. 2.	The Customs and Excise Management Act 1979.	In section 1(1), in the definition of "the Customs and Excise Acts 1979", the words "the Matches and Mechanical Lighters Duties Act 1979".  In section 178(2), the words "the Matches".
1979 c. 6.	The Matches and Mechanical Lighters Duties Act 1979.	The whole Act.
1979 c. 58.	The Isle of Man Act 1979.	In Schedule 1, paragraphs 34 and 35.
1981 c. 35.	The Finance Act 1981.	Section 3.
1983 c. 55.	The Value Added Tax Act 1983.	Section 24(3)(c).
1986 c. 41.	The Finance Act 1986.	Section 8(5)(g).  In Schedule 5, paragraph 5.

These repeals have effect as from 1st January 1993.

## PART III

### VEHICLES EXCISE DUTY: GOODS VEHICLES

Chapter	Short title	Extent of repeal
1971 c. 10.	The Vehicles (Excise) Act 1971.	In section 18A(3), in paragraph (c) of Case B the words from "in circumstances in which" to the end of the paragraph.

This repeal has effect in accordance with section 11 of this Act.



*Status: Point in time view as at 28/07/2000.*

*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1992. (See end of Document for details)*

## PART IV

### VEHICLES EXCISE DUTY: DISABLED PERSONS

Chapter	Short title	Extent of repeal
1971 c. 10.	The Vehicles (Excise) Act 1971.	In section 7, in subsection (2)(c) the words “subsection (2C) below or section 7 of the Finance Act 1971” and subsections (2C) and (2D).
1971 c. 68.	The Finance Act 1971.	Section 7.
1972 c. 41.	The Finance Act 1972.	Section 128(2).
1974 c. 30.	The Finance Act 1974.	Section 50.
1977 c. 49.	The National Health Service Act 1977.	In Schedule 15, paragraph 54.
1978 c. 42.	The Finance Act 1978.	In section 8, subsections (2) and (3) and in subsection (4) the words “and (3)”.
1991 c. 31.	The Finance Act 1991.	In Schedule 3, paragraph 5(1) (b) and (3).

These repeals have effect in accordance with section 12 of this Act.

## PART V

### VALUE ADDED TAX

#### *(1) Abolition of fiscal frontiers*

#### **Commencement Information**

**I123** Repeals in Sch. 18 Pt. V(1) expressed to come into force in accordance with s. 14(3); s. 14 and Sch. 3 partly in force at 1.8.1992 see s. 14(3) and S.I. 1992/1867, art. 3, **Sch. Pt. I**; s. 14 and Sch. 3 partly in force at 1.12.1992 see s. 14(3) and S.I. 1992/2979, art. 3, **Sch. Pt. II**; s. 14 and Sch. 3 in force insofar as not already in force at 1.1.1993 see s. 14(3) and S.I. 1992/3261, art. 3, **Sch.**

Chapter	Short title	Extent of repeal
1983 c. 55.	The Value Added Tax Act 1983.	In section 2, in subsection (2), the words from the beginning to “and” and subsections (4) and (5). In section 7(4), paragraph (a).

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*Status: Point in time view as at 28/07/2000.*

**Changes to legislation:** *There are currently no known outstanding effects for the Finance (No. 2) Act 1992. (See end of Document for details)*

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		In section 9(1), the word “and” at the end of paragraph (a).
		Section 10(6).
		Section 11(3) and (4).
		In section 14(3), the word “and” at the end of paragraph (a).
		In section 15(2), paragraph (c).
		In section 20(1), the words “or on the importation of goods by”.
		In section 21(1), the words “or on the importation of goods by”.
		Section 32(1).
		Section 36(3).
		In section 40(1)(j), the word “2”.
		In Schedule 1—
		(a) in paragraph 5A(2), paragraph (b) and the word “or” immediately preceding it; and
		(b) in paragraph 15, the words from the beginning to “Act and”.
		In Schedule 4, paragraphs 2 and 5 and, in paragraph 13, the word “2”.
		In Schedule 5, in Item 1 of Group 15, the words “of imported goods”.
		In Schedule 10, in the words in brackets in paragraph 6, the word “acquired”.
1985 c. 54.	The Finance Act 1985.	In section 22(7), the words “sub-paragraph (1) or sub-paragraph (2) of”.
1987 c. 16.	The Finance Act 1987.	Section 12(3).
		Section 13(2) and (3).
1988 c. 39.	The Finance Act 1988.	In section 14(8), paragraph (a).

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*Status: Point in time view as at 28/07/2000.*

*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1992. (See end of Document for details)*

These repeals come into force in accordance with section 14(3) of this Act.

*(2) Fuel and power*

<b>Chapter</b>	<b>Short title</b>	<b>Extent of repeal</b>
1983 c. 55.	The Value Added Tax Act 1983.	In Schedule 5, in Note (8) to Group 7, the words from “upon which” to “be charged”.

This repeal has effect in accordance with section 17 of this Act.

<sup>F42</sup>**PART VI**

CAR TAX

**Textual Amendments**

**F42** Sch. 18 Pt. VI deemed never to have been enacted by virtue of Car Tax (Abolition) Act 1992 (c. 58), ss. 4, 5

<b>Chapter</b>	<b>Short title</b>	<b>Extent of repeal</b>
1983 c. 53.	The Car Tax Act 1983.	In section 5— (a) in subsection (1), the word “and” at the end of paragraph (b); and subsection (6). (b)

These repeals come into force in accordance with section 18(2) of this Act.]

**PART VII**

INCOME TAX AND CORPORATION TAX

**(1) MARRIED COUPLE’S ALLOWANCE ETC.**

<b>Chapter</b>	<b>Short title</b>	<b>Extent of repeal</b>
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In section 265(4), the words from “(and” onwards.
1989 c. 26.	The Finance Act 1989.	In section 33(10), the reference to section 257B(2) of the Taxes Act 1988.

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*Status: Point in time view as at 28/07/2000.*

*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1992. (See end of Document for details)*

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		In section 57(4), the reference to section 257B(2) of the Taxes Act 1988.
1991 c. 31.	The Finance Act 1991.	In section 33(4), the reference to section 257B(2) of the Taxes Act 1988.

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These repeals have effect in accordance with paragraph 10 of Schedule 5 to this Act.

## (2) CHARITIES: POWERS OF INSPECTION

Chapter	Short title	Extent of repeal
1970 c. 9.	The Taxes Management Act 1970.	In the Table in section 98, the words "Section 94(1) of the Finance Act 1990".
1990 c. 29.	The Finance Act 1990.	Section 94.

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These repeals have effect in accordance with section 28 of this Act.

## (3) RETURNS OF INTEREST

Chapter	Short title	Extent of repeal
1970 c. 9.	The Taxes Management Act 1970.	In section 17, in subsection (4) the words from "and if a person" to the end of the subsection.

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This repeal has effect in accordance with section 29 of this Act.

## (4) DISTRIBUTIONS

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	Section 234(3) and (4).
1989 c. 26.	The Finance Act 1989.	Section 170(2).

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These repeals have effect in accordance with section 32 of this Act.

## (5) DEEP GAIN SECURITIES

Chapter	Short title	Extent of repeal
1990 c. 29.	The Finance Act 1990.	Section 57.

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*Status: Point in time view as at 28/07/2000.*

*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1992. (See end of Document for details)*

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In section 58(6), paragraph (b) and the word "and" immediately preceding it.

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These repeals have effect in accordance with Schedule 7 to this Act.

#### (6) TRANSFERS OF TRADE

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<b>Chapter</b>	<b>Short title</b>	<b>Extent of repeal</b>
1988 c. 39.	The Finance Act 1988.	In Schedule 11, in paragraph 5 the word "intra-group".

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This repeal has effect in accordance with section 49 of this Act.

#### (7) OIL EXTRACTION

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<b>Chapter</b>	<b>Short title</b>	<b>Extent of repeal</b>
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In section 502(1), in the definition of "oil extraction activities", in paragraph (c) the words "as far as dry land in the United Kingdom".

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This repeal has effect in accordance with section 55(2) of this Act.

#### (8) PAYING AND COLLECTING AGENTS ETC.

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<b>Chapter</b>	<b>Short title</b>	<b>Extent of repeal</b>
1970 c. 9.	The Taxes Management Act 1970.	In section 86(4), paragraph 2 of the Table.
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In section 123(3), the words from "and income tax" to the end.  In Schedule 3, paragraphs 6(2) and 7 to 10, in paragraph 13(1) the words "Without prejudice to the generality of paragraph 7 above" and paragraph 15(2).

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These repeals have effect in accordance with paragraph 6 of Schedule 11 to this Act.

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*Status: Point in time view as at 28/07/2000.*

*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1992. (See end of Document for details)*

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### (9) ENTERPRISE ZONES

Chapter	Short title	Extent of repeal
1990 c. 1.	The Capital Allowances Act 1990.	In section 1(10), the words from “and, except for that purpose” to the end of the subsection.  Section 6(5).

These repeals have effect in accordance with paragraph 14 of Schedule 13 to this Act.

### PART VIII

#### OIL TAXATION

Chapter	Short title	Extent of repeal
1975 c. 22.	The Oil Taxation Act 1975.	In section 3(4)(c)(i) the words from “of either” to “designated area”.  In section 12(1), in the definitions of “initial storage” and “initial treatment” the words “in the United Kingdom, the territorial sea thereof or a designated area”.  In Schedule 3, in the heading to paragraph 7 the words “in United Kingdom”.
1983 c. 56.	The Oil Taxation Act 1983.	In Schedule 1, in paragraph 1, in sub-paragraph (4) paragraph (c) and the word “and” immediately preceding it.  In Schedule 4, in paragraph 11, in sub-paragraph (3) the words from “and on” to “(4) below”, and sub-paragraph (4).

These repeals have effect in accordance with sections 55(3) and 74(5) of this Act.

### PART IX

#### GENERAL AND SPECIAL COMMISSIONERS

Chapter	Short title	Extent of repeal
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*Status: Point in time view as at 28/07/2000.*

*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1992. (See end of Document for details)*

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1970 c. 9.	The Taxes Management Act 1970.	Section 57B.
1984 c. 43.	The Finance Act 1984.	In Schedule 22, paragraph 4.

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## PART X

### NORTHERN IRELAND ELECTRICITY

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Chapter	Short title	Extent of repeal
1992 c. 12.	The Taxation of Chargeable Gains Act 1992.	In section 35(3)(d) the word "and" at the end of subparagraph (vi).

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This repeal has effect in accordance with paragraph 5(9) of Schedule 17 to this Act.

## PART XI

### TREASURY BILLS

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Chapter	Short title	Extent of repeal
1877 c. 2.	The Treasury Bills Act 1877.	In section 8 the words "countersigned by the Comptroller and Auditor General".

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This repeal has effect in accordance with section 79 of this Act.

## PART XII

### NATIONAL LOANS

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Chapter	Short title	Extent of repeal
1968 c. 13.	The National Loans Act 1968.	Section 5(8).

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This repeal has effect in accordance with section 80 of this Act.

**Status:**

Point in time view as at 28/07/2000.

**Changes to legislation:**

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